

Hu Lane Associate Inc. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

HU LANE ASSOCIATE INC.

By

March 25, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hu Lane Associate Inc.

Opinion

We have audited the accompanying consolidated financial statements of Hu Lane Associate Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits of the consolidated financial statements, in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Occurrence of Revenue

For the year ended December 31, 2021, the consolidated operating revenue amounted to NT\$4,948,862 thousand. The operating revenue derived from some major customers amounted to NT\$862,452 thousand. Since some single customers contributed more to the Group's operating revenue and there was material change on the amount of operating revenue as compared with the same period last year, the occurrence of the operating revenue from the abovementioned customers was identified as a key audit matter.

Refer to Note 4 to the Group's consolidated financial statements for the accounting policy of revenue recognition.

Our audit procedures performed to verify the occurrence of revenue in respect of the above key audit matter included the following:

1. We obtained an understanding of the design and tested the operating effectiveness of the relevant internal controls.
2. We sampled the transaction documents and the bank collection records, and checked whether the recipients of the products were the same as the counterparties of the transactions.

Other Matter

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wang-Sheng Lin and Guan-Hao Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 2022

Notice to Readers

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

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

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 678,299	8	\$ 772,959	11
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	526	-	397	-
Notes receivable (Notes 4, 8, 21 and 23)	737,935	9	622,757	9
Trade receivables from unrelated parties (Notes 4 and 8)	1,399,929	17	1,294,396	18
Other receivables	18,998	-	12,487	-
Current tax assets (Notes 4 and 18)	25,107	-	26,367	-
Inventories (Notes 4 and 9)	1,295,240	16	803,018	12
Other current assets	<u>289,833</u>	<u>4</u>	<u>115,704</u>	<u>2</u>
Total current assets	<u>4,445,867</u>	<u>54</u>	<u>3,648,085</u>	<u>52</u>
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 11 and 23)	3,473,745	42	3,180,225	45
Right-of-use assets (Notes 4 and 12)	94,193	1	82,898	1
Investment properties (Note 4)	2,494	-	2,498	-
Other intangible assets (Note 4)	19,778	-	11,394	-
Deferred tax assets (Notes 4 and 18)	34,653	1	25,423	1
Other non-current assets	<u>129,784</u>	<u>2</u>	<u>78,102</u>	<u>1</u>
Total non-current assets	<u>3,754,647</u>	<u>46</u>	<u>3,380,540</u>	<u>48</u>
TOTAL	<u>\$ 8,200,514</u>	<u>100</u>	<u>\$ 7,028,625</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 13 and 23)	\$ 1,523,936	19	\$ 1,224,185	17
Notes payable	2,926	-	2,858	-
Trade payables to unrelated parties	763,562	9	520,377	7
Other payables to unrelated parties (Notes 14 and 22)	500,576	6	283,129	4
Other payables to related parties (Note 22)	-	-	12,342	-
Current tax liabilities (Notes 4 and 18)	127,836	2	111,548	2
Finance lease payables - current (Notes 4 and 12)	14,865	-	6,250	-
Other current liabilities	<u>41,556</u>	<u>-</u>	<u>53,894</u>	<u>1</u>
Total current liabilities	<u>2,975,257</u>	<u>36</u>	<u>2,214,583</u>	<u>31</u>
NON-CURRENT LIABILITIES				
Finance lease payables - non-current (Notes 4 and 12)	10,745	-	6,668	-
Deferred tax liabilities (Notes 4 and 18)	169,086	2	157,987	2
Net defined benefit liabilities - non-current (Notes 4 and 15)	33,797	1	26,947	1
Other non-current liabilities	<u>7,586</u>	<u>-</u>	<u>6,932</u>	<u>-</u>
Total non-current liabilities	<u>221,214</u>	<u>3</u>	<u>198,534</u>	<u>3</u>
Total liabilities	<u>3,196,471</u>	<u>39</u>	<u>2,413,117</u>	<u>34</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 16)				
Share capital				
Ordinary shares	<u>996,547</u>	<u>12</u>	<u>996,547</u>	<u>15</u>
Capital surplus	<u>1,033,837</u>	<u>13</u>	<u>1,133,491</u>	<u>16</u>
Retained earnings				
Legal reserve	871,116	10	815,276	12
Special reserve	262,423	3	287,251	4
Unappropriated earnings	<u>2,024,826</u>	<u>25</u>	<u>1,573,564</u>	<u>22</u>
Total retained earnings	<u>3,158,365</u>	<u>38</u>	<u>2,676,091</u>	<u>38</u>
Other equity	<u>(203,755)</u>	<u>(2)</u>	<u>(202,507)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	4,984,994	61	4,603,622	66
NON-CONTROLLING INTERESTS	<u>19,049</u>	<u>-</u>	<u>11,886</u>	<u>-</u>
Total equity	<u>5,004,043</u>	<u>61</u>	<u>4,615,508</u>	<u>66</u>
TOTAL	<u>\$ 8,200,514</u>	<u>100</u>	<u>\$ 7,028,625</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)	\$ 4,948,862	100	\$ 3,653,272	100
OPERATING COSTS (Notes 9 and 17)	<u>3,213,022</u>	<u>65</u>	<u>2,323,355</u>	<u>64</u>
GROSS PROFIT	<u>1,735,840</u>	<u>35</u>	<u>1,329,917</u>	<u>36</u>
OPERATING EXPENSES (Notes 4, 8 and 17)				
Selling and marketing expenses	232,948	5	184,039	5
General and administrative expenses	330,505	7	268,944	7
Research and development expenses	212,423	4	179,041	5
Expected credit loss (gain)	<u>(7,634)</u>	<u>-</u>	<u>4,251</u>	<u>-</u>
Total operating expenses	<u>768,242</u>	<u>16</u>	<u>636,275</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>967,598</u>	<u>19</u>	<u>693,642</u>	<u>19</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 17)	2,235	-	4,902	-
Other income (Note 17)	31,911	1	30,961	1
Other gains and losses (Note 17)	(32,541)	(1)	(34,709)	(1)
Finance costs (Note 4)	<u>(13,388)</u>	<u>-</u>	<u>(14,918)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(11,783)</u>	<u>-</u>	<u>(13,764)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	955,815	19	679,878	18
INCOME TAX EXPENSE (Notes 4 and 18)	<u>160,107</u>	<u>3</u>	<u>121,652</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>795,708</u>	<u>16</u>	<u>558,226</u>	<u>15</u>

