Stock Code:8163

DARFON ELECTRONICS CORP.

Parent Company Only Financial Statements with
Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address: No. 167-1, Shan-Ying Road, Gueishan, Taoyuan, Taiwan
Telephone: 886-3-250-8800

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

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Independent Auditors Report

To the Board of Directors of Darfon Electronics Corp.:

Audit Opinion

We have audited the parent-company-only financial statements of Darfon Electronics Corp. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the company as of December 31, 2021 and 2020,and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories:

Please refer to notes 4(g) for the accounting policies on measuring inventory, notes 5(a) for assumptions used and uncertainties considered in determining net realizable value, and notes 6(e) for the disclosure of the amounts of inventory write-downs, of the parent-company-only financial statements.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of technology, the Company's stocks for products may become obsolete and product price may decline rapidly. Furthermore, the stocks for products may exceed customers' demands thus becoming obsolete. These factors result in a risk wherein the carrying amount of inventory may exceed its net realizable value. Particularly, the estimation of net realizable value requires the management's subjective judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory of aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of inventory aging; evaluating whether valuation of inventories was accounted for in accordance with the Company's accounting policies; and assessing the historical reasonableness of management's estimates of inventory provisions.

2. Investment in the subsidiaries

Please refer to notes 4(i) and 6(f) for the accounting policy on business combination, and "Investment in the subsidiaries" for the related disclosure, respectively, of the notes to the parent-company-only financial statements.

Description of key audit matter:

In 2021 the Company acquired 51.00% ownership of Astro Tech Co., Ltd.(ATC), wherein the Company is able to exercise control over it. To adopt the accounting treatment of business combination, the management needs to determine the fair value of the identifiable assets and liabilities. The assessment is complex and involves significant assumptions and estimation. Accordingly, investment in the subsidiaries has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the purchase price allocation report with valuation on intangible assets conducted by an external expert engaged by the management; and evaluating the acquired assets and liabilities identified by the management including any fair value adjustment at the acquisition date. In doing so, we have consulted internal valuation specialists to assist in evaluating the reasonableness of the valuation model and key assumptions used. We have also assessed whether correct accounting treatment has been applied, and appropriate disclosures with respect to the acquisition has been made.

3. Impairment of goodwill included in the carrying amount of investment in the subsidiaries

Please refer to notes 4(m) for the accounting policy on impairment of non-financial assets, notes 5(b) for the estimation uncertainty of impairment of goodwill, and 6(f) for related disclosures of impairment test of goodwill, of the parent-company-only financial statements.

Description of key audit matter:

Goodwill arising from acquisition of subsidiaries, which are included in the carrying amount of investments accounted for using equity method. Goodwill is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill from cash generating units involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the assessment of impairment of goodwill provided by the management; assessing the appropriateness of the valuation model and key assumptions, including the discount rate, expected growth rate and future cash flow projections, used by the management in measuring the recoverable amount; performing a sensitivity analysis of key assumptions; and assessing the adequacy of the Company's disclosures with respect to the related information on goodwill impairment.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

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

1. Identified and assessed the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remained solely responsible for our audit opinion.

We communicated 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 identified during our audit opinion.
We also provided 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 determined those matters that were of most significance in the audit of the parent-company-only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined 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 Huei-Chen Chang and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
March 8, 2022

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

		2021.12.31		2020.12.31	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 64,900	-	219,846	1
1110	Financial assets at fair value through profit or loss－current(note 6(b))	1,203	-	8,571	-
1170	Notes and accounts receivable, net (notes 6(d) and (p))	5,465,122	23	4,733,757	24
1180	Accounts receivable from related parties (notes 6(d) & (p) and 7)	1,612,017	7	1,353,352	7
130X	Inventories (note 6(e))	1,400,176	6	1,336,386	7
1470	Prepayments and other current assets	91,971	1	106,058	-
	Total current assets	8,635,389	37	7,757,970	39
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income-non-current (note 6(c))	1,213,707	5	1,058,383	5
1550	Investments accounted for using equity method (note 6(f) and 7)	10,646,474	45	8,282,166	41
1600	Property, plant and equipment (notes 6(g)、7 and 8)	2,746,869	12	2,635,063	13
1840	Deferred income tax assets ((notes 6(m))	103,068	-	154,831	1
1915	Prepayments for equipment	181,050	1	30,842	-
1920	Refundable deposits	1,080	-	1,483	-
1990	Other non-current assets (note 6(f))	1,647	-	180,920	1
	Total non-current assets	14,893,895	63	12,343,688	61
	Total assets	**$ 23,529,284**	**100**	**20,101,658**	**100**

(Continued)

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

		2021.12.31		2020.12.31	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities：				
2100	Short-term borrowings (note 6(h))	$ 2,222,548	9	1,540,000	8
2110	Short-term notes and bills payable (note 6(i))	-	-	439,721	2
2170	Notes and accounts payable	360,918	2	343,533	2
2180	Accounts payable - related parties (note 7)	5,768,066	25	5,343,545	26
2200	Other payables (notes 6(q) and 7)	1,320,430	6	1,175,177	6
2250	Provision-current (note 6(k))	79,089	-	79,039	-
2300	Other current liabilities (note 6(p))	255,668	1	332,496	2
	Total current liabilities	10,006,719	43	9,253,511	46
	Non-current liabilities：				
2540	Long-term debt (notes 6(j) and 8)	3,620,000	15	1,600,000	8
2640	Net defined benefit liability - non-current (note 6(l))	59,601	-	56,165	-
2670	Other non-current liabilities	779	-	916	-
	Total non-current liabilities	3,680,380	15	1,657,081	8
	Total liabilities	13,687,099	58	10,910,592	54
	Equity (note 6(f)and(n))：				
3110	Common stock	2,800,000	12	2,800,000	14
3200	Capital surplus	4,132,767	18	3,921,454	20
	Retained earnings:				
3310	Legal reserve	1,116,990	5	1,024,037	5
3320	Special reserve	386,607	1	492,270	2
3350	Unappropriated earnings	1,828,344	8	1,339,912	7
		3,331,941	14	2,856,219	14
	Other Equity：				
3410	Foreign currency translation differences	(765,143)	(4)	(683,751)	(4)
3420	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	379,613	2	328,577	2
3445	Remeasurement of defined benefit	(36,993)	-	(31,433)	-
		(422,523)	(2)	(386,607)	(2)
	Total equity	9,842,185	42	9,191,066	46
	Total liabilities and equity	**$ 23,529,284**	**100**	**20,101,658**	**100**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, except for earnings per share)

		2021		2020	
		Amount	%	Amount	%
4000	**Net sales (notes 6(p) and 7)**	$ 17,702,426	100	15,056,289	100
5000	**Costs of sales (note 6(e), (g), (k), (l) & (q),7 and 12)**	(15,782,173)	(89)	(13,068,948)	(87)
5900	**Gross profit**	1,920,253	11	1,987,341	13
5910	Less: Unrealized (realized) profit on sales	(67,519)	(1)	(54,766)	-
5950	**Realized gross profit**	1,852,734	10	1,932,575	13
6000	**Operating Expenses (notes 6(g), (l),& (q), 7 and 12)**				
6100	Selling expenses	(436,720)	(2)	(546,710)	(4)
6200	Administrative expenses	(332,169)	(2)	(358,335)	(2)
6300	Research and development expenses	(505,952)	(3)	(511,006)	(4)
6000	**Total operating expenses**	(1,274,841)	(7)	(1,416,051)	(10)
6900	**Operating income**	577,893	3	516,524	3
7000	**Non-operating income and expenses (Notes 6(f), (g) & (r) and 7)**				
7100	Interest income	172	-	1,401	-
7010	Other income	72,452	-	49,264	-
7020	Other gains and losses	(20,245)	-	67,376	1
7050	Financial Costs	(45,912)	-	(34,451)	-
7070	Share of the profit of subsidiaries accounted for using equity method	690,925	4	450,315	3
	Total non-operating income and loss	697,392	4	533,905	4
7900	**Income before income tax**	1,275,285	7	1,050,429	7
7950	Income tax expenses (note 6(m))	(128,752)	(1)	(146,644)	(1)
8200	**Net income**	1,146,533	6	903,785	6
	Other comprehensive income(note 6(l),(m)&(n)):				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	(7,216)	-	(55)	-
8316	Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	58,339	-	279,676	2
8330	Share of the other comprehensive income of subsidiaries accounted for using equity method	22,099	-	36,259	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	1,443	-	11	-
		74,665	-	315,891	2
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign operations	(74,547)	-	(174,772)	(1)
8380	Share of the other comprehensive income of subsidiaries and joint ventures accounted for using equity method	(6,845)	-	(9,709)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-
		(81,392)	-	(184,481)	(1)
	Other comprehensive income (loss)for the year, net of income tax	(6,727)	-	131,410	1
8500	**Total comprehensive income for the year**	**$ 1,139,806**	**6**	**1,035,195**	**7**
	Earnings per share (in New Taiwan dollars)(note 6(o))				
9750	**Basic earnings per share**	**$ 4.09**		**3.23**	
9850	**Diluted earnings per share**	**$ 4.05**		**3.19**	

See accompanying notes to the parent company only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Statement of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

			Retained Earnings				Other equity				
	Common stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency Translation Differences	Unrealized gains (losses) from financial asset at fair value through other comprehensive income	Remeasurements of defined benefit plans	Subtotal	Total equity
Balance at January 1, 2020	$ 2,800,000	3,802,120	934,042	366,541	1,270,104	2,570,687	(499,270)	38,323	(31,323)	(492,270)	8,680,537
Net income	-	-	-	-	903,785	903,785	-	-	-	-	903,785
Other comprehensive income	-	-	-	-	-	-	(184,481)	316,001	(110)	131,410	131,410
Total comprehensive income	-	-	-	-	903,785	903,785	(184,481)	316,001	(110)	131,410	1,035,195
Appropriation of earnings:											
Legal reserve	-	-	89,995	-	(89,995)	-	-	-	-	-	-
Special reserve	-	-	-	125,729	(125,729)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(644,000)	(644,000)	-	-	-	-	(644,000)
Organizational restructuring	-	144	-	-	-	-	-	-	-	-	144
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	94,638	-	-	-	-	-	-	-	-	94,638
Changes in ownership interest in subsidiaries	-	24,552	-	-	-	-	-	-	-	-	24,552
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	25,747	25,747	-	(25,747)	-	(25,747)	-
Balance on December 31, 2020	2,800,000	3,921,454	1,024,037	492,270	1,339,912	2,856,219	(683,751)	328,577	(31,433)	(386,607)	9,191,066
Net income	-	-	-	-	1,146,533	1,146,533	-	-	-	-	1,146,533
Other comprehensive income	-	-	-	-	-	-	(81,392)	80,225	(5,560)	(6,727)	(6,727)
Total comprehensive income	-	-	-	-	1,146,533	1,146,533	(81,392)	80,225	(5,560)	(6,727)	1,139,806
Appropriation of earnings:											
Legal reserve	-	-	92,953	-	(92,953)	-	-	-	-	-	-
Special reserve	-	-	-	(105,663)	105,663	-	-	-	-	-	-
Cash dividends	-	-	-	-	(700,000)	(700,000)	-	-	-	-	(700,000)
Difference between consideration and carrying amount of subsidiaries acquired	-	7,092	-	-	-	-	-	-	-	-	7,092
Changes in ownership interest in subsidiaries	-	204,221	-	-	-	-	-	-	-	-	204,221
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	29,189	29,189	-	(29,189)	-	(29,189)	-
Balance on December 31, 2021	**$ 2,800,000**	**4,132,767**	**1,116,990**	**386,607**	**1,828,344**	**3,331,941**	**(765,143)**	**379,613**	**(36,993)**	**(422,523)**	**9,842,185**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities：		
Income before income tax	$ 1,275,286	1,050,429
Adjustments：		
Adjustments to reconcile profit or (loss)：		
Depreciation	197,590	167,988
Amortization	2,211	12,200
Interest expense	45,912	34,451
Interest income	(172)	(1,401)
Dividend income	(54,839)	(27,419)
Employees' compensation from subsidiaries	3,468	11,567
Share of the profit of subsidiaries accounted for using equity method	(690,925)	(450,315)
Gains on disposal and retirement of property, plant , equipment and intangible assets	(4,900)	(7,817)
Impairment losses on property, plant and equipment	172	-
Unrealized (realized) profit from sales	67,519	54,766
Total adjustments to reconcile profit (loss)	(433,964)	(205,980)
Changes in operating assets and liabilities :		
Changes in operating assets：		
Decrease(increase) in financial assets at fair value through profit or loss	7,368	(5,901)
Increase in notes and accounts receivable	(731,365)	(1,146,276)
Increase in accounts receivable from related parties	(258,665)	(555,466)
Increase in inventories	(63,790)	(339,068)
Decrease(increase) in prepayments and other current assets	14,087	(19,036)
Total changes in operating assets	(1,032,365)	(2,065,747)
Change in operating liabilities：		
Increase (decrease) in notes and accounts payable	17,385	(14,232)
Increase in accounts payable to related parties	424,521	1,544,448
Increase in other payable	175,641	75,169
Increase in provisions	50	11,456
Decrease in other current liability	(76,802)	(170,323)
Decrease in net defined benefit liability	(3,780)	(6,075)
Total change in operating liabilities	537,015	1,440,443
Total changes in operating assets and liabilities	(495,350)	(625,304)
Total adjustment	(929,314)	(831,284)
Cash inflow generated from operations	345,972	219,145
Interest received	172	1,401
Interest paid	(45,190)	(34,591)
Income tax paid	(113,370)	(66,344)
Net cash provided by operating activities	187,584	119,611

See accompanying notes to the parent company only financial statements

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DARFON ELECTRONICS CORP.