(Continued)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 15 and 18)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	\$ (9,133)	-	\$ 1,175	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>1,826</u>	<u>-</u>	<u>(235)</u>	<u>-</u>
	<u>(7,307)</u>	<u>-</u>	<u>940</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	<u>(1,248)</u>	<u>-</u>	<u>24,888</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(8,555)</u>	<u>-</u>	<u>25,828</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 787,153</u>	<u>16</u>	<u>\$ 584,054</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 788,545	16	\$ 557,460	15
Non-controlling interests	<u>7,163</u>	<u>-</u>	<u>766</u>	<u>-</u>
	<u>\$ 795,708</u>	<u>16</u>	<u>\$ 558,226</u>	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 779,990	16	\$ 583,228	16
Non-controlling interests	<u>7,163</u>	<u>-</u>	<u>826</u>	<u>-</u>
	<u>\$ 787,153</u>	<u>16</u>	<u>\$ 584,054</u>	<u>16</u>
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$ 7.91</u>		<u>\$ 5.59</u>	
Diluted	<u>\$ 7.89</u>		<u>\$ 5.57</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings			Unappropriated Earnings				
			Legal Reserve	Special Reserve						
BALANCE AT JANUARY 1, 2020	\$ 972,241	\$ 1,279,327	\$ 768,632	\$ 220,008		\$ 1,299,193	\$ (227,335)	\$ 4,312,066	\$ 1,989	\$ 4,314,055
Appropriation of 2019 earnings										
Legal reserve	-	-	46,644	-	(46,644)	-	-	-	-	-
Special reserve	-	-	-	67,243	(67,243)	-	-	-	-	-
Cash dividends	-	-	-	-	(145,836)	-	-	(145,836)	-	(145,836)
Share dividends	24,306	-	-	-	(24,306)	-	-	-	-	-
Cash dividends from capital surplus	-	(145,836)	-	-	-	-	-	(145,836)	-	(145,836)
Additional non-controlling interests	-	-	-	-	-	-	-	-	9,071	9,071
Net profit for the year ended December 31, 2020	-	-	-	-	557,460	-	-	557,460	766	558,226
Other comprehensive income for the year ended December 31, 2020, net of income tax	-	-	-	-	940	24,828	25,768	60	25,828	
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	558,400	24,828	583,228	826	584,054	
BALANCE AT DECEMBER 31, 2020	996,547	1,133,491	815,276	287,251	1,573,564	(202,507)	4,603,622	11,886	4,615,508	
Appropriation of 2020 earnings										
Legal reserve	-	-	55,840	-	(55,840)	-	-	-	-	
Special reserve	-	-	-	(24,828)	24,828	-	-	-	-	
Cash dividends	-	-	-	-	(298,964)	-	-	(298,964)	-	
Cash dividends from capital surplus	-	(99,654)	-	-	-	-	-	(99,654)	-	
Net profit for the year ended December 31, 2021	-	-	-	-	788,545	-	788,545	7,163	795,708	
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(7,307)	(1,248)	(8,555)	-	(8,555)	
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	781,238	(1,248)	779,990	7,163	787,153	
BALANCE AT DECEMBER 31, 2021	\$ 996,547	\$ 1,033,837	\$ 871,116	\$ 262,423	\$ 2,024,826	\$ (203,755)	\$ 4,984,994	\$ 19,049	\$ 5,004,043	

The accompanying notes are an integral part of the consolidated financial statements.