Cash Flows (Continued)

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from investing activities：		
Purchase of financial assets at amortized cost	(96,985)	-
Proceeds from redemption of financial assets at amortized cost	-	224,857
Purchase of investments accounted for using equity method	(1,675,330)	(494,561)
Disposal of investments accounted for using equity method	9,800	70,696
Proceed from capital reduction of equity-accounted investees	120,249	827,382
Additions to property, plant and equipment (including prepayments for equipment)	(454,247)	(467,415)
Proceeds from disposal of property, plant and equipment	1,543	1,178
Decrease in refundable deposits	403	122,495
Disposal of intangible assets	-	28,062
Increase in other non-current assets	-	(176,897)
Dividends received	189,373	107,490
Net cash flows provided by (used in) investing activities	(1,905,194)	243,287
Cash flows from financing activities：		
Increase (decrease) in short-term borrowings	682,548	(460,000)
Increase in short-term notes and bills payable	-	439,732
Decrease in short-term notes and bills payable	(439,721)	(200,000)
Increase in long-term debt	2,020,000	1,040,000
Repayments of long-term debt	-	(440,000)
Payments of lease liabilities	(163)	(592)
Increase in other non-current liabilities	-	428
Cash dividends distributed to shareholders	(700,000)	(644,000)
Net cash flows provided by (used in) financing activities	1,562,664	(264,432)
Net increase in cash and cash equivalents	(154,946)	98,466
Cash and cash equivalents at beginning of year	219,846	121,380
Cash and cash equivalents at end of year	**$ 64,900**	**219,846**

See accompanying notes to the parent company only financial statements

1. Organization and business

Darfon Electronics Corp. (the Company) was incorporated on May 8, 1997, as a company limited by shares under the laws of the Republic of China ("R.O.C."). The address of the Company's registered office is No. 167-1, Shan-Ying Road, Gueishan District, Taoyuan, Taiwan. The Company is engaged in the manufacture and sale of computer peripheral devices and electronic components.

2. Authorization of the parent-company-only financial statements

These parent company only financial statements were authorized for issuance by the Board of Directors on March 8, 2022.

3. Application of new and revised accounting standards and interpretations:

(a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”).

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4, “Extension of the temporary exemption from applying IFRS 9”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform－Phase 2”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions After June 30,2021”

(b) Impact of the IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on on the parent-company-only financial statements.

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRSs 2018 – 2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board ("IASB"), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective Date Issued by IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1,2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

4. Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. And the accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(a) Statement of compliance

The parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis except for the following items in balance sheets：

1) Financial instruments at fair value through profit or loss (including derivative financial instruments)；
2) Financial assets measured at fair value through other comprehensive income; and
3) Defined benefit liabilities are measured at the present value of the defined benefit obligation less fair value of the plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which it operates. The Company's parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period (hereinafter referred to as “the reporting date”), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency of the Company's financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of the accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company' s ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when one of following criteria is met; all other assets are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

(f) Financial instruments

Trade receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, financial assets are classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).A regular way purchases or sales of financial assets is recognized or derecognized on a trade date basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing its financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are measured at amortized cost, using the effective interest method less impairment loss. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling :financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition, other comprehensive income accumulated in equity is reclassified to retained earnings and is never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

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

All financial assets not classified as measured at amortized cost or at FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following financial assets which are measured using 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivable always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

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

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset terminated, when the Company transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises, or when the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets; in these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iii) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iv) Derivative financial instruments

The Company uses derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. If the valuation of a derivative instrument results in a positive fair value, it is classified as a financial asset; otherwise, it is classified as a financial liability.

(g) Inventories

The cost of inventories all comprises all costs of purchase and other costs incurred in the bringing the inventories to their present location and condition ready for sale. Inventories are measured individually at the lower of cost or net realizable value. Inventories are measured individually at the lower of cost or net realizable value. Inventory are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. The difference between standard cost and actual cost is allocated to inventory and cost of sales on a proportional basis except for inefficient fixed manufacturing overheads, which are charged to cost of sales.Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses at the balance sheet date.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or jointly control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost, plus, any transaction costs. The carrying amount of the investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses. When necessary, the entire carrying amount of the investment (including goodwill) will be tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized as other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate, and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the change in ownership interests of its associate as "capital surplus" in proportion to its ownership.

Unrealized gains and losses resulting from transactions between the Company and an affiliate are recognized only to the extent of unrelated Company’s interests in the associate.

Adjustments are made to associates' financial statements to conform to the accounting polices applied by the Company.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, the recognition of further losses is discontinued. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. When an associate issues new shares and the Company does not subscribe to the new shares in proportion to its original ownership percentage, the Company's interest in the associate's net assets will be changed. The change in the equity interest is adjusted through the capital surplus and investment accounts. If the Company's capital surplus is insufficient to offset the adjustment to investment accounts, the difference is charged as a reduction of retained earnings. If the Company's interest in an associate is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under equity method, profit or loss, and other comprehensive income recognized in parent-company-only financial statement, is the same as the total comprehensive income attributable to the shareholders of the Company in the consolidated financial statements. In addition, the equity recognized in the parent-company-only financial statements is the same as the total equity attributable to the shareholders of the Company in the consolidated financial statements.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control as accounted for within equity.

Gains or losses from transactions between the Company and its subsidiaries that have not yet been realized are deferred. Gains or losses on transactions resulting from depreciable or amortizable assets are recognized annually over their useful lives; and those resulting from other types of assets are recognized in the year in which they are realized.

The Company uses the acquisition method of accounting to measure goodwill on newly acquired subsidiaries based on the fair value of the consideration transferred at the date of acquisition, including the amount of any non-controlling interest in the acquired company, less the net amount of the identifiable assets acquired and liabilities assumed (generally the fair value). If the resulting balance is negative, the Company reassesses whether all assets acquired and liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

Transaction costs associated with a business combination are recognized as expenses as incurred, except when they relate to the issuance of debt or equity instruments.

If the initial accounting for a business combination is incomplete by the end of reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(j) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less, accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent Costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated. The estimated useful lives for property, plant and equipment are as follows: machinery and equipment: 2 to 10 years; furniture, fixtures, and other equipment:3 to 10 years; buildings—main structure and other equipment pertaining to buildings: 4 to 40 years; buildings—electronic and air-conditioning facilities: 20 to 30 years.

Depreciation methods, useful lives, and residual values are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of the Company's assessment on whether it will exercise an option to purchase the underlying asset, or;
- there is a change in the lease term resulting from a change of the Company's assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss for any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the balance sheets.

If the contract contains the lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

(l) Intangible assets

Acquired intangible assets are carried at cost, less, accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of 6 to 8 years.

The residual value, amortization period, and amortization method are reviewed at least at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

(m) Impairment of non-financial assets

The Company assesses at the end of each reporting date whether there is any indication that the carrying amounts of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually or when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the assets in prior years.

(n) Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(o) Revenue from contracts with customers recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’s main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the goods has been transferred, being when the goods are delivered to the customer, the customer has discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the goods. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Company has objective evidence that all criteria for acceptance have been satisfied. The Company offers sales discounts to certain customers. The Company recognizes revenue based on the price specified in the contract, net of estimated discounts. Discounts are estimated based on contracts or accumulated experience using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected sales discounts payable to customers. A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Royalties

The Company provides the customers with a right to use the Company's intellectual property as it exists at the time the license is granted, under which the performance obligation is satisfied over time and revenue is recognized over a specific period of time.

(iii) Financing components

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

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

When the benefits of a plan are improved, the expenses related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses, (ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liabilities (asset) are recognized in other comprehensive income and then transferred to other equity.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
    1) the same taxable entity; or
    2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Earnings per share (“EPS”)

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company’s dilutive potential common shares are profit sharing for employees to be settled in the form of common stock.

(s) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

5. Critical accounting judgments and key sources of estimation and assumption uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Inventory evaluation

Inventories are measured at the lower of cost and net realizable value. Due to rapid innovation of technology, the Company's stocks for products may become obsolete and product price may decline rapidly. These factors result in a risk wherein the carrying amount if inventory may exceed its net realizable value. Particularly, the estimate of net realizable value requires the management's subjective judgments and is mainly determined based on the assumptions of future demand within a specific time horizon, which could result in significant adjustments.

(b) Assessment of impairment of goodwill arising from investments in subsidiaries

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years.

6. Significant account disclosures

(a) Cash and cash equivalents

	2021.12.31	2020.12.31
Cash on hand	$ 935	804
Demand deposit and checking accounts	63,965	219,042
	$ 64,900	**219,846**

(b) Financial instruments at fair value through profit or loss - current

	2021.12.31	2020.12.31
Financial assets mandatorily measured at fair value through profit or loss：		
Derivative instruments not used for hedging：		
Foreign currency Forward Contracts	**$ 1,203**	**8,571**

The Company entered into derivative contracts to manage foreign currency exchange risk resulting from its operating activities. The derivative financial instruments that did not conform to the criteria hedge accounting were classified as financial assets and liabilities at fair value through profit or loss.

At each reporting date , the outstanding derivative contracts that did not confirm to the criteria for hedge accounting consisted of the following：

2021.12.31		
Contract amount (in thousands)	**Currency**	**Maturity Period**
USD$ 12,000	CNY Buy / USD Sell	2022.01

2020.12.31		
Contract amount (in thousands)	**Currency**	**Maturity Period**
USD$ 32,080	CNY Buy / USD Sell	2021.01~2021.04

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

	2021.12.31	2020.12.31
Equity investments at fair value through other comprehensive income：		
Domestic listed stocks	$ 1,213,707	1,058,383

The Company designated the investments shown above as financial assets at fair value through other comprehensive income because these equity investments are held for long-term for strategic purposes and not for trading.
In 2021 and 2020, there were no strategic investments were disposed and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(d) Notes and accounts receivable

	2021.12.31	2020.12.31
Notes and accounts receivable	$ 5,487,378	4,756,013
Less: loss allowance	(22,256)	(22,256)
	5,465,122	4,733,757
Accounts receivable from related parties	1,612,017	1,353,352
	$ 7,077,139	6,087,109

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables (including related parties). Forward looking information is taken into consideration as well. Analysis of expected credit losses on notes and accounts receivable (including receivables from related parties) was as follows:

	2021.12.31		
	Gross carrying amount	**Weighted - average loss rate**	**Loss allowance**
Current	$ 4,452,418	0.21%	9,400
Past due 1～30 days	1,022,969	0.90%	9,225
Past due 31～60 days	4,351	3.79%	165
Past due 61～90 days	7,605	45.13%	3,432
Past due 91～120 days	26	96.15%	25
Past due over 121 days	9	100.00%	9
	$ 5,487,378		22,256

	2020.12.31		
	Gross carrying amount	**Weighted - average loss rate**	**Loss allowance**
Current	$ 3,889,735	0.28%	10,712
Past due 1～30 days	757,266	0.74%	5,621
Past due 31～60 days	103,380	3.35%	3,464
Past due 61～90 days	4,513	29.94%	1,351
Past due 91～120 days	364	96.98%	353
Past due over 121 days	755	100.00%	755
	$ 4,756,013		**22,256**

As of December 31, 2021 and 2020, the notes and accounts receivable- related parties were evaluated by the Company to have no expected credit losses and were analyzed as follows:

	2021.12.31	**2020.12.31**
Current	$ 1,313,375	1,183,558
Past due 1～30 days	210,899	86,709
Past due 31～60 days	76,618	58,410
Past due 61～90 days	10,959	23,368
Past due 91～120 days	1	256
Past due over 121 days	165	1,051
	$ 1,612,017	**1,353,352**

In 2021 and 2020, the amounts of the loss allowance for notes and accounts receivable were no change.

(e) Inventory

	2021.12.31	**2020.12.31**
Raw materials	$ 252,661	183,852
Work in process	56,022	15,123
Finished goods	1,091,493	1,137,411
	$ 1,400,176	**1,336,386**

For the years ended December 31, 2021 and 2020, the amounts of inventories recognized as cost of sales were as follow:

	2021	2020
Cost of inventories sold	$ 15,669,399	13,082,672
Write-downs of inventories (reversal of write-downs)	111,401	(24,485)
Loss on scrap	1,373	10,761
	$ 15,782,173	**13,068,948**

The write-downs of inventories arising from the inventories at the end of the reporting period and then writes down the cost of inventories to net realizable value ,and the reversal of write-downs of inventories arises from the disposal or use of obsolete inventories and was included in the cost of sales.

(f) Investments accounted for using equity method

A summary of the Company's investments accounted for using the equity method at the reporting date is as follows:

	2021.12.31	2020.12.31
Subsidiaries	**$ 10,646,474**	**8,282,166**

(i) Subsidiaries

Please refer to consolidated financial statements for the year ended December 31, 2021.

For the years ended December 31, 2021 and 2020, the following table summarized the amount recognized by the Company at its share of those subsidiaries:

	2021.12.31	2020.12.31
Subsidiaries	**$ 690,925**	**450,315**

On December 31, 2020, the Company paid the prepayment of 95%, $176,897 (included in other non-current assets) to acquire the right-of-use assets of land in Vietnam, which as building land for Darfon Vietnam Co., Ltd. In 2021, the Company reclassified the aforementioned non-current assets as investments accounted for using equity method, after reclassifying the prepayment as investment.