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 955,815	\$ 679,878
Adjustments for:		
Depreciation expenses	269,797	242,248
Amortization expenses	34,343	32,276
Expected credit (gain) loss recognized	(7,634)	4,251
Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(1,387)	(4,835)
Finance costs	13,388	14,918
Interest income	(2,235)	(4,902)
Dividend income	(26)	(26)
Gain on disposal of property, plant and equipment	199	(4,218)
Write-downs of inventories	55,408	(1,334)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,258	4,870
Notes receivable	(115,178)	(297,824)
Trade receivables from unrelated parties	(97,700)	15,886
Other receivables	(6,511)	2,560
Inventories	(547,134)	(9,308)
Other current assets	(174,129)	32,712
Other non-current assets	(4,549)	24,551
Notes payable	68	(763)
Trade payables from unrelated parties	243,185	106,567
Other payables	110,085	(132,535)
Other current liabilities	(12,338)	(9,506)
Provisions - non-current	(2,283)	(8,974)
Other non-current liabilities	744	(1,820)
Cash generated from operations	713,186	684,672
Interest received	2,235	4,902
Interest paid	(13,093)	(14,918)
Income tax received	15,953	-
Income tax paid	(126,867)	(68,816)
Net cash generated from operating activities	<u>591,414</u>	<u>605,840</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(591,445)	(533,305)
Proceeds from disposal of property, plant and equipment	54,550	86,274
Increase in refundable deposits	(5,050)	(2,539)
Payments for intangible assets	(4,974)	(867)
Dividends received	<u>26</u>	<u>26</u>
Net cash used in investing activities	<u>(546,893)</u>	<u>(450,411)</u>
		(Continued)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	\$ 299,751	\$ (81,915)
Refund of guarantee deposits received	(90)	(79)
Repayment of the principal portion of lease liabilities	(8,135)	(10,020)
Dividends paid to owners of the Company	(398,618)	(291,672)
Changes in non-controlling interests	<u>-</u>	<u>9,071</u>
Net cash used in financing activities	<u>(107,092)</u>	<u>(374,615)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(32,089)</u>	<u>27,780</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(94,660)	(191,406)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>772,959</u>	<u>964,365</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 678,299</u>	<u>\$ 772,959</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Organization and Operations of the Parent Company

Hu Lane Associate Inc. (the “Company” or Hu Lane Associate) was incorporated in July 1977 as Hu Lane Enterprise Co., Ltd. and renamed as Hu Lane Industry Co., Ltd. on January 29, 2001, and later renamed again as Hu Lane Associate Inc. in 2003. Hu Lane Associate established the Hong Kong Branch in October 2001. Hu Lane Associate is mainly engaged in the manufacturing and sale of terminal devices, terminal crimping, industrial rubber and plastic products.

Hu Lane Associate’s shares have been listed on the Taipei Exchange since November 26, 2003. Hu Lane Associate’s stockholders approved the planned merger with Jie Yun Industry Co., Ltd. on May 28, 2004 with the effective merger date on August 31, 2004, and Hu Lane Associate was the surviving entity. Hu Lane Associate’s board of directors approved the planned merger with I-hung Steel Co., Ltd. on April 4, 2014 with the effective merger date on May 12, 2014, and Hu Lane Associate was the surviving entity.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

Organization and Operations of the Subsidiaries

Evervalue Investments Limited (Evervalue), a company established on March 12, 2001, is a 100%-owned subsidiary of Hu Lane Associate. It is mainly engaged in investment.

Telford Investments Limited (Telford), a company established on March 8, 2001, is a 100%-owned subsidiary of Hu Lane Associate. It is mainly engaged in investment.

Hu Lane Electronics (Vietnam) Limited (HuLane Vietnam), a company established in November 2009, is a 100%-owned subsidiary of Hu Lane Associate. It is mainly engaged in manufacturing terminals and molding.

Hulane Electronics (Nanjing) Limited (Hulane Nanjing), a company established in January 2004, is a 100%-owned subsidiary of Evervalue. It is mainly engaged in manufacturing terminals and molding.

Fortune Master Development Limited (Fortune Master), a company established on March 5, 2010, is a 100%-owned subsidiary of Evervalue. It is mainly engaged in trading and investment.

Dongguan Hulane Electronics Technology (Dongguan Hulane), a company established in June 2011, is a 100%-owned subsidiary of Fortune Master. It is mainly engaged in the manufacturing of terminals and molding.

Dongguan Hulane Puquang Trading Limited (Dongguan Puquang), a company established in May 2012, is a 100%-owned subsidiary of Fortune Master. It is mainly engaged in sales of vehicle components and plastic materials.

PT Hulane Tech Manufacturing's 80% equity was acquired by the Company in December 2017. The purpose of this acquisition is to develop area integration for the long-term expansion and operations of the Company. PT Hulane Tech Manufacturing applied for capital increase in August 2020 and Evervalue Investments Limited participated in the capital increase. After the capital increase, the Company and Evervalue Investments Limited held 32% and 48% shareholding of PT Hulane Tech Manufacturing, respectively.

Hu Lane Associate and its subsidiaries are hereinafter referred to collectively as the "Group".

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 25, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are 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); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 10 and Table 7 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquire over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

f. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries, associates, joint ventures and branches in other countries that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation (attributable to the owners of the Company) are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from 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.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or asset related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or asset related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified as financial assets at fair value through profit or loss and financial assets at amortized cost.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are mandatorily classified or designated as at fair value through profit or loss. Financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments which are not designated as at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 21.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts entered into with the same customer (or related parties of the customer) at or near the same time, those contracts are accounted for as a single contract if the contracts are negotiated as a package with a single commercial objective.