(ii) Acquisition of a subsidiary －Astro Tech Co., Ltd. (ATC)

1) The cost of acquisition

On April 1, 2021 (the acquisition date), the Company acquired 51.00% equity ownership of ATC. Since then, ATC and its subsidiaries have become Company’s subsidiaries. ATC and its subsidiaries are mainly engaged in the design, manufacture and trading of high-end and electronic bikes, and frames.

The acquisition of ATC enabled the Company to improve its vertical integration with respect to the business development of E-bike's manufacture, thereby expending the Company’s scale in the industry of green energy products.

2) Identifiable net assets acquired in a business combination

On April 4, 2021 (the acquisition date), the fair value of the identifiable assets acquired and liabilities assumed from the acquisition were as follows:

Consideration transferred:		
Share capital increase by cash(Note)		$ 1,224,000
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)		1,013,755
Less: identifiable net assets acquired at fair value:		
Cash and cash equivalents	$ 1,533,552	
Notes and accounts receivable, net	315,243	
Other receivables	131,994	
Inventories	302,165	
Prepayments and other current assets	57,605	
Investments accounted for using equity method	34,699	
Property, plant and equipment	940,438	
Right-of-use assets	227,931	
Intangible assets－patents	124,899	
Intangible assets－computer software	14,486	
Other non-current assets	197,111	
Short-term borrowings	(28,653)	
Accounts payable	(728,789)	
Other payables (Note)	(606,741)	
Provisions－current	(3,155)	
Other current liabilities	(132,107)	
Long-term debt (including current portion)	(34,383)	
Lease liabilities (including current and non-current)	(7,096)	
Deferred income tax liabilities	(126,841)	
Long-term Payables (included in other non-current liabilities)(Note)	(143,471)	2,068,887
Goodwill		**$ 168,868**

Note: The Company acquired equity ownership of ATC by sponsoring its issuance of new shares through cash capital increase. The cash outflow from acquisition included the payment $469,021 according to the share transfer agreement and other payable $143,471.

(iii) Acquisition of Subsidiaries-TD HiTech Energy Inc.

1) The cost of acquisition

On August 25, 2020 (the acquisition date), the Company acquired 62.75% equity ownership of TDI. Since then, TDI and its subsidiaries have become Company's subsidiaries. TDI and its subsidiaries are mainly engaged in the manufacture and trading of high-power electronic bike battery module and related components.

The acquisition of TDI enabled the Company to accelerate its strategic layout with respect to the business development of E-bike's battery, thereby expending the Company's scale in the industry of green energy products.

2) Identifiable net assets acquired in a business combination

On August 25, 2020 (the acquisition date), the fair values of the identifiable assets acquired and liabilities assumed from the acquisition were as follows:

Consideration Transferred：				
Cash			$	407,809
Add: Non-controlling interests (measured at non-controlling interest's proportionate share of the fair value of identifiable net assets)				213,486
Less: identifiable net assets acquired at fair value:				
Cash and cash equivalents	$	317,650		
Notes and accounts receivable, net		172,338		
Other receivables		58		
Inventories		135,808		
Prepayments and other current assets		13,642		
Property, plant and equipment		21,334		
Prepayments of equipment		1,284		
Right-of-use assets		57,052		
Intangible assets - patents		856		
Intangible assets - expertise technology		28,454		
Intangible assets-computer software		2,207		
Deferred income tax assets		9,251		
Refundable deposits		1,843		
Accounts payable		(75,598)		
Other payables		(18,859)		
Provision - current		(13,861)		
Other current liabilities		(16,026)		
Lease liabilities (including current and non-current)		(58,624)		
Deferred income tax liabilities		(5,691)		573,118
Goodwill			**$**	**48,177**

The above goodwill and intangible assets recognized at the time of investment are included in the carrying value of investments-subsidiaries accounted for using the equity method.

The Company continuously reviews the abovementioned items during the measurement period. For 2021, the adjustment of the abovementioned intangible assets and goodwill is recognized as below:

Decrease in intangible assets－expertise	$	(4,729)
Decrease in deferred income tax liabilities		946
Decrease in non-controlling interests		1,409
Goodwill	**$**	**(2,374)**

(iv) Acquisition or disposal of subsidiary's additional interest

The Company disposed part of equity of Unictron Technologies Corporation (UTC) at a consideration of $9,800 in 2021. The difference between consideration received and carrying amount of the interests disposed of amounted to $7,162 and was recognized as capital surplus. Additionally, the Company acquired the additional subsidiary of Darad Innovation Corp. (DTC) in 2021. The difference between consideration paid and carrying amount of the interests acquired amounting to $(70) was recognized as capital surplus.

The Company and Darfon Gemmy Corp.(DZL) disposed part of UTC's equity amounted to$58,520 thousand in 2020. The difference between consideration and carrying amount of UTC amounted to $43,206 thousand was recognized as capital surplus. In addition, the Company recognized capital surplus of $42,955 thousand from the disposal of UTC in proportion to the Company's ownership of DZL.

In 2020, UTC exchanged 0.20 shares for 1 share of San Jose Technology Inc. (STC) and used $12,176 thousand of cash to acquire all of the Company's shares in STC. As a result, the Company's equity interest in STC was reduced to zero. The Company adjusted capital surplus by $8,511 thousand for the aforementioned transaction and recognized the difference between consideration and carrying amount of STC.

(v) Disposal of part of the subsidiary's equity without losing control

In 2021,UTC increased its share capital wherein the Company did not subscribe proportionately form its existing ownership percentage. Therefore, the share issuances of UTC resulted in a decrease in the Company's ownership interest in UTC.

In 2020, UTC issued new shares for the stock options exercised by its employees, and for the purpose of exchanging STC's additional shares, which resulted in a decrease in the Company's ownership interest in UTC.

In 2020, DTC increased its share capital wherein the Company did not subscribe proportionately form its existing ownership percentage. Additionally, DTC issued new shares for the stock options exercised by its employees. The above share issuances of DTC resulted in a decrease in the Company's ownership interest in DTC.

Due to the above-mentioned changes in the ownership and equity of the subsidiary, the Company has increased the capital surplus by $204,221 and $24,552 respectively in 2021 and 2020.

(vi) impairment test on goodwill

The excess of the cost of acquiring an investment in a subsidiary over the Company's equity interest of the net fair value of the investee's identifiable assets and liabilities at the date of acquisition should be recorded as goodwill, and any impairment of goodwill should be recognized as a reduction in the carrying amount of the investment using the equity method in the individual financial statements. As of December 31, 2021 and 2020, the recoverable amount of a CGU was determined based on the value in use, and the related key assumptions were as follows:

	2021.12.31	2020.12.31
UTC	$ 273,447	273,447
KST	133,924	133,924
ATC	168,868	-
Other CGU without significant goodwill	60,871	58,497
	$ 637,110	**465,868**

Above-mentioned CGUs represents the lowest level within the group, at which the goodwill is monitored for internal management purpose. Based on the results of impairment tests conducted by the Company on December 31, 2021 and 2020, the recoverable amount exceeded its carrying amount; as a result, no impairment loss was recognized. The recoverable amount of a CGU was determined based on the value in use, and the related key assumptions were as follows:

	2021.12.31	2020.12.31
UTC：		
Revenue growth rate	9%~22%	9%~15%
Discount rate	14.71%	17.38%
KST：		
Revenue growth rate	5%~29%	15%~30%
Discount rate	16.67%	17.40%
ATC：		
Revenue growth rate	5%~22%	-
Discount rate	16.55%	-

1) The cash flow projections were based on future financial budgets, covering a period of 5 years, which were approved by management. Cash flows that beyond 5-years have been extrapolated using a 1.5% to 2% growth rate.
2) The estimation of discount rate is based on the weighted average cost of capital.

(g) Property, plant and equipment

The movements of costs and accumulated depreciation and impairment loss of the property, plant and equipment were as follows：

	Land	Building	Machinery	Furniture and fixtures	Other Equipment	Equipment pending acceptance	Total
Cost:							
Balance at January 1, 2021	$ 606,960	2,249,707	1,512,213	29,999	80,032	80,211	4,559,122
Additions	100,254	17,561	64,707	4,511	3,495	100,958	291,486
Disposals	-	-	(7,186)	-	(4,550)	-	(11,736)
Reclassification	-	4,232	88,722	-	-	(73,688)	19,266
Balance at December 31,2021	**$ 707,214**	**2,271,500**	**1,658,456**	**34,510**	**78,977**	**107,481**	**4,858,138**
Balance at January 1,2020	$ 606,960	2,150,856	1,003,065	21,043	68,532	279,161	4,129,617
Additions	-	7,053	307,936	5,717	21,293	79,761	421,760
Disposals	-	(402)	(15,117)	(2,919)	(9,793)	-	(28,231)
Reclassification	-	92,200	216,329	6,158	-	(278,711)	35,976
Balance at December 31,2020	**$ 606,960**	**2,249,707**	**1,512,213**	**29,999**	**80,032**	**80,211**	**4,559,122**
Accumulated depreciation and impairment losses：							
Balance at January 1, 2021	$ -	1,100,973	748,833	18,556	55,697	-	1,924,059
Depreciation	-	78,203	109,062	2,795	7,364	-	197,424
Impairment losses	-	-	172	-	-	-	172
Disposals	-	-	(7,186)	-	(3,200)	-	(10,386)
Balance at December 31,2021	**$ -**	**1,179,176**	**850,881**	**21,351**	**59,861**	**-**	**2,111,269**
Balance at January 1, 2020	$ -	1,021,199	683,107	19,379	60,042	-	1,783,727
Depreciation	-	79,791	80,195	2,096	5,316	-	167,398
Disposals	-	(17)	(14,469)	(2,919)	(9,661)	-	(27,066)
Balance at December 31,2020	**$ -**	**1,100,973**	**748,833**	**18,556**	**55,697**	**-**	**1,924,059**
Carrying amount：							
Balance at December 31,2021	**$ 707,214**	**1,092,324**	**807,575**	**13,159**	**19,116**	**107,481**	**2,746,869**
Balance at December 31,2020	**$ 606,960**	**1,148,734**	**763,380**	**11,443**	**24,335**	**80,211**	**2,635,063**

Please refer to note 8 for details of the property, plant and equipment pledged as collateral.

A land located in Miaoli couldn't be registered in the name of the company due to regulations. The company and the landowner had signed an agreement, clarifying that the rights and obligations of the land belongs to the company.

(h) Short-term borrowings

	2021.12.31	2020.12.31
Unsecured bank borrowings	**$ 2,222,548**	**1,540,000**
Unused credit facilities	**$ 6,523,200**	**5,571,028**
Interest Rate	**0.60%~1.00%**	**0.83%~0.94%**

(i) Short-term notes and bills payable

	2020.12.31
Commercial paper payable	$ 440,000
Less: Discount on short-term commercial paper payable	(279)
Total	**$ 439,721**
Interest Rate	**0.848%~0.858%**

(j) Long-term debt

	2021.12.31	2020.12.31
Secured bank loans	$ 3,620,000	1,600,000
Less: current portion of long-term debt	-	-
Total	**$ 3,620,000**	**1,600,000**
Unused credit facilities	**$ 2,153,280**	**2,053,600**
Year to maturity	**112~113**	**112**
Interest rate	**0.82%~1.05%**	**0.99%~1.08%**

According to the loan agreements, the Company is required to maintain certain financial ratios, including current ratio, net liability ratio, financial liability ratio, interest coverage ratio and tangible net worth, calculated based on its annual audited consolidated financial statements and semi-annual reviewed consolidated financial statements. On December 31, 2021 and 2020, the Company was in compliance with the above-mentioned financial ratios.

Please refer to note 8 for a description of pledged property for long-term debt from banks.

(k) Warranty provisions

	2021	2020
Balance at January 1	$ 79,039	67,583
Additions	34,105	28,794
Amount utilized	(34,055)	(17,338)
Balance at December 31	**$ 79,089**	**79,039**

Warranty provisions are mainly related to the sale of computer peripherals and electronic components. Warranty provisions are estimated based on historical warranty data associated with similar products.

(l) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and fair value of plan assets for defined benefit plans was as follows:

	2021.12.31	2020.12.31
Present value of benefit obligations	$ 166,978	160,686
Fair value of plan assets	(107,377)	(104,521)
Net defined benefit liabilities	**$ 59,601**	**56,165**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee's retirement.

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the "Bureau of Labor Funds"). According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, minimum annual earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

As of December 31, 2021, and 2020, the Company's labor pension fund deposited at Bank of Taiwan amounted to $107,377 and $104,521, respectively. Refer to the website of the Bureau of Labor Funds for information on the labor pension fund assets including the asset portfolio and yield of the Fund.

2) Movements in the present value of defined benefit obligations

	2021	2020
Defined benefit obligations at January 1	$ 160,686	162,391
Current service cost and interest expense	1,332	1,942
Remeasurement on the net defined benefit liabilities：		
－Actuarial losses (gains) arising from changes in demographic assumptions	4,720	-
－Actuarial losses (gains) arising from experience adjustments	3,549	(4,054)
－Actuarial losses (gains) arising from changes in financial assumptions	-	7,484
Benefit paid by the Company and the plan	(3,309)	(7,077)
Defined benefit obligation at December 31	**$ 166,978**	**160,686**

3) Movements of the fair value of plan assets

	2021	2020
Fair value of plan assets at January 1	$ 104,521	100,206
Interest income	792	1,139
Remeasurement on the net defined benefit liabilities		
－Return on plan assets (excluding the amounts included in the net interest expense)	1,053	3,375
Contributions by the employer	4,320	4,320
Benefits paid by the plan	(3,309)	(4,519)
Fair value of plan assets at December 31	**$ 107,377**	**104,521**

4) Change in the effect of the assets ceiling

In 2021 and 2020, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

	2021	2020
Current service costs	$ 135	128
Net interest expense on the net defined benefit liability	405	675
	$ 540	**803**
Cost of sales	$ 148	184
Operating expenses	392	619
	$ 540	**803**

6) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	2021.12.31	2020.12.31
Discount rate	0.750%	0.750%
Future salary increases rate	2.000%	2.000%

The Company expects to make a contribution of $4,320 thousand to the defined benefit plans in the year following December 31, 2021. The weighted-average duration of the defined benefit plan is 15.34 years.

7) Sensitivity analysis

The impact of a change in the assumptions on the present value of the defined benefit obligation is as follows：

	Increase (decrease) in present value of defined benefit obligations	
	0.25% Increase	0.25% Increase
December 31,2021		
Discount rate	$ (4,993)	5,183
Future salary change	5,024	(4,864)
December 31,2020		
Discount rate	(5,037)	5,236
Future salary change	5,069	(4,913)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are interrelated. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method and assumption used to carry out the sensitivity analysis is the same as in the prior period year.

(ii) Defined contribution of plan

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

For the years ended December 31, 2021 and 2020, the Company recognized pension expenses of $36,526 thousand and $35,883 thousand, respectively, in relation to the defined contribution plans.

(m) Income Tax

(i) In 2021 and 2019, the components of income tax expense were as follows:

		2021	2020
Current income tax expense			
Current period	$	75,841	82,519
Adjustment for prior years		(295)	23,022
		75,546	105,541
Deferred income tax expense (benefit)			
Origination and reversal of temporary differences		97,677	105,801
Changes in unrecognized deductible temporary differences		(44,471)	(64,698)
		53,206	41,103
	$	**128,752**	**146,644**

In 2021and 2020, there was no income tax recognized directly in equity.

The components of income tax expense (benefit) recognized in other comprehensive income were as follows：

		2021	2020
Items that will not be reclassified subsequently to profit or loss：			
Remeasurements of the defined benefit plans	**$**	**(1,443)**	**(11)**

Reconciliation of income tax expense and income before income tax was as follows：

		2021	2020
Income before income taxes	**$**	**1,275,285**	**1,050,429**
Income tax using the company's statutory tax rate	$	255,057	210,086
Investment income recorded under equity method		(32,033)	(10,824)
Investment tax credits		(39,036)	(31,470)
Adjustment for prior-year income tax expense		(295)	23,022
Changes in unrecognized deductible temporary differences		(44,471)	(64,698)
Recognition of previously unrecognized tax losses		5,493	-
Others		(15,963)	20,528
	$	**128,752**	**146,644**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

	2021.12.31	2020.12.31
Deductible temporary differences	$ 237,998	176,317
Tax losses	4,000	4,000
	$ 241,998	**180,317**

The Company believed that it is not probable that future taxable profits will be available against which the temporary differences and losses can be utilized; therefore, no deferred income tax assets were recognized for above mentioned item.

2) Unrecognized deferred income tax liabilities

	2021.12.31	2020.12.31
Aggregate taxable temporary differences associated with investments in subsidiaries	**$ 906,834**	**800,682**

The Company is able to control the timing of reversal of the temporary differences associated with investments in subsidiaries. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities.

3) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities were as follows:
Deferred income tax assets：

	Depreciation adjustments for tax purposes	Defined benefit liabilities	Deferred inter-company profits	Warranty provisions	Refund liabilities	Others	Total
Balance at January 1,2021	$ 22,944	11,233	56,543	15,808	18,106	30,197	154,831
Recognized in profit or loss	1,016	(756)	(33,586)	10	(799)	(19,091)	(53,206)
Recognized in other comprehensive income	-	1,443	-	-	-	-	1,443
Balance at December 31, 2021	**$ 23,960**	**11,920**	**22,957**	**15,818**	**17,307**	**11,106**	**103,068**
Balance at January 1,2020	$ 21,581	12,437	100,545	13,517	18,106	29,737	195,923
Recognized in profit or loss	1,363	(1,215)	(44,002)	2,291	-	460	(41,103)
Recognized in other comprehensive income	-	11	-	-	-	-	11
Balance at December 31, 2020	**$ 22,944**	**11,233**	**56,543**	**15,808**	**18,106**	**30,197**	**154,831**

(iii) Approved income tax situation

The R.O.C. income tax authorities have examined the income tax returns of the Company for all fiscal years through 2019.

(n) Capital and other equity

(i) Common Stock

As of December 31, 2020 and 2019, the Company's authorized shares of common stock consisted of 450,000 thousand shares, of which 280,000 thousand shares were issued and outstanding. The par value of the Company's common stock is $10 per share.

A movements in outstanding shares of common stock were as follows (in thousands of shares)：

	Common Stock	
	2021	**2020**
Balance at December 31 (Balance at January 1)	**280,000**	**280,000**

(ii) Capital surplus

The balance of the Company's capital surplus is as follows：

	2021.12.31	**2020.12.31**
Paid-in capital in excess of par value	$ 3,563,940	3,563,940
Treasury stock transactions	238,180	238,180
Consolidation premium	144	144
Difference arising from subsidiary’s share price and its carrying value	101,730	94,638
Recognition of changes in ownership and equity of subsidiaries	228,773	24,552
	$ 4,132,767	**3,921,454**

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends pursuant to a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year.

(iii) Retained earnings

The Company's articles of incorporation stipulate that at least 10% of annual net income after deducting an accumulated deficit, if any, must be retained as a legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve should be set aside or reversed in accordance with applicable laws and regulations. The remaining balance, together with unappropriated earnings from previous years can be distributed as dividends to stockholders. Pursuant to the appropriation of earnings proposed by the Board of Directors and approved by the stockholders' meeting. In accordance with the Company's Articles of Incorporation, amended on June 18, 2020, distribution of earnings by way of cash dividends should be approved by the Board of Directors and then reported to the stockholders’ meeting.

According to the Company’s Articles of Incorporation, distribution of cash dividends by legal reserve or capital reserve should be approved by the Board of Directors and then reported to the shareholders meeting.

As the Company is a technology- and capital-intensive enterprise with growing phase, the Company has adopted a remaining earnings appropriation method as its dividend policy in order to meet long-term capital needs and cash requirements of stockholders, and thereby maintain continuous development and steady growth. While the current year’s earnings available for distributable equal the amount of 2% of the paid-in capital, the dividend distributed shall not be less than 10% of current year’s earnings available for distribution. No dividends will be distributed when the current year’s earnings available for distribution are less than the amount 2% of paid-in capital. Considering the future expansion of operation scale and cash flow requirements, the cash dividend cannot be less than 10% of the total distribution of cash dividend and stock dividend.

1) Legal reserve

According to the Company Act, if the Company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholder, distribute its legal reserve to shareholders by issuing new shares or by distributing cash for portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the total amount of items that were accounted for as deductions from stockholders' equity was set aside from current and prior-year earnings. This special reserve shall revert to the retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

3) Earnings distribution

On March 15, 2021 and March 16, 2020, the board of directors approved the cash dividends from the appropriation of 2020 and 2019 earnings, respectively. The resolved appropriations of the dividends per share were as follows:

	2020		2019	
	Dividend per share (NT$)	**Amount**	**Dividend per share (NT$)**	**Amount**
Dividends per share：				
Cash dividend	$ 2.5	**700,000**	2.3	**644,000**

On March 8, 2022, the Company’s Board of directors has approved the distribution of cash dividend as follows：

	2021	
	Dividend per share (NT$)	**Amount**
Dividends per share：		
Cash dividend	$ 3.0	**840,000**

Related information is available on the Market Observation Post System website of Taiwan Stock Exchange.

(iv) Other equity items (net after tax)

	Foreign currency translation differences	Unrealized gains (loss) from financial assets at fair value through other comprehensive income	Remeasurement of define benefit plans	Total
Balance at January 1,2021	$ (683,751)	328,577	(31,433)	(386,607)
Foreign exchange differences arising from the translation of foreign operations	(74,547)	-	-	(74,547)
Unrealized gains (loss) from financial assets at fair value through other comprehensive income	-	58,339	-	58,339
Disposal of equity instruments measured at fair value through other comprehensive income or loss by a subsidiary	-	(29,189)	-	(29,189)
Remeasurement of defined benefit plans	-	-	(5,773)	(5,773)
Share of other comprehensive income (loss) of subsidiaries recognized accounted for using the equity method	(6,845)	21,886	213	15,254
Balance at December 31,2021	**$ (765,143)**	**379,613**	**(36,993)**	**(422,523)**
Balance at January 1,2020	$ (499,270)	38,323	(31,323)	(492,270)
Foreign exchange differences arising from the translation of foreign operations	(174,772)	-	-	(174,772)
Unrealized gains (loss) from financial assets at fair value through other comprehensive income	-	279,676	-	279,676
Disposal of equity instruments measured at fair value through other comprehensive income or loss by a subsidiary	-	(25,747)	-	(25,747)
Remeasurement of defined benefit plans	-	-	(44)	(44)
Share of other comprehensive income (loss) of subsidiaries recognized accounted for using the equity method	(9,709)	36,325	(66)	26,550
Balance at December 31,2020	**$ (683,751)**	**328,577**	**(31,433)**	**(386,607)**

(o) Earnings per share ("EPS")

The calculation of basic and diluted earnings per share for the years ended December 31, 2021 and 2020 were as follows：

(i) Basic earnings per share

	2021	2020
Net income attributable to ordinary shareholders of the Company	**$ 1,146,533**	**903,785**
Weighted-average number of ordinary shares outstanding (in thousands)	**280,000**	**280,000**
Basic earnings per share (in New Taiwan dollars)	**$ 4.09**	**3.23**

(ii) Diluted earnings per share

	2021	2020
Net income attributable to ordinary shareholders of the Company	**$ 1,146,533**	**903,785**
Weighted-average number of ordinary shares outstanding (in thousands)	280,000	280,000
Effect of potentially dilutive ordinary shares (in thousands)：		
Remeasurement to employee in stock	3,336	3,503
Weighted average number of ordinary shares outstanding (after the effect of potentially dilutive ordinary shares) (in thousands)	**283,336**	**283,503**
Diluted earnings per share (in New Taiwan dollars)	**$ 4.05**	**3.19**

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

		2021	2020
Primary geographical markets：			
Taiwan	$	2,132,270	2,121,550
America		873,855	776,723
Mainland China		12,594,570	10,456,815
Others		2,101,731	1,701,201
		$ 17,702,426	**15,056,289**
Major products and services lines：			
Peripheral electronic products	$	14,850,343	12,687,470
Green energy products and passive components		2,852,083	2,368,819
		$ 17,702,426	**15,056,289**

(ii) Contract balances

		2021.12.31	2020.12.31	2020.1.1
Notes and accounts receivable (including related parties)	$	7,099,395	6,109,365	4,407,623
Less: loss allowance		(22,256)	(22,256)	(22,256)
		$ 7,077,139	**6,087,109**	**4,385,367**

Please refer to note 6(d) for the disclosure of notes and accounts receivable (including related parties) and loss allowance.

(iii) Refund liabilities

		2021.12.31	2020.12.31	2020.1.1
Other current liabilities - refund liabilities		**$ 236,537**	**315,172**	**488,256**

(q) Remuneration to employees and directors

The Company's Article of Incorporation requires that annual earning shall first be offset against any deficit, then 5%~20% shall be allocated as employee remuneration and a maximum of 1% be allocated as directors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Parent or subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2021 and 2020, the Company estimated its remuneration to employees amounting to $142,889 and $117,614, respectively, and the remuneration to directors amounting to $10,717 and $8,821, respectively. The abovementioned estimated amounts are calculated based on the net profits before tax of each period (excluding the remuneration to employees and directors), multiplied by a certain percentage of the remuneration to employees and directors. The estimations are recognized as cost of sales or operating expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in next year.

The abovementioned estimated remuneration to employees and directors was the same as the amount approved by the Board of Directors and will be paid in cash. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(r) Non-operating income and loss

(i) Interest income

	2021	2020
Interest income from bank deposits	$ 172	1,401

(ii) Other income

	2021	2020
Rental income(note 7)	$ 2,595	1,738
Dividend income	54,839	27,419
Other	15,018	20,107
	$ 72,452	49,264

(iii) Other gains and losses

	2021	2020
Foreign exchange (loss) gain, net	$ (56,788)	34,976
Gain on financial assets and liabilities measured at fair value through profit or loss	33,376	29,085
Gain on disposal of property, plant and equipment (note 7)	1,711	4,628
Gains on disposal of intangible assets (note 7)	3,189	3,189
Impairment losses of property, plant and equipment	(172)	-
Others	(1,561)	(4,502)
	$ (20,245)	67,376

(iv) Financial costs

	2021	2020
Interest expense：		
Interest expense from bank loans	$ 45,906	34,445
Interest expense on lease liabilities	6	6
	$ 45,912	34,451

(s) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	2021.12.31	2020.12.31
Financial assets at fair value through profit or loss：		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,203	8,571
Financial assets at fair value through other comprehensive income or loss	1,213,707	1,058,383
Financial assets measured at amortized cost：		
Cash and cash equivalents	64,900	219,846
Notes and accounts receivable and other receivables(including related parties)	7,077,139	6,087,109
Refundable deposits	1,080	1,483
Subtotal	7,143,119	6,308,438
Total	**$ 8,358,029**	**7,375,392**

2) Financial liabilities

	2021.12.31	2020.12.31
Financial liabilities measured at amortized cost：		
Short-term borrowings	$ 2,222,548	1,540,000
Short-term notes and bills payable	-	439,721
Notes and accounts payable and other payables (including related parties)	7,420,434	6,795,452
Long-term debt	3,620,000	1,600,000
Lease Liabilities	488	651
Guarantee deposits received	428	428
Total	**$ 13,263,898**	**10,376,252**

(ii) Credit Risk

The maximum exposure to credit is equal to the carrying amount of Company's financial assets. As of December 31, 2021 and 2020, the Company's maximum exposure to credit risk amount to $8,358,029 thousand and $7,375,392 thousand, respectively.