- Revenue from the sale of goods

Revenue from the sale of goods comes from sales of terminals and molds. Sales of terminals and molds are recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

o. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. 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 if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 2,381	\$ 2,604
Checking accounts and demand deposits	538,902	499,416
Cash equivalents		
Time deposits with original maturities within three months	<u>137,016</u>	<u>270,939</u>
	<u>\$ 678,299</u>	<u>\$ 772,959</u>

The market rate intervals of demand deposits and time deposits at the end of year were as follows:

	December 31	
	2021	2020
Demand deposits	0.01%-1.72%	0.01%-1.72%
Time deposits	0.16%-0.29%	0.75%-2.35%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Domestic listed shares	\$ 526	\$ 397

The Group's copper option contract signed with Citibank (Taiwan) Commercial Bank (hereinafter referred to as Citibank) was recognized as derivative financial instrument transactions for which hedge accounting was not applied. The gain on financial assets at fair value through profit or loss amounted to \$1,258 thousand and \$4,851 thousand for the years ended December 31, 2021 and 2020, respectively.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
Notes receivable - operating	\$ 737,935	\$ 622,757
<u>Trade receivables from unrelated parties</u>		
Trade receivables	\$ 1,432,352	\$ 1,334,652
Less: Allowance for impairment loss	(32,423)	(40,256)
	<u>\$ 1,399,929</u>	<u>\$ 1,294,396</u>

Refer to Note 21 for details of the factoring agreements for trade receivables.

The average credit period of sales of goods was 90 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with reputable entities, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive vice president, internal audit department and accounting department annually.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position at the reporting date. As the Group's historical credit loss experience show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished according to the Group's different customer base.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2021

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days	Total
Expected credit loss rate	0.03%-5.21%	0.21%-5.46%	6.1%-15.85%	7.91%-56.09%	100%	
Gross carrying amount	\$ 1,044,911	\$ 347,258	\$ 15,148	\$ 2,579	\$ 22,456	\$ 1,432,352
Loss allowance (Lifetime ECLs)	<u>(4,501)</u>	<u>(2,938)</u>	<u>(1,153)</u>	<u>(1,375)</u>	<u>(22,456)</u>	<u>(32,423)</u>
Amortized cost	<u>\$ 1,040,410</u>	<u>\$ 344,320</u>	<u>\$ 13,995</u>	<u>\$ 1,204</u>	<u>\$ -</u>	<u>\$ 1,399,929</u>

December 31, 2020

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days	Total
Expected credit loss rate	0.00%-3.38%	0.00%-5.96%	0.00%-46.86%	51.44%-100%	100%	
Gross carrying amount	\$ 1,000,439	\$ 292,053	\$ 9,994	\$ 4,926	\$ 27,240	\$ 1,334,652
Loss allowance (Lifetime ECLs)	<u>(5,371)</u>	<u>(2,862)</u>	<u>(1,359)</u>	<u>(3,424)</u>	<u>(27,240)</u>	<u>(40,256)</u>
Amortized cost	<u>\$ 995,068</u>	<u>\$ 289,191</u>	<u>\$ 8,635</u>	<u>\$ 1,502</u>	<u>\$ -</u>	<u>\$ 1,294,396</u>

The movements of the loss allowance of trade receivables were as follows:

	2021	2020
Balance at January 1	\$ 40,256	\$ 35,359
Add: Net remeasurement of loss allowance	-	4,251
Less: Net remeasurement of loss allowance	(7,634)	-
Foreign exchange gains and losses	<u>(199)</u>	<u>646</u>
Balance at December 31	<u>\$ 32,423</u>	<u>\$ 40,256</u>

9. INVENTORIES

	<u>December 31</u>	
	2021	2020
Finished goods	\$ 424,558	\$ 273,996
Work in progress	179,171	104,220
Raw materials and supplies	287,311	150,090
Merchandise	<u>404,200</u>	<u>274,712</u>
	<u>\$ 1,295,240</u>	<u>\$ 803,018</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$3,213,022 thousand and \$2,323,355 thousand, respectively. The cost of goods sold included inventory write-downs or gain from price recovery of inventory, which amounted to \$55,408 thousand and \$(1,334) thousand in 2021 and 2020, respectively. The increase in the net realizable value of the inventory is due to the increase in the sales price of the inventory in some markets.

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			December 31	2020
			2021	2020
Hu Lane Associate	Telford	Investment	100	100
	Evervalue	Investment	100	100
	Hu Lane Vietnam	Manufacture of plastic connectors and molds	100	100
Evervalue	PT Hulane Tech Manufacturing	Manufacture of plastic connectors and molds	32	32
	Hulane Nanjing	Manufacture of plastic connectors and molds	100	100
	Fortune Master	Trading and investment	100	100
Fortune Master	PT Hulane Tech Manufacturing	Manufacture of plastic connectors and molds	48	48
	Dongguan Hulane	Manufacture of plastic connectors and molds	100	100
	Dongguan Puguang	Sales of vehicle components and plastic materials	100	100