The majority of the Company's customers are well-known international companies with high financial transparency. As of December 31, 2021 and 2020, 45% and 46% of notes receivable are concentration of transaction with four customers. The Company has established a credit policy under which each customer is analyzed individually for creditworthiness for purposes of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

(iii)Liquidity risk

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and interest.

	Contractual cash flow	Within 1 year	1-2 years	2-5 years
December 31, 2021				
Non-derivative financial liabilities：				
Short-term borrowings	$ 2,229,613	2,229,613	-	-
Notes and accounts payable and other payables (including related parties)	7,420,434	7,420,434	-	-
Long-term debt	3,697,583	33,508	28,664	3,635,411
Lease liabilities	498	142	142	214
Subtotal	13,348,128	9,683,697	28,806	3,635,625
Derivative financial instruments：				
Foreign currency forward contracts – settled in gross				
Outflow	333,711	333,711	-	-
Inflow	(334,914)	(334,914)	-	-
Subtotal	(1,203)	(1,203)	-	-
	$ 13,346,925	**9,682,494**	**28,806**	**3,635,625**
December 31, 2020				
Non-derivative financial liabilities：				
Short-term borrowings	$ 1,540,851	1,540,851	-	-
Short-term notes and bills payable	440,000	440,000	-	-
Notes and accounts payable and other payables (including related parties)	6,795,452	6,795,452	-	-
Long-term debt	1,646,281	16,547	16,547	1,613,187
Lease liabilities	668	668	-	-
Subtotal	10,423,252	8,793,518	16,547	1,613,187
Derivative financial instruments：				
Foreign currency forward contracts – settled in gross				
Outflow	913,723	913,723	-	-
Inflow	(922,294)	(922,294)	-	-
Subtotal	(8,571)	(8,571)	-	-
	$ 10,414,681	**8,784,947**	**16,547**	**1,613,187**

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts

(iv) Currency risk

The carrying amounts of monetary assets and liabilities and nonmonetary assets not denominated in functional currency at the reporting date were as follows:

(Amount in thousands)

	2021.12.31				
	Foreign Currency	Exchange rate	New Taiwan Dollars	Change in magnitude	Pre-tax effect on profit or loss
Financial assets					
Monetary items					
USD	$ 256,151	27.680	7,090,260	1%	70,903
Non-monetary items					
USD	237,667	27.680	6,578,615	-	-
EUR	1,151	31.444	36,183	-	-
VND	226,672,276	0.00121	275,248	-	-
Financial liabilities					
Monetary items					
USD	249,645	27.680	6,910,174	1%	69,102

	2020.12.31				
	Foreign Currency	Exchange rate	New Taiwan Dollars	Change in magnitude	Pre-tax effect on profit or loss
Financial assets					
Monetary items					
USD	$ 216,917	28.350	6,149,597	1%	61,496
Non-monetary items					
USD	217,223	28.350	6,158,277	-	-
EUR	1,670	34.956	58,393	-	-
VND	11,947,478	0.00122	14,666	-	-
Financial liabilities					
Monetary items					
USD	198,352	28.350	5,623,279	1%	56,233

With varieties of functional currencies within the Company, the Company disclosed net realized and unrealized foreign exchange gain (loss) on monetary items in aggregate. Please refer to note 6(s) for the information with respect to the foreign exchange gains (losses) for the years ended December 31, 2021 and 2020.

(v) Interest rate risk

The following sensitivity analysis is based on the risk exposure to floating-interest-rate liabilities on the reposting date. The sensitivity analysis assumes the liabilities recorded at the reporting date had been outstanding for the entire period.

If the interest rate had been 100 basis points (1%) higher/lower, with all other variables held constant, pre-tax income for the years ended December 31, 2021 and 2020, would have been $58,425 and $35,797, respectively, lower/ higher, which mainly resulted from the loans and borrowings with floating interest rates.

(vi) Fair Value

1) Financial instruments that are not measured at fair value

The Company's management considers that the carrying amounts of their financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments that are measured at fair value

The Company's financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The table below analyzes financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2021.12.31				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	amount
Financial assets at fair value through profit or loss：					
Derivative financial instruments - Foreign currency forward contracts	$ 1,203	-	1,203	-	1,203
Financial assets at fair value through other comprehensive income or loss：					
Domestic listed stocks	1,213,707	1,213,707	-	-	1,213,707
Total	**$ 1,214,910**	**1,213,707**	**1,203**	**-**	**1,214,910**

	2020.12.31				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	amount
Financial assets at fair value through profit or loss：					
Derivative financial instruments - Foreign currency forward contracts	$ 8,571	-	8,571	-	8,571
Financial assets at fair value through other comprehensive income or loss：					
Domestic listed stocks	1,058,383	1,058,383	-	-	1,058,383
Total	**$ 1,066,954**	**1,058,383**	**8,571**	**-**	**1,066,954**

3) Valuation techniques and assumptions used in fair value measurement

a) Non-derivative financial instruments

The fair value of financial instruments traded in active liquid markets is determined with reference to quoted market prices

Except for the above-mentioned financial instruments in an active market, the fair value of other financial instruments is determined based on the valuation techniques or quotation from counterparties. The fair value using valuation techniques is determined by referring to the current fair value of other financial instruments with similar conditions and characteristics, discounted cash flow method, or other valuation techniques using the valuation model with available market data at the reporting date.

For listed stock with standard terms and conditions and traded in active markets. The fair value is based on quoted market prices.

b) Derivative financial instruments

The fair value of derivative financial instruments is determined using a valuation technique, with estimates and assumptions consistent with those used by market participants and that are readily available to the Company. The fair value of foreign currency forward contracts and foreign exchange swaps is computed individually by each contract using the valuation technique.

4) Transfer between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the years ended December 31, 2021 and 2020.

(t) Financial Risk Management

The Company is exposed to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other market price risk). The company has disclosed the information on exposure the aforementioned risks and the Company’s policies and procedures to measure and manage those risk below.

The Company's Board of Directors is responsible for developing and monitoring the Company's risk management policies. The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and monitor adherence to the controls. Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Company's operations.

The Company's management monitors and reviews financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's Board of Directors.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations, which arises principally from the Company's cash and cash equivalents, receivables from customers, and other financial assets. The Company maintains cash and cash equivalent with reputable financial institutions. Therefore, the exposure related to the potential default by those counter-parties is not considered significant.

The Company has established a credit policy under which each customer is analyzed individually for creditworthiness for purposes of setting the credit limit. Additionally, the Company continuously evaluates the credit quality of customers and utilizes insurance to minimize the credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or other financial assets. The Company manages liquidity risk by monitoring regularly the current and estimated mid- to long-term cash demand, and by maintaining adequate cash and banking facilities. As of December 31, 2021 and 2020, the Company had unused credit facilities of $8,676,480 thousand and $7,624,628 thousand respectively.

(iii) Market Risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity prices, will affect the Company's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company utilizes derivative financial instruments to manage foreign currency risks and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Currency risk

The Company is exposed to currency risk arising from sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company. In order to maintain the net foreign currency exposure at the acceptable level, the Company utilizes foreign currency borrowings as well as the derivate instruments to balance the said exposure arising from the sales and purchase transactions.

2) Interest rate risk

The Company’s short-term borrowings and long-term debt carried floating interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Company also manages working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

3) Equity instrument price risk

The Company is exposed to the risk of price fluctuation in the securities market due to investment in equity financial instruments.

The sensitivity analysis in relation to equity financial instruments’ price risk is calculated based on changes in fair value at the reporting date. Assuming a hypothetical increase or decrease of 1% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2021 and 2020, would have increased or decreased by $12,137 and $10,584, respectively.

(u) Capital Management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements of continuing operations.

For the years ended December 31, 2021 and 2020, there were no change in Company's approach with respect to capital management.

(v) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes	
	2021.1.1	Cash Flow	Additions of lease liabilities	2021.12.31
Short-term borrowings	$ 1,540,000	682,548	-	2,222,548
Short-term notes and bills payable	439,721	(439,721)	-	-
Long-term debt	1,600,000	2,020,000	-	3,620,000
Lease liabilities	651	(163)	-	488
Guarantee deposits received	428	-	-	428
Total liabilities from financing activities	**$ 3,580,800**	**2,262,664**	**-**	**5,843,464**

			Non-cash changes	
	2020.1.1	Cash Flow	Additions of lease liabilities	2020.12.31
Short-term borrowings	$ 2,000,000	(460,000)	-	1,540,000
Short-term notes and bills payable	199,989	239,732	-	439,721
Long-term debt	1,000,000	600,000	-	1,600,000
Lease liabilities	551	(592)	692	651
Guarantee deposits received	-	428	-	428
Total liabilities from financing activities	**$ 3,200,540**	**379,568**	**692**	**3,580,800**

7. Related Party Transactions

(a) Related party name and categories

The followings are subsidiaries and other related parties that have had transactions with the Company during the reporting periods.

Name of Related Party	Relationship with the Company
Qisda Corporation(Qisda)	The entity with significant influence over the Company
Darfon (BVI) Corporation (DFBVI)	Subsidiaries of the Company
Darfon (Labuan) Corporation (DFLB)	Subsidiaries of the Company
Darfon Materials Corp. (DMC)	Subsidiaries of the Company
Darfon Gemmy Corp. (DZL)	Subsidiaries of the Company

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Name of Related Party	Relationship with the Company
Darad Innovation Corp.(DTC)	Subsidiaries of the Company
Darfon Europe B.V. (DFeu)	Subsidiaries of the Company
Darfon Germany GmbH (DFG)	Subsidiaries of the Company
Darfon Electronics (Suzhou) Co., Ltd. (DFS)	Subsidiaries of the Company
Darfon Electronics Czech s.r.o. (DFC)	Subsidiaries of the Company
Darfon America Corp. (DFA)	Subsidiaries of the Company
Huaian Darfon Electronics Co.,Ltd. (DFH)	Subsidiaries of the Company
Darfon Korea Co., Ltd. (DFK)	Subsidiaries of the Company
Darfon Precision Holdings Co., Ltd. (DPH)	Subsidiaries of the Company
Darfon Electronics (ChongQing) Co., Ltd.(DFQ)	Subsidiaries of the Company
Darfon Precision Electronics (Suzhou) Co.,Ltd.(DPS)	Subsidiaries of the Company
Darfon Germany GmbH(DFG)	Subsidiaries of the Company
Darfon Vietnam Co., Ltd.(DFV)	Subsidiaries of the Company
Unictron Technologies Corporation (UTC)	Subsidiaries of the Company
Unicom Technologies, Inc. (UTI)	Subsidiaries of the Company
WirelessCom Technologies (Shenzhen) Co., Ltd.(UTZ)	Subsidiaries of the Company
Kenston Metal Co., Ltd.(KST)	Subsidiaries of the Company
Kenlight Sport Marketing Co., Ltd.(KSMC)	Subsidiaries of the Company
Kenstone Metal Company Gmbh(KSG)	Subsidiaries of the Company
KSI Handels GmbH (KSI)	Subsidiaries of the Company
Kenstone Vietnam Co., Ltd.(KSV)	Subsidiaries of the Company
Iron Ore Co., Ltd. (IOC)	Subsidiaries of the Company
TD HiTech Energy Inc.(TDI)(Note 1)	Subsidiaries of the Company
TD HiTech Energy (Samoa) Inc.(Note 1、2)	Subsidiaries of the Company
Astro Tech Co., Ltd. (ATC) (Note 3)	Subsidiaries of the Company
Astro Engineering Co., Ltd.(ATB) (Note 3)	Subsidiaries of the Company
Astro Engineering Vietnam Co., Ltd.(ATV)(Note 3)	Subsidiaries of the Company
Darfon Energy Technology Corp.(DET)	Subsidiaries of the Company
BESV JAPAN Co., Ltd. (BESVJ)	Joint venture Company
Other Related Parties:	
Qisda (Suzhou) Co., Ltd. (QCSZ)	Subsidiaries of Qisda

Name of Related Party	Relationship with the Company
Qisda Electonics (Suzhou) Co., Ltd. (QCES)	Subsidiaries of Qisda
Qisda Optronics (Suzhou) Co., Ltd. (QCOS)	Subsidiaries of Qisda
Qisda Sdn.Bhd.(QLPG)	Subsidiaries of Qisda
BenQ Healthcare Corp.(BHS)	Subsidiaries of Qisda
Sysage Technology Co., Ltd.(Sysage)	Subsidiaries of Qisda
Advancedtek International Corp. (ADVANCEDTEK)	Subsidiaries of Qisda
DFI Inc. (DFI)	Subsidiaries of Qisda

Note 1: Became a subsidiary of the Company since August 25, 2020.

Note 2: Liquidation was completed in 2020.

Note 3: Became a subsidiary of the Company since April 1, 2021.

(b) Significant transactions with related parties

(i) Net Sales

1) The Company's significant sales to related parties were as follows：

	2021	2020
The entity with significant influence over the Company	$ 284	179
Subsidiaries	1,625,002	1,729,913
Other related parties	52,049	39,286
	$ 1,677,335	**1,769,378**

The sales prices and collection terms for related parties were not significantly different from those of sales to third-party customers. The collection terms for related parties were OA45 to OA135 days.

2) Technical royalty income

For the years ended December 31, 2021 and 2020, the Company licensed $396 and $2,053, respectively, to its subsidiaries for the use of technology licenses developed by the Company.

(ii) Purchase

The Company's purchases from related parties were as follows：

	2021	2020
Subsidiaries－DFH	$ 7,638,787	6,889,357
Subsidiaries－DFQ	4,853,326	3,651,738
Subsidiaries－DFS	2,429,147	1,725,403
Subsidiaries－Others	25,314	18,809
	$ 14,946,574	**12,285,307**

The purchase prices for related parties are not comparable to those for the third-party suppliers due to different product specifications, and the payment terms is OA 90 to OA135 days for related parties and OA 30 to OA90 for third-party suppliers.

(iii) Property Transactions

1) Purchases of property, plant and equipment

The purchases price of equipment purchased from related parties are summarized as follows:

	2021	2020
Subsidiaries	$ 172	775

2) Disposal of property, plant and equipment

The disposals of equipment to related parties are summarized as follows:

	2021		2020	
Related-Party categories	Disposal Price	Deferred gain (loss) from disposal	Disposal Price	Deferred gain (loss) from disposal
Subsidiaries	$ 200	(200)	1,100	321

The above net gain from the sale of equipment to the subsidiary is deferred and recognized over the useful lives of the equipment. As of December 31, 2021 and 2020, the deferred gain on the sale of machinery and equipment amounted to $813 thousand and $2,331 thousand, respectively, and was recorded as a reduction of investment using the equity method. The amortization of deferred benefits amounting to $1,518 and $4,115 for the years ended December 31, 2021 and 2020, respectively, was recognized in the gain on disposal of property, plant and equipment.

3) Disposal of intangible assets

The disposals of intangible assets to related parties are summarized as follows:

	2020	
Related-Party categories	Disposal Price	Deferred gain or (loss) on disposal
Subsidiaries	$ 28,062	24,873

The net gain from the sale of trademarks and patents to a subsidiary is deferred and recognized as an amortization over the useful lives of the asset. As of December 31, 2021 and 2020, the deferred gain on the sale of trademarks and patents amounted to 21,684 and $24,873, respectively, which were recorded as a deduction from the investments accounted for using the equity method. The amortization of deferred benefit amounted to $3,189 thousand for the both years ended December 31, 2021 and 2020, which were recognized in the gain on disposal of intangible assets.

(iv) Rental income

The rental income of $2,595 and $1,738 for the years ended December 31, 2021 and 2020, respectively, from the leasing of office and factory buildings to the subsidiaries, Darfon Materials Corp. and Darad Innovation Corp. was recognized in “non-operating income and loss – other income”.

(v) Materials for sale

For the years ended December 31, 2021 and 2020, the Company sold materials purchased on behalf of its subsidiaries for $327,002 and $257,422, respectively, and the net gain on sale of materials was $0 and $1,540, respectively, which was recognized in "non-operating income and loss - other income".

(vi) Receivables

The Company's receivables from related parties were as follows：

Account	Related-Party categories	2021.12.31	2020.12.31
Accounts receivable	The entity with significant influence over the Company	$ 129	59
	Subsidiaries	1,595,454	1,336,694
	Other related parties	16,434	16,599
		$ 1,612,017	**1,353,352**

(vii) Payables

The Company's accounts payable to related parties are as follows：

Account	Related-Party categories	2021.12.31	2020.12.31
Accounts payable	Subsidiaries-DFH	$ 2,940,534	2,839,190
	Subsidiary-DFS	1,486,128	905,649
	Subsidiary-DFQ	1,340,542	1,493,705
	Subsidiaries-Other	862	105,001
		5,768,066	5,343,545
Other payables	The entity with significant influence over the Company	12	22
	Subsidiaries	1,808	299
	Joint Ventures	144	110
	Other related parties	832	273
		2,796	704
		$ 5,770,862	**5,344,249**

(c) Compensation for key management personnel

	2021	2020
Short-term employee benefits	$ 124,100	111,553
Post-employment benefits	1,109	1,097
Share-based payments	-	3,839
	$ 125,209	**116,489**

The share-based compensation cost represents the issuing employee stock options by the subsidiary to key management personnel of the Company.

8. Pledged assets

The carrying amounts of the assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	2021.12.31	2020.12.31
Land and buildings	Credit lines of bank loans	$ 1,290,316	1,348,517

9. Significant commitments and contingencies

(a) The Company asked financial institutions to provide guarantee letters for the following purposes:

	2021.12.31	2020.12.31
Guarantees for customs duties	$ 7,500	8,500

(b) Significant unrecognized commitments

The Company's unrecognized commitments were as follows：

	2021.12.31	2020.12.31
Acquisition of property, plant and equipment	$ 194,417	48,896
Acquisition of rights-of-use assets-land	-	9,945
	$ 194,417	58,841

10. Significant loss from disasters: None.

11. Significant subsequent events:

To facilitate the group's overall development, fulfill the specialization, and improve the operating performance and competitiveness of the group, the Company's Board of Directors approved the spin-off "the Energy Storage B.D."in Taiwan to DET. The Energy Storage B.D.in Taiwan is estimated to be NT$171, 800, and then the Company will acquire 8,590 thousand common shares of DET at the value of NT$20 per share. Estimated effective date of the spin-off is set on July 1, 2022.

12. Others

Employee benefits, depreciation and amortization, categorized by function were as follows：

	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salaries	403,223	726,271	1,129,494	260,094	832,093	1,092,187
Labor and health insurance	22,197	52,620	74,817	19,686	49,154	68,840
Pension	8,957	28,109	37,066	8,846	27,840	36,686
Remuneration of directors	-	22,847	22,847	-	20,342	20,342
Other employees' benefits	9,875	37,933	47,808	11,772	32,009	43,781
Depreciation	138,429	59,161	197,590	109,661	58,327	167,988
Amortization	-	2,211	2,211	-	12,200	12,200

For the years ended December 31, 2021 and 2020, the information on numbers of employees and employee benefit expense of the company was as follows:

	2021	2020
Number of employees	934	929
Number of directors (non-employee)	6	6
Average employee benefit expense	$ 1,389	1,345
Average employee salary expense	$ 1,217	1,183
Percentage of increase in average employee salary expense	2.87%	(1.33)%
Supervisors' remuneration	$ -	-

The company's salary and remuneration policy (including directors, supervisors, managers and employees) were as follows:

(a) Policy for Directors' and Independent Directors' Remuneration

The remuneration of the Company's directors shall be approved by the Board of Directors in accordance with the authorization of the Company's Articles of Incorporation, and with reference to "Regulations Governing the Remuneration of Directors and Members of Functional Committees"(based on the salary standards of the same peer or industry), the level of participation and value of the directors' contributions to the Company's operations, and the evaluation results of the directors' performance. If the Company makes a profit in a year, the Board of Directors shall, in accordance with Article 19 of the Company's Articles of Incorporation, decide the amount of remuneration for the directors within one percent of the profit for that year, and submit it to the shareholders' meeting after it is approved by the Board of Directors.

(b) Policy for President's and Vice Presidents' remuneration

The salaries of the President and Vice President of the Company are determined by the Compensation Committee in accordance with the "Managerial Compensation Policies and Principles" according to the "Compensation Committee Organizational Rules" and based on the duties and responsibilities of the President and Vice Presidents, with reference to the salary standards of the same peer or industry, the Company's operating income, profitability and the performance of individual personnel.

(c) The Company's main compensation principle is to link responsibilities and performance results, and to provide market competitive compensation to attract, retain and cultivate talents in the long term, and to use the Company's "Managerial Compensation Policy and Principles" and "Performance Management Regulations" as the basis for evaluation. The performance appraisal and the reasonableness of the remuneration are reviewed by the Compensation Committee and the Board of Directors, and the remuneration policy is reviewed from time to time in accordance with the actual operating conditions and relevant laws and regulations, in order to strike a balance between sustainable operation and risk control of the Company, without using short-term profit as the only indicator for remuneration and performance evaluation and linking to the long-term value of shareholders.

13. Additional disclosures

(a) Information on significant transactions:

(i) Financing provided to other parties: Please refer to table 1.

(ii) Guarantees and endorsements provided to other parties: None.

(iii) Marketable securities held (excluding investments m subsidiaries, associates, and jointly controlled entities): Please refer to table

(iv) Marketable securities for which the accumulated purchase or sale amounts for the year exceed$300 million or 20% of the paid-in capital: Please refer to table 3.

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: Please refer to table 4.

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: Please refer to table 5.

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: Please refer to table 6.

(ix) Transactions about derivative instruments: Please refer to note 6(b).

(b) Information on investees: Please refer to table 7.

(c) Information on investments in Mainland China: Please refer to table 8.

(d) Major Shareholders:

Units: Shares

Shareholder's Name	**Total Shares Owned**	**Ownership percentage**
Qisda Corporation	58,004,667	20.71%
BenQ Corporation	14,016,563	5.00%

Note: The information on major shareholders, which is provided by the Taiwan Depository &Clearing Corporation, summarized the shareholders holding over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

14. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2021.

Darfon Electronics Corp.
Financing provided to other parties
For the year ended December 31, 2021

Table1 **(In Thousands of NTD)**

No.	Name of Lender	Name of Borrower	Financial Statement Account	Is a related Party	Highest Balance of Financing to Other Parties During the Period	Ending Balance	Actual Usage Amount During the period	Range of Interest Rates During the period	Purpose of Fund Financing for the Borrower	Transaction Amounts	Reason for the Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	KST	KSG	Other receivables - related parties	Yes	62,888 (EUR 2,000)	-	-	3.00%	2	-	Operating requirements	-	-	-	361,499	361,499
1	KST	KSG	Other receivables - related parties	Yes	62,888 (EUR 2,000)	62,888 (EUR 2,000)	64,218 (EUR 2,042)	3.00%	2	-	Operating requirements	-	-	-	361,499	361,499
1	KST	KSG	Other receivables - related parties	Yes	78,610 (EUR 2,500)	78,610 (EUR 2,500)	72,964 (EUR 2,320)	3.00%	2	-	Operating requirements				361,499	361,499
1	KST	KSG	Other receivables - related parties	Yes	37,326 (USD 1,194 and NTD 4,287)	37,326 (USD 1,194 and NTD 4,287)	37,326 (USD 1,194 and NTD 4,287)	3.00%	2	-	Operating requirements	-	-	-	361,499	361,499
1	KST	KSI	Other receivables - related parties	Yes	9,433 (EUR 300)	-	-	1.20%	2	-	Operating requirements	-	-	-	361,499	361,499
2	DFS	DFH	Other receivables - related parties	Yes	221,440 (USD 8,000)	-	-	1.30%	2	-	-Operating requirements	-	-	-	1,232,729	1,232,729
2	DFS	DFH	Other receivables - related parties	Yes	221,440 (USD 8,000)	-	-	1.30%	2	-	Operating requirements	-	-	-	1,232,729	1,232,729
2	DFS	DFQ	Other receivables - related parties	Yes	221,440 (USD 8,000)	221,440 (USD 8,000)	110,720 (USD 4,000)	1.30%	2	-	Operating requirements	-	-	-	1,232,729	1,232,729
3	DPS	DFQ	Other receivables - related parties	Yes	130,362 (CNY 30,000)	-	-	3.85%	2	-	Operating requirements	-	-	-	178,870	178,870
3	DPS	DFQ	Other receivables - related parties	Yes	130,362 (CNY 30,000)	130,362 (CNY 30,000)	130,362 (CNY 30,000)	3.85%	2	-	Operating requirements	-	-	-	178,870	178,870
4	DZL	DTC	Other receivables - related parties	Yes	47,000	47,000	47,000	1.30%	2	-	Operating requirements				236,830	236,830
4	DZL	DTC	Other receivables - related parties	Yes	60,000	60,000	60,000	1.30%	2	-	Operating requirements				236,830	236,830
4	DZL	KSMC	Other receivables - related parties	Yes	20,000	20,000	-	1.30%	2	-	Operating requirements	-	-	-	236,830	236,830
5	DTC	IOC	Other receivables - related parties	Yes	13,840 (USD 500)	13,840 (USD 500)	-	3.20%	2	-	Operating requirements	-	-	-	149,046	149,046

(Note 1) The aggregate financing amount and individual financing amount of KST to subsidiaries shall not exceed 40% of the most recent net worth of KST.
(Note 2) The aggregate financing amount and individual financing amount of DFS to subsidiaries shall not exceed 40% of the most recent net worth of DFS.
(Note 3) The aggregate financing amount and individual financing amount of DPS to subsidiaries shall not exceed 40% of the most recent net worth of DPS.
(Note 4) The aggregate financing amount and individual financing amount of DZL to subsidiaries shall not exceed 40% of the most recent net worth of DZL.
(Note 5) The aggregate financing amount and individual financing amount of DTC to subsidiaries shall not exceed 40% of the most recent net worth of DTC.
(Note 6) Purpose of Fund Financing:
a. Business transaction purpose. b. Short-term Financing purpose.
(Note 7) The above amounts were translated into New Taiwan dollars at the exchange rate of EUR$1=NT$31.444 ,US$1=NT$27.68 and CN$1=NT$4.3454.