b. Subsidiaries excluded from the consolidated financial statements: None.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Prepayments for Equipment and Property under Construction	Total
<u>Cost</u>									
Balance at January 1, 2020	\$ 1,008,022	\$ 509,134	\$ 1,767,893	\$ 19,332	\$ 65,000	\$ 1,200	\$ 15,747	\$ 859,404	\$ 4,245,732
Additions	-	59,716	6,433	-	507	-	133	443,946	510,735
Disposals	-	(122)	(69,963)	(468)	(705)	-	(224)	(73,016)	(144,498)
Effect of foreign currency exchange differences	-	990	17,578	(174)	256	-	(481)	(4,464)	13,705
Reclassifications	-	4,441	201,787	1,004	1,304	-	1,596	(249,916)	(39,784)
Balance at December 31, 2020	<u>1,008,022</u>	<u>574,159</u>	<u>1,923,728</u>	<u>19,694</u>	<u>66,362</u>	<u>1,200</u>	<u>16,771</u>	<u>975,954</u>	<u>4,585,890</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2020	-	135,687	1,024,591	12,406	47,900	1,080	2,240	-	1,223,904
Depreciation expense	-	19,361	201,068	1,603	5,153	120	3,671	-	230,976
Disposals	-	(541)	(60,697)	(369)	(637)	-	(198)	-	(62,442)
Effect of foreign currency exchange differences	-	184	13,389	(85)	209	-	(439)	-	13,258
Reclassifications	-	-	-	-	-	-	(31)	-	(31)
Balance at December 31, 2020	-	<u>154,691</u>	<u>1,178,351</u>	<u>13,555</u>	<u>52,625</u>	<u>1,200</u>	<u>5,243</u>	-	<u>1,405,665</u>
Carrying amounts at December 31, 2020	<u>\$ 1,008,022</u>	<u>\$ 419,468</u>	<u>\$ 745,377</u>	<u>\$ 6,139</u>	<u>\$ 13,737</u>	<u>\$ -</u>	<u>\$ 11,528</u>	<u>\$ 975,954</u>	<u>\$ 3,180,225</u>
<u>Cost</u>									
Balance at January 1, 2021	\$ 1,008,022	\$ 574,159	\$ 1,923,728	\$ 19,694	\$ 66,362	\$ 1,200	\$ 16,771	\$ 975,954	\$ 4,585,890
Additions	-	2,859	12,688	200	449	-	5,242	664,732	686,170
Disposals	-	(325)	(58,281)	(2,959)	(4,533)	(1,200)	(125)	(45,761)	(113,184)
Effect of foreign currency exchange differences	-	6,769	(4,024)	89	(15)	-	854	(911)	2,762
Reclassifications	54,595	622,035	302,601	4,629	2,846	-	3,974	(1,070,531)	(79,851)
Balance at December 31, 2021	<u>1,062,617</u>	<u>1,205,497</u>	<u>2,176,712</u>	<u>21,653</u>	<u>65,109</u>	<u>-</u>	<u>26,716</u>	<u>523,483</u>	<u>5,081,787</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2021	-	154,691	1,178,351	13,555	52,625	1,200	5,243	-	1,405,665
Depreciation expense	-	27,731	217,629	1,520	4,593	-	3,742	-	255,215
Disposals	-	(249)	(50,591)	(1,779)	(4,492)	(1,200)	(124)	-	(58,435)
Effect of foreign currency exchange differences	-	916	4,011	104	(32)	-	598	-	5,597
Reclassifications	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021	-	<u>183,089</u>	<u>1,349,400</u>	<u>13,400</u>	<u>52,694</u>	<u>-</u>	<u>9,459</u>	-	<u>1,608,042</u>
Carrying amounts at December 31, 2021	<u>\$ 1,062,617</u>	<u>\$ 1,022,408</u>	<u>\$ 827,312</u>	<u>\$ 8,253</u>	<u>\$ 12,415</u>	<u>\$ -</u>	<u>\$ 17,257</u>	<u>\$ 523,483</u>	<u>\$ 3,473,745</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	3-50 years
Machinery equipment	2-10 years
Transportation equipment	4-10 years
Furniture and fixtures and other equipment	2-10 years
Leasehold improvements	2 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 23.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Land	\$ 68,719	\$ 70,124
Buildings	19,516	10,750
Office equipment	678	1,104
Transportation equipment	<u>5,280</u>	<u>920</u>
	<u>\$ 94,193</u>	<u>\$ 82,898</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 25,410</u>	<u>\$ 1,125</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,040	\$ 1,892
Buildings	11,463	8,515
Office equipment	427	422
Transportation equipment	<u>648</u>	<u>439</u>
	<u>\$ 14,578</u>	<u>\$ 11,268</u>

Except for the above additions and depreciation expense recognized, the Group's right-of-use assets were not significantly impaired in 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Current	<u>\$ 14,865</u>	<u>\$ 6,250</u>
Non-current	<u>\$ 10,745</u>	<u>\$ 6,668</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Buildings	0.6719%-6.7500%	0.8880%-6.7500%
Office equipment	0.6816%-0.8874%	0.6816%-0.8880%
Transportation equipment	0.6607%-2.3800%	2.3796%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 9,478</u>	<u>\$ 8,957</u>
Total cash outflow for leases	<u>\$ (18,355)</u>	<u>\$ (19,256)</u>

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments	<u>\$ 11,081</u>	<u>\$ 19,555</u>

The Group's leases of certain building, office equipment and transportation equipment qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. BORROWINGS

	December 31	
	2021	2020
<u>Secured borrowings</u>		
Bank loans	\$ 200,000	\$ 200,000
Notes receivable as collateral	268,311	34,185
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>1,055,625</u>	<u>990,000</u>
	<u>\$ 1,523,936</u>	<u>\$ 1,224,185</u>

- a. The range of interest rate on borrowings was 0.64%-2.10% and 0.64%-3.70% per annum as of December 31, 2021 and 2020, respectively.
- b. Endorsements and guarantees for Dongguan Puguang are provided by the Company.