Darfon Electronics Corp.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates, and Jointly Controlled Entities)

December 31, 2021

Table 2 **(In Thousands of Shares)**

Investing Note Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending balance				Note
				Number of Shares	Carrying Value	Percentage of Ownership	Fair Value	
The Company	Qisda Corp.	Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income or loss - non-current	39,859	1,213,707	2.03%	1,213,707	-
DZL	Qisda Corp.	Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income or loss - current	5,887	179,259	0.30%	179,259	-
DZL	Wistron NeWeb Corporation	-	Financial assets at fair value through other comprehensive income or loss - current	102	7,956	0.03%	7,956	-
DZL	DFI	Subsidiary of investor with significant influence over the Group	Financial assets at fair value through other comprehensive income or loss - current	50	3,055	0.04%	3,055	-
KST	HARO BICYCLE CORPORATION	-	Financial assets at fair value through other comprehensive income or loss - non-current	26	-	10.00%	-	-
TDI	Jih Sun Money Market Fund Beneficiary Certificate	-	Financial assets at fair value through profit or loss - current	-	100,282	-	100,282	-
TDI	Qisda Corp.	Investor with significant influence over the Group	Financial assets at fair value through other comprehensive income or loss - current	2,664	81,119	0.14%	81,119	-
DPS	Bank of Suzhou─Principal protected currency deposit in CNY	-	Financial assets at fair value through profit or loss - current	-	355,411	-	355,411	-

Darfon Electronics Corp.

Marketable Securities for Which the Accumulated Purchase or Sale Amounts Exceed $300 Million or 20% of the Paid in Capital

January 1 to December 31, 2021

Table 3

(In Thousands of Shares)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter Party	Name of Relationship	Beginning Balance		Acquisitions		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (loss) on disposal	Shares	Amount (Note 1)
The Company	TDI stock	Investments accounted for using the equity method	-	-	-	-	24,480	1,224,000	-	-	-	-	24,480	1,256,928
DPS	Bank of Suzhou—Principal protected currency deposit in CNY	Financial assets at fair value through profit or loss - current	Bank of Suzhou	-	-	346,350 (CNY79,705)	-	795,208 (CNY183,000)	-	796,624 (CNY183,326)	786,517 (CNY181,000)	10,107 (CNY2,326)	-	355,411 (CNY81,790)

Note 1： The ending balance includes shares of profits/losses of investees and other related adjustment.

Note 2： The above amounts were translated into New Taiwan dollars at the exchange rate of CN$1=NT$4.3454.

Darfon Electronics Corp.

Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital

For the year ended December 31, 2021

Table 4

(In Thousands of Shares)

Company name	Property Name	Transaction Date	Transaction Amount	Status of payment	Counter Party	Relationship with the Counter party	Ending balance				Price Reference	Purpose of Acquisition and Current Condition	Notes
							Owner	Relationship with the Counter party	Date of Transfer	Amount			
ATC	Land and buildings	2021.5.7	420,000	420,000	CITY TOOLS CO., LTD.	-	-	-	-	-	Refer to appraisal report evaluated by the professional appraisal institution	Operating requirements	NA
DFV	Buildings	2021.8.1	556,037	118,403	MINH TRI STEEL STRUCTURE JOINT STOCK COMPANY, JIANXING VIET NAM CONSTRUCTION DEVELOPMENT COMPANY LIMITED, BESTSUN TECHNOLOGY COMPANY , R.J. WU ARCHITECTS & ENGINEERS	-	-	-	-	-	Open tender	Operating requirements	NA

Darfon Electronics Corp.

Total Purchases From and Sales To Related Parties Which Exceed $100 Million or 20% of the Paid in Capital

For the year ended December 31, 2021

Table 5

Company Name	Related Party	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes and Accounts Receivable(Payable)		Note
			Purchase /(Sale)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit price	Payment Terms	Ending Balance	% of Total	
The Company	DFS	Parent & Subsidiary	Sales	(461,206)	(3)%	OA90	Normal price	OA30 to OA135	103,329	1%	-
The Company	DFC	Parent & Subsidiary	Sales	(163,196)	(1)%	OA180	Normal price	OA30 to OA135	118,001	2%	-
The Company	DFA	Parent & Subsidiary	Sales	(752,297)	(4)%	OA135	Normal price	OA30 to OA135	393,398	6%	-
The Company	DFS	Parent & Subsidiary	Purchases	2,429,147(Note2)	15%	OA90	Note 1	OA30 to OA90	(1,486,128)	24%	-
The Company	DFH	Parent & Subsidiary	Purchases	7,638,787	46%	OA90	Note 1	OA30 to OA90	(2,940,534)	48%	-
The Company	DFQ	Parent & Subsidiary	Purchases	4,853,326	29%	OA90	Note 1	OA30 to OA90	(1,340,542)	22%	-
DFS	The Company	Parent & Subsidiary	Sales	(3,928,008)	(35)%	OA90	Normal price	OA30 to OA135	1,486,128	62%	-
DFS	DFH	Affiliates	Sales	(368,476)	(5)%	OA90	Normal price	OA30 to OA135	179,132	7%	-
DFS	DFQ	Affiliates	Sales	(172,461)	(2)%	OA90	Normal price	OA30 to OA135	76,788	3%	-
DFS	The Company	Parent & Subsidiary	Purchases	461,206	8%	OA90	Normal price	OA30 to OA135	(103,329)	8%	-
DFS	DFQ	Affiliates	Purchases	459,236	8%	OA90	Note 1	OA30 to OA135	(62,083)	5%	-
DFH	The Company	Parent & Subsidiary	Sales	(7,638,787)	(98)%	OA90	Normal price	OA30 to OA135	2,940,534	98%	-
DFH	DFS	Affiliates	Purchases	368,476	7%	OA90	Normal price	OA30 to OA135	(179,132)	7%	-
DFQ	The Company	Parent & Subsidiary	Sales	(4,853,326)	(89)%	OA90	Normal price	OA30 to OA135	1,340,542	94%	-
DFQ	DFS	Affiliates	Sales	(459,236)	(8)%	OA90	Normal price	OA30 to OA135	62,083	4%	-
DFQ	DFS	Affiliates	Purchases	172,461	4%	OA90	Normal price	OA30 to OA135	(76,788)	5%	-
DFA	The Company	Parent & Subsidiary	Purchases	752,297	98%	OA135	Normal price	OA30 to OA135	(393,398)	100%	-
DFC	The Company	Parent & Subsidiary	Purchases	163,196	61%	OA180	Normal price	OA30 to OA135	(118,001)	96%	-
KST	KSG	Parent & Subsidiary	Sales	(688,306)	(19)%	OA210	Normal price	OA30 to OA120	586,465	61%	-
KST	KSV	Parent & Subsidiary	Sales	(106,898)	(3)%	OA90	Normal price	OA30 to OA120	99,843	10%	
KSG	KST	Parent & Subsidiary	Purchases	688,306	64%	OA210	Normal price	OA30 to OA120	(586,465)	65%	-
KSV	KST	Parent & Subsidiary	Purchases	106,898	39%	OA90	Normal price	OA30 to OA120	(99,843)	82%	
DTC	Dfeu	Affiliates	Sales	(107,153)	(27)%	OA135	Normal price	OA30 to OA135	7,415	9%	-
DTC	BESVJ	Affiliates	Sales	(215,054)	(54)%	EOM60	Normal price	OA30 to OA135	74,260	85%	-
Dfeu	DTC	Affiliates	Purchases	107,153	100%	OA135	Normal price	OA30 to OA135	(7,415)	100%	
BESVJP	DTC	Affiliates	Purchases	215,054	99%	EOM60	Normal price	OA30 to OA135	(74,260)	100%	-

Note 1：The size of the products may vary from the product specification. There is no comparable transaction available.

Note 2：The sales from repurchasing after processing have been reduced.

Darfon Electronics Corp.
Receivables From Related Parties which Exceed $100 Million or 20% of the Paid in Capital
December 31, 2021

Table 6

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Loss Allowance	Notes
					Amount	Action taken			
The Company	DFS	Parent & Subsidiary	103,329	(Note1)	-	-	-	-	-
The Company	DFA	Parent & Subsidiary	393,398	1.86	25,191	-	25,191	-	-
The Company	DFH	Parent & Subsidiary	722,535	(Note1)	163,454	-	163,381	-	-
The Company	DFQ	Parent & Subsidiary	201,508	(Note1)	56,743	-	53,161	-	-
The Company	DFC	Parent & Subsidiary	118,001	1.62	18,332	-	12,595	-	-
DFS	The Company	Parent & Subsidiary	1,486,128	3.28	-	-	-	-	-
DFS	DFH	Affiliates	179,132	2.35	-	-	-	-	-
DFS	DFQ	Affiliates	110,769	(Note2)	-	-	-	-	-
DFH	The Company	Parent & Subsidiary	2,940,534	2.64	630,714	-	630,709	-	-
DFQ	The Company	Parent & Subsidiary	1,340,542	3.42	-	-	-	-	-
DPS	DFQ	Affiliates	133,527	(Note2)	-	-	-	-	-
KST	KSG	Parent & Subsidiary	586,465	1.73	-	-	-	-	-
KST	KSG	Parent & Subsidiary	178,437	(Note2)	-	-	-	-	-
DZL	DTC	Affiliates	107,365	(Note2)	-	-	-	-	-

Note 1： Since the amount of duplicated transactions has been eliminated, the receivables turnover ratio is not reported.

Note 2： Since the receivables are not caused by selling and purchasing transactions, calculation of turnover rate is not applicable.

Darfon Electronics Corp.

Information on Investees (Excluding Investments in Mainland China)

For the Year Ended December 31, 2021

Table 7 **(In Thousands of Shares)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31,2021			Net Income (Losses) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying amount			
The Company	DFBVI	BVI	Trading of electronic products	317,103	392,352	31,450	100.00%	1,622,358	112,238	112,238	Parent-Subsidiary
The Company	DFLB	Malaysia	Investment holding	2,536,514	2,536,514	74,589	100.00%	4,956,257	441,630	441,630	Parent-Subsidiary
The Company	DMC	Taiwan	Manufacture and sale of LTCC, inductors and paste	6,969	51,969	2,772	100.00%	26,000	(570)	(570)	Parent-Subsidiary
The Company	DZL	Taiwan	Investment holding	450,000	350,000	45,910	100.00%	592,074	33,736	33,736	Parent-Subsidiary
The Company	DTC	Taiwan	Manufacture and trading of E-bike and related products	217,892	217,412	20,035	58.07%	216,377	1,970	1,144	Parent-Subsidiary
The Company	DFeu	Netherlands	Trading of green products	219,038	219,038	6,200	100.00%	36,183	(17,393)	(17,393)	Parent-Subsidiary
The Company	UTC	Taiwan	Manufacture and trading of wireless antennas for telecommunication, modules and piezoelectric ceramics, and ultrasound components	714,680	717,318	17,551	36.66%	946,337	291,024	103,896	Parent-Subsidiary
The Company	KST	Taiwan	Manufacture and trading of bicycles and related products	720,000	720,000	24,302	60.00%	696,714	1,068	(7,373)	Parent-Subsidiary
The Company	TDI	Taiwan	Manufacture and trading of battery for high power application	407,809	407,809	26,410	62.75%	419,499	20,827	11,679	Parent-Subsidiary
The Company	DFV	Vietnam	Manufacture of electronic products	292,558	14,812	-	100.00%	275,248	(5,714)	(5,714)	Parent-Subsidiary
The Company	ATC	Taiwan	Manufacture and sale of bicycles and related products	1,224,000	-	24,480	51.00%	1,256,928	109,545	17,650	Parent-Subsidiary
The Company	DET	Taiwan	Manufacture and wholesale of battery and electronic related products	250,000	-	12,500	100.00%	250,003	3	3	Parent-Subsidiary
DZL	DTC	Taiwan	Manufacture and trading of E-bike and related products	45,300	45,300	4,275	12.39%	46,167	1,970	244	Parent-Subsidiary
DZL	UTC	Taiwan	Manufacture and trading of wireless antennas for telecommunication, modules and piezoelectric ceramics, and ultrasound components	174,455	174,455	4,361	9.11%	244,930	291,024	25,116	Parent-Subsidiary
UTC	UTI	Mauritius	Investment holding	25,291	25,291	818	100.00%	13,134	(11,088)	(11,088)	Affiliates

Darfon Electronics Corp.

Information on Investees (Excluding Investments in Mainland China)

For the Year Ended December 31, 2021

Table 7 **(In Thousands of Shares)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31,2021			Net Income (Losses) of the Investee	Investment Income (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying amount			
UTC	STC (Note 1)	Taiwan	Manufacture and processing of satellite locator, navigator and antenna, and the trading of telecommunications equipment.	-	288,175	-	-	-	5,553	5,394	Affiliates
KST	KSG	Germany	Assemble and sale of bicycles and related products	361,371	157,604	-	100.00%	241,301	(19,052)	(19,052)	Affiliates
KST	KSI	Germany	Lease, purchase and management of movable property and immovable property ,and sale of bicycles and related products	87,853	87,853	-	100.00%	80,531	(1,312)	(1,312)	Affiliates
KST	KSV	Vietnam	Manufacture and sale of bicycles and related products	475,406	279,756	-	100.00%	321,451	(74,474)	(74,474)	Affiliates
DFLB	DFC	Czech Republic	Trading of electronic products	299	299	-	100.00%	69,679	13,698	13,698	Affiliates
DFLB	DFA	USA	Trading of electronic products	6,364	6,364	200	100.00%	39,829	2,737	2,737	Affiliates
DFLB	DFK	Korea	Trading of electronic products	1,781	1,781	10	100.00%	863	90	90	Affiliates
DFLB	DPH	BVI	Investment holding	29,314	29,314	1,000	100.00%	449,689	8,299	8,299	Affiliates
DFeu	DFG	Germany	Trading of green products	5,243	5,243	-	100.00%	4,496	(100)	(100)	Affiliates
DTC	BESVJ	Japan	Trading of green products	26,690	26,690	2	49.00%	23,332	9,043	4,431	Joint Venture
DTC	IOC	Hong Kong	Agent of bicycles and related products	148,235	148,235	19,000	76.00%	143,364	15,368	11,680	Affiliates
DTC	KSMC	Taiwan	Manufacture and sale of bicycles and related products	47,765	47,765	4,500	100.00%	66,084	17,534	17,534	Affiliates
ATC	Rich Glory International Inc.	Samoa	Investment holding	35,107	-	1,862	33.33%	51,891	390	(237)	Affiliates
ATC	ATB	BVI	Investment holding	577,385	-	3,000	100.00%	509,420	(69,433)	(50,129)	Affiliates
ATB	ATV	Vietnam	Manufacture and sale of bicycles and related products	872,463	-	-	100.00%	509,420	(69,433)	(50,129)	Affiliates

Note 1： On March 1, 2021, STC was merged into UTC and STC was dissolved.

Darfon Electronics Corp.

Information on investments in Mainland China

For the Year Ended December 31, 2021

Table 8

i.Name and main businesses and products of investee companies in Mainland China: (In Thousands of NTD/USD)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Loss)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
DFS	Manufacture and sale of the Company's products	767,428 (USD 27,725) (Note 4)	(Note 1)	647,712 (USD 23,400)	-	-	647,712 (USD 23,400)	222,920	100.00%	222,920 (Note 2)	3,081,822	224,706 (USD 8,118)
DFH	Manufacture and sale of the Company's product s	1,356,320 (USD 49,000)	(Note 1)	1,356,320 (USD 49,000)	-	-	1,356,320 (USD 49,000)	166,281	100.00%	166,281 (Note 2)	2,167,030	-
DPS	Mold development and manufacturing	27,680 (USD 1,000)	(Note 1）	27,680 (USD 1,000)	-	-	27,680 (USD 1,000)	8,369	100.00%	8,369 (Note 2)	447,175	-
DFQ	Manufacture and sale of the Company's products	276,800 (USD 10,000)	(Note 1)	276,800 (USD 10,000)	-	-	276,800 (USD 10,000)	144,428	100.00%	144,428 (Note 2)	767,958	-
UTZ	Wireless antennas for telecommunication, components design and marketing	20,898 (USD 755)	(Note 1)	20,898 (USD 755)	-	-	20,898 (USD 755)	(10,835)	100.00%	(10,835) (Note 3)	12,319	-

Note 1： Indirect investment in Mainland China is through a holding company established in a third country.

Note 2：Investment income or loss was recognized based on the audited financial statements by the Parent company's auditors.

Note 3：Investment income or loss was recognized based on the audited financial statements by the auditors of UTC.

Note 4：Including US$ 4,325 thousand from capitalization of retained earnings.

ii.Limits on investments in Mainland China:

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
The Company.	2,083,806 (USD 75,282)	2,175,842 (USD 78,607)	(Note)
UTC	20,898 (USD 755)	21,898 (USD 755)	1,066,217

The above amounts were translated into New Taiwan dollars at the exchange rate of US$1=NT$27.68.

(Note) Since the Company has obtained the certificate of headquarters operation, there is no upper limit on investments in Mainland China.

iii.Significant transactions with investee companies in Mainland China:

The transactions between the Company and investee companies (the intercompany transactions): please refer to “Information on significant transactions” and “Business relationships and significant intercompany transactions”.

Darfon Electronics Corp.

Statement of Cash and Cash Equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash and cash equivalents		$ 935
Checking accounts		2,787
Demand deposits		39,801
Foreign currency deposits(Note)		21,377
		$ 64,900

Note: Foreign currency deposits were translated at the spot exchange rate on December 31, 2021 as follows:

USD 390 thousand (USD: NTD =1:27.68)

Euro 22 thousand (Euro: NTD = 1:31.444)

Japanese Yen 41,179 thousand (Japanese Yen: NTD =1:0.2404)

VND 225 thousand (VND: NTD =1:0.0012143)

Darfon Electronics Corp.

Statement of Notes and Accounts Receivable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Customer Name	Amount
Customer A	$ 1,102,191
Customer B	856,001
Customer C	512,625
Customer D	457,946
Customer E	437,543
Customer F	300,899
Others (Note)	1,820,173
	5,487,378
Less: loss allowance	(22,256)
	$ 5,465,122

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Inventories

Item	Amount		Note
	Carrying value	Net realizable value	
Raw Materials	$ 252,661	266,329	Net realizable value
Work in progress	56,022	60,091	Net realizable value
Finished goods	1,091,493	1,369,198	Net realizable value
	$ 1,400,176	**1,695,618**	

Darfon Electronics Corp.

Statement of prepayments and other current assets

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Input tax and offset against business tax payable	$ 53,360
Prepaid expenses	22,065
Tax receivables	11,375
Other(Note)	5,171
	$ 91,971

Note: The amount of each item in others does not exceed 5% of the account balance.

Darfon Electronics Corp.

Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income- Non-current

For the year ended December 31, 2021

(Expressed in Thousands of New Taiwan Dollars/Shares)

	Balance as of January 2020		Addition		Decrease		Unrealized Gain	Balance as of December 31,2021			
Name	Share	Amount	Share	Amount	Share	Amount	Share	Share	Amount	Collateral	Notes
Domestic Listed Stocks-Qisda	36,559	$ 1,058,383	3,300	96,985	-	-	58,339	39,859	1,213,707	-	

Darfon Electronics Corp.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in Thousands of New Taiwan Dollars/ Shares)

	Balance as of January 2021		Additions		Decrease (Note 1)		Other	Balance as of December 2021			Market value or Net Assets value		
Name of investee	Share	Amount	Share	Amount	Percentage of Share	Amount	adjustments (Note)	Share	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount	Collateral
DFBVI	34,150	$ 1,624,378	-	-	(2,700)	(75,249)	73,229	31,450	100%	1,622,358	51.59	1,622,358	-
DFLB	74,589	4,533,898	-	-	-	-	422,359	74,589	100%	4,956,257	66.45	4,956,257	-
DMC	13,067	71,570	-	-	(10,295)	(45,000)	(570)	2,772	100%	26,000	9.38	26,000	-
DZL	35,910	480,000	10,000	100,000	-	(66,757)	78,831	45,910	100%	592,074	12.90	592,074	-
DTC	19,995	225,360	40	480	-	(5,998)	(3,465)	20,035	58.07%	216,377	10.80	216,377	-
DFeu	6,200	58,393	-	-	-	-	(22,210)	6,200	100%	36,183	5.84	36,183	-
UTC	17,651	739,472	-	-	(100)	(64,417)	271,282	17,551	36.66%	946,337	201.50 (Note 2)	3,536,543	-
KST	24,302	711,709	-	-	-	-	(14,995)	24,302	60.00%	696,714	22.31	542,249	-
TDI	26,410	407,412	-	-	-	-	12,087	26,410	62.75%	419,499	13.59	359,023	-
DFV	-	14,666	-	277,746	-	-	(17,164)	-	100.00%	275,248	-	275,248	-
ATC	-	-	24,480	1,224,000	-	-	32,928	24,480	51.00%	1,256,928	32.66	799,542	-
DET	-	-	12,500	250,000	-	-	3	12,500	100.00%	250,003	20.00	250,003	-
Subtotal		8,866,858		1,852,226		(257,421)	832,315					11,293,978	
Less: Adjustments of unrealized profits and losses resulting from transactions with subsidiaries and associates													
- sales		(557,488)		(67,519)		-	-					(625,007)	
- disposal of property, plant and equipment		(2,331)		-		1,518	-					(813)	
- other		(24,873)		-		3,189	-					(21,684)	
		$ 8,282,166		**1,784,707**		**(252,714)**	**832,315**					**10,646,474**	

Note: Other adjustments：

Share of income (loss) of subsidiaries accounted for using the equity method	$	690,925
Foreign currency translation differences		(81,392)
Unrealized gain (loss) from investments in equity instruments measured at FVOCI		(7,303)
Difference arising from subsidiary’s share price and its carrying value		(70)
Recognition of changes in ownership and equity of subsidiaries		204,221
Disposal of investments in equity instruments designated at FVOCI		29,189
Other		(3,255)
	$	**832,315**

Note 1: The decrease was due to the capital reduction of the investee, the disposal of part of the investee's shares and the receipt of cash dividends from the investee.

Note 2: The price is the closing price of the Emerging Stock Market.

Darfon Electronics Corp.

Statement of Short-Term Borrowings

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Types of loan	Description	Ending Balance	Contract Period	Credit facilities	Collateral (Commercial paper)
Operating requirements	Mega Bank	$ 249,120	2021.5.18-2022.5.18	500,000	700,000 (Note2)
〃	Bank of Taiwan	240,000	2021.4.16-2022.4.16	400,000	400,000
〃	Fubon Bank	360,000	2021.5.19-2022.5.19	830,000	2,000,000 (Note2)
〃	Far Eastern Bank	250,000	2021.1.12-2022.1.12	300,000	300,000
〃	KGI Bank	166,080	2021.6.10-2022.6.10	500,000	500,000 (Note2)
〃	First Bank	27,680	2021.4.9-2022.4.9	600,000	-
〃	The Export-Import Bank of the Republic of China	600,000	2021.12.21-2022.12.21	600,000	600,000
〃	Land Bank	224,498	2021.9.14-2022.9.14	500,000	500,000
	E.SUN Bank	105,170	2021.9.28-2022.9.28	1,000,000	1,500,000 (Note2)
		$ 2,222,548			

Note 1: The above short-term borrowings bear interest at 0.60% to 1.00% per annum.

Note 2: The amount is shared with long-term loans.

Darfon Electronics Corp.

Statement of Notes and Accounts Payable

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	$ 124,843
Vendor B	25,520
Vendor C	23,161
Others(Note)	187,394
	$ 360,918

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Other Payables

Item	Amount
Salaries and bonuses payable (including remuneration to employees and directors)	$ 735,233
Modeling expenses payable	199,290
Other expenses payable (Note)	385,907
	$ 1,320,430

Note: The amount of each item in others does not exceed 5% of the account balance.

Darfon Electronics Corp.

Statement of Other Current Liabilities

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Refund liabilities	$ 236,537
Other (Note)	19,131
	$ 255,668

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Long-term Debt

Creditors	Description	Loan Amount	Contract Period	Collateral
Fubon Bank	3 years loan	$ 1,500,000	2021.06~2024.06	Land and Plant
KGI Bank	3 years loan	500,000	2020.09~2023.09	Land and Plant
Mega Bank	3 years loan	270,000	2021.05~2024.05	-
E.SUN Bank	3 years loan	1,000,000	2021.04~2024.04	Land and Plant
First Bank	2 years loan	350,000	2021.06~2023.06	-
Total		**3,620,000**		

Note: The interest rates for long-term debt listed above are 0.82% to 1.05%.

Darfon Electronics Corp.

Statement of Other Non-current Liabilities

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Items	Amount
Lease liabilities - non-current	$ 351
Guarantee deposits received	428
	$ 779

Darfon Electronics Corp.

Statement of Operating Cost

For the year ended December 31, 2021

Items	Amount
Raw materials:	
Raw materials, beginning of year	$ 300,272
Add: Purchase of raw materials	1,565,034
Less: Raw materials, end of year	369,594
Sale and transfer to other expenses	406,001
Scrapped of Inventory	1,373
Raw materials used	1,088,338
Direct labor	163,641
Manufacturing overhead	365,230
Manufacturing cost	1,617,209
Work in process, beginning of year	34,094
Add: Purchase of work in process	23,806
Less: Work in process, end of year	69,170
Cost of goods manufactured	1,605,939
Finished goods, beginning of year	1,337,742
Add: Purchase of finished goods	14,134,253
Less: Finished goods, end of year	1,408,535
Cost of goods sold	15,669,399
Write-downs of inventories	111,401
Loss on scrap	1,373
Operating cost	**$ 15,782,173**

Darfon Electronics Corp.

Statement of Selling Expenses

For the year ended December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Items	Amount
Salaries expenses	$ 236,130
Freight expenses	76,352
Depreciation	17,294
Others (Note)	106,944
	$ 436,720

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Administrative Expenses

Items	Amount
Salaries expenses	$ 169,525
Insurance expenses	32,976
Depreciation	19,736
Others (Note)	109,932
	$ 332,169

Note: The amount of each item in others does not exceed 5% of the account balance.

Darfon Electronics Corp.

Statement of Research and Development Expenses

For the year ended December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Items	Amount
Salaries expenses	$ 371,572
Indirect materials	23,994
Depreciation	22,131
Others (Note)	88,255
	$ 505,952

Note: The amount of each item in others does not exceed 5% of the account balance.

For details on statement of Changes in Financial Assets at Fair Value through Profit or Loss - current, please refer to note 6(b)

For details on statement of Changes in Accounts Receivable - related parties, please refer to note 7

For details on statement of Changes in Property, Plant and Equipment, please refer to note 6(g)

For details on statement of Changes in Accumulated Depreciation of Property, Plant and Equipment, please refer to note 6(g)

For details on statement of Changes in Deferred Tax Assets, please refer to note 6(m)

For details on statement of Changes in Accounts Payable - related parties, please refer to note 7

For details on statement of the Provisions, please refer to note 6(k)

For details on statement of the Net Defined Benefit Liabilities, please refer to note 6(l)

For details on statement of the revenue, please refer to note 6(p)

For details on statement of interest income, other income, other gains and losses and finance costs for Non-Operating Income and Expenses, please refer to note 6(r)