14. OTHER PAYABLES

	December 31	
	2021	2020
Accrued salaries and bonuses	\$ 121,354	\$ 100,024
Compensation of employees and remuneration of directors and supervisors	46,005	40,920
Payables for equipment	147,403	52,678
Payables for interest	295	-
Others	<u>185,519</u>	<u>89,507</u>
	<u>\$ 500,576</u>	<u>\$ 283,129</u>

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension schemes of the Group's branch in Hong Kong and its subsidiaries in China and Vietnam and Indonesia were defined contributions, under which the related contributions were made according to local regulations; holding companies had no employees and had no pension schemes. The other entities of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The expense of 2021 and 2020 defined contribution plans is set out below:

	December 31	
	2021	2020
Defined contribution plans	<u>\$ 45,028</u>	<u>\$ 14,703</u>

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31		
	2021	2020	
Present value of defined benefit obligation	\$ 129,727	\$ 123,390	
Fair value of plan assets	<u>(95,930)</u>	<u>(96,443)</u>	
Net defined benefit liabilities	<u>\$ 33,797</u>	<u>\$ 26,947</u>	
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	<u>\$ 127,726</u>	<u>\$ (90,630)</u>	<u>\$ 37,096</u>
Service cost			
Current service cost	1,120	-	1,120
Net interest expense (income)	<u>1,277</u>	<u>(915)</u>	<u>362</u>
Recognized in profit or loss	<u>2,397</u>	<u>(915)</u>	<u>1,482</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,691)	(2,691)
Actuarial gain - experience adjustments	<u>1,516</u>	<u>-</u>	<u>1,516</u>
Recognized in other comprehensive income	<u>1,516</u>	<u>(2,691)</u>	<u>(1,175)</u>
Contributions from the employer	<u>-</u>	<u>(10,456)</u>	<u>(10,456)</u>
Benefits paid	<u>(8,249)</u>	<u>8,249</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 123,390</u>	<u>\$ (96,443)</u>	<u>\$ 26,947</u>
Balance at January 1, 2021	<u>\$ 123,390</u>	<u>\$ (96,443)</u>	<u>\$ 26,947</u>
Service cost			
Current service cost	976	-	976
Net interest expense (income)	<u>987</u>	<u>(817)</u>	<u>170</u>
Recognized in profit or loss	<u>1,963</u>	<u>(817)</u>	<u>1,146</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(882)	(882)
Actuarial gain - experience adjustments	<u>10,015</u>	<u>-</u>	<u>10,015</u>
Recognized in other comprehensive income	<u>10,015</u>	<u>(882)</u>	<u>9,133</u>
Contributions from the employer	<u>-</u>	<u>(3,429)</u>	<u>(3,429)</u>
Benefits paid	<u>(5,641)</u>	<u>5,641</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 129,727</u>	<u>\$ (95,930)</u>	<u>\$ 33,797</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.65%	0.80%
Expected rate of salary increase	2.00%	2.00%
Mortality rate	Taiwan actuarial life table	
Turnover rate	Note	Note

Note: Based on historical experience of the turnover rate for the past few years and consideration of future developments.

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	\$ (1,749)	\$ (1,840)
0.25% decrease	\$ 1,806	\$ 1,904
Expected rate of salary increase/decrease		
1% increase	\$ 7,440	\$ 7,954
1% decrease	\$ (6,700)	\$ (7,083)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	\$ 1,146	\$ 11,302
Average duration of the defined benefit obligation	9.7 years	10.4 years

16. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	120,000	120,000
Shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Number of shares issued and fully paid (in thousands)	99,654	99,654
Shares issued	<u>\$ 996,547</u>	<u>\$ 996,547</u>

On June 19, 2020, the Company's board of directors resolved to issue 2,430 thousand ordinary shares with a par value of \$10, which increased the share capital issued to \$996,547 thousand. On August 5, 2020, the above application was approved by the FSC and the capital increase base date was determined by the board of directors to be August 30, 2020.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	\$ 980,013	\$ 1,079,667
Consolidation excess	53,723	53,723
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>101</u>	<u>101</u>
	<u>\$ 1,033,837</u>	<u>\$ 1,133,491</u>

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares), consolidation excess and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, please refer to Note 17f: Compensation of employees and remuneration of directors and supervisors.

In consideration of the operating environment and business growth, the Company distributed dividends both by cash and by stock to meet the capital needs for the Company's present and future expansion plans and to satisfy stockholders' cash flow requirements. In principle, cash dividends should not be lower than 10% of total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 had been approved in the shareholders' meetings on July 29, 2021 and June 19, 2020, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	\$ 55,840	\$ 46,644		
Special reserve	(24,828)	67,243		
		2		
		9		
		8		
		,		
		9		
		6		
Cash dividends	298,964	4 145,836	\$ 3.0	\$ 1.5
Share dividends	-	- 24,306	-	0.25

The Company's shareholders also resolved in the shareholders' meeting on July 29, 2021 and June 19, 2020 to issue cash dividends of \$99,654 and \$145,836 thousand, respectively, from the capital surplus.

e. Other equity items

Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (202,507)	\$ (227,335)
Exchange differences on translation of the financial statements of foreign operations	<u>(1,248)</u>	<u>24,828</u>
Balance at December 31	<u>\$ (203,755)</u>	<u>\$ (202,507)</u>

17. NET PROFIT AND OTHER COMPREHENSIVE INCOME

a. Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Bank deposits	<u>\$ 2,235</u>	<u>\$ 4,902</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income	\$ 26	\$ 26
Others	<u>31,885</u>	<u>30,935</u>
	<u>\$ 31,911</u>	<u>\$ 30,961</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	\$ (20,103)	\$ (30,762)
Other losses	<u>(12,438)</u>	<u>(3,947)</u>
	<u>\$ (32,541)</u>	<u>\$ (34,709)</u>

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 255,215	\$ 230,976
Investment properties	4	4
Intangible assets and others	34,343	32,276
Right-of-use assets	<u>14,578</u>	<u>11,268</u>
	<u>\$ 304,140</u>	<u>\$ 274,524</u>
An analysis of depreciation by function		
Operating costs	\$ 229,642	\$ 193,474
Operating expenses	<u>40,155</u>	<u>48,774</u>
	<u>\$ 269,797</u>	<u>\$ 242,248</u>
An analysis of amortization by function		
Operating costs	\$ 10,500	\$ 9,600
Operating expenses	<u>23,843</u>	<u>22,676</u>
	<u>\$ 34,343</u>	<u>\$ 32,276</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 910,144	\$ 628,134
Post-employment benefits		
Defined contribution plans	45,028	14,703
Defined benefit plans (Note 15)	1,146	1,482
	46,174	16,185
Other employee benefits	75,328	172,772
Total employee benefits expense	\$ 1,031,646	\$ 817,091
An analysis of employee benefits expense by function		
Operating costs	\$ 654,137	\$ 480,968
Operating expenses	377,473	336,123
	\$ 1,031,646	\$ 817,091

f. Compensation of employees and remuneration of directors (and supervisors)

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors (and supervisors) at the rates of 1%-10% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors (and supervisors). The compensation of employees and remuneration of directors (and supervisors) for the years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on March 25, 2022 and March 26, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	4.07%	5.52%
Remuneration of directors (and supervisors)	0.83%	0.55%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 38,207	\$ 37,200
Remuneration of directors (and supervisors)	7,798	3,720

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors (and supervisors) paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2020.

Information on the compensation of employees and remuneration of directors (and supervisors) resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

18. INCOME TAX

- a. Major components of tax expense recognized in profit or loss:

	For the Year Ended December 31	
	2021	2020
<u>Current tax</u>		
In respect of the current year	\$ 166,675	\$ 103,428
Income tax on unappropriated earnings	11,421	9,121
Adjustments for prior years	<u>(21,684)</u>	<u>(77)</u>
	156,412	112,472
<u>Deferred tax</u>		
In respect of the current year	<u>3,695</u>	<u>9,180</u>
Income tax expense recognized in profit or loss	<u>\$ 160,107</u>	<u>\$ 121,652</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before income tax	<u>\$ 955,815</u>	<u>\$ 679,878</u>
Income tax expense calculated at the statutory rate	\$ 191,163	\$ 135,976
Nondeductible expenses in determining taxable income	551	-
Unrecognized deductible temporary differences	(12,145)	(32,552)
Income tax on unappropriated earnings	11,421	9,121
Effect of different tax rate of entities in the Group operating in other jurisdictions	(9,199)	9,184
Adjustments for prior years' tax	<u>(21,684)</u>	<u>(77)</u>
Income tax expense recognized in profit or loss	<u>\$ 160,107</u>	<u>\$ 121,652</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year:		
Actuarial gains and losses on defined benefit plan	<u>\$ 1,826</u>	<u>\$ (235)</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	\$ 25,107	\$ 26,367
Current tax liabilities		
Income tax payable	\$ 127,836	\$ 111,548

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 5,390	\$ (457)	\$ 1,826	\$ 6,759
Allowance for inventory losses	2,818	2,109	-	4,927
Others	<u>17,215</u>	<u>5,752</u>	<u>-</u>	<u>22,967</u>
	<u>\$ 25,423</u>	<u>\$ 7,404</u>	<u>\$ 1,826</u>	<u>\$ 34,653</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Others	\$ 7,188	\$ 11,099	\$ -	\$ 18,287
Land value increment tax	<u>150,799</u>	<u>-</u>	<u>-</u>	<u>150,799</u>
	<u>\$ 157,987</u>	<u>\$ 11,099</u>	<u>\$ -</u>	<u>\$ 169,086</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 7,420	\$ (1,795)	\$ (235)	\$ 5,390
Allowance for inventory losses	3,035	(217)	-	2,818
Others	<u>17,195</u>	<u>20</u>	<u>-</u>	<u>17,215</u>
	<u>\$ 27,650</u>	<u>\$ (1,992)</u>	<u>\$ (235)</u>	<u>\$ 25,423</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Others	\$ -	\$ 7,188	\$ -	\$ 7,188
Land value increment tax	<u>150,799</u>	<u>-</u>	<u>-</u>	<u>150,799</u>
	<u>\$ 150,799</u>	<u>\$ 7,188</u>	<u>\$ -</u>	<u>\$ 157,987</u>

e. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities. The Company includes Hong Kong branch's income in the calculation of its taxable income during tax declaration each year, and applied for tax refund after attestation by a local organization in Hong Kong recognized by the ROC. As of December 31, 2021, Hu Lane Associate applied for refund of tax through 2018, which was approved by the tax authorities through 2017. As of December 31, 2021 and 2020, tax refund receivables amounted to \$22,666 thousand and \$20,864 thousand, respectively.

19. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	2021	2020
Basic earnings per share	<u>\$ 7.91</u>	<u>\$ 5.59</u>
Diluted earnings per share	<u>\$ 7.89</u>	<u>\$ 5.57</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Earnings used in the computation of basic earnings per share	<u>\$ 788,545</u>	<u>\$ 557,460</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 788,545</u>	<u>\$ 557,460</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	99,654	99,654
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>281</u>	<u>410</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>99,935</u>	<u>100,064</u>

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the reporting period.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

21. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

Management believes the carrying amounts of financial assets and financial liabilities not carried at fair values approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

- Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	<u>\$ 526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	\$ 397	\$ -	\$ -	\$ 397

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 526	\$ 397
Financial assets at amortized cost (1)	2,848,417	2,710,805
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	2,791,376	2,043,357

- 1) The balances include financial assets measured at amortized cost, which comprised cash and cash equivalents, notes receivable, trade receivables, other receivables and part of other non-current assets.
- 2) The balances include financial liabilities measured at amortized cost, which comprised short-term loans, notes payable, trade payables, other payables and part of other non-current liabilities.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury function reports quarterly to the Company's board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 26.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Profit or loss	\$ 10,591	\$ 29,392	\$ 6,176	\$ 34,246

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 137,016	\$ 270,939
Financial liabilities	1,523,936	1,224,185
Cash flow interest rate risk		
Financial assets	538,902	499,416

Sensitivity analysis

The sensitivity analyses were determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. The Group's floating-rate financial assets were demand deposits, which fluctuated moderately, and accordingly the Group was exposed to low interest rate risk. On the other hand, no floating-rate liabilities were held at the end of the reporting period, and no related sensitivity analysis was performed.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by related departments such as executive vice president, internal auditors, and financial accounting.

The Group transacts with a large number of diverse customers from different industries and geographical locations; the Group performs ongoing credit evaluation on the financial condition of trade receivables and controlled the credit risk exposure.

The Group's concentration of credit risk accounted for 10% and 16% of total trade receivables as of December 31, 2021 and 2020, respectively, which was attributable to the Group's largest customer.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest risk rate tables

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 453,890	\$ 805,559	\$ 7,635	\$ -	\$ 356
Lease liabilities	3,037	2,087	10,373	12,824	-
Fixed interest rate liabilities	<u>250,725</u>	<u>101,177</u>	<u>1,202,672</u>	<u>-</u>	<u>-</u>
	<u>\$ 707,652</u>	<u>\$ 908,823</u>	<u>\$ 1,220,680</u>	<u>\$ 12,824</u>	<u>\$ 356</u>

December 31, 2020

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 287,230	\$ 512,801	\$ 18,675	\$ 20	\$ 446
Lease liabilities	456	484	2,405	2,361	-
Fixed interest rate liabilities	<u>255,643</u>	<u>185,851</u>	<u>785,254</u>	<u>-</u>	<u>-</u>
	<u>\$ 543,329</u>	<u>\$ 699,136</u>	<u>\$ 806,334</u>	<u>\$ 2,381</u>	<u>\$ 446</u>

b) Financing facilities

	<u>December 31</u>	
	2021	2020
Unsecured bank overdraft facilities, reviewed annually		
Amount used	\$ 1,055,625	\$ 990,000
Amount unused	<u>837,655</u>	<u>746,990</u>
	<u>\$ 1,893,280</u>	<u>\$ 1,736,990</u>
Secured bank overdraft facilities		
Amount used	\$ 468,311	\$ 234,185
Amount unused	<u>-</u>	<u>1,000,000</u>
	<u>\$ 468,311</u>	<u>\$ 1,234,185</u>

e. Financial asset transfer information

Factored trade receivables for the years ended December 31, 2021 and 2020 were as follows:

Counterparty	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line (In Thousands)
<u>2020</u>					
Cathay United Bank	<u>\$ 398,089</u>	<u>\$ 389,089</u>	<u>\$ -</u>	2.30-3.26	RMB 100,000

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

During 2021 and 2020, the Group's discounted notes receivable with an aggregate carrying amount of \$515,629 thousand and \$116,502 thousand were sold to a bank for cash proceeds of \$512,072 thousand and \$115,233 thousand, respectively. According to the contract, if the notes receivable are not paid at maturity, the bank has the right to request the Group to pay the unsettled balance, as the Group has not transferred the significant risks and rewards relating to these notes receivable.

As of December 31, 2021 and 2020, the carrying amount of the notes receivable that have been transferred but have not been derecognized was \$268,311 thousand and \$34,185 thousand, respectively, and the carrying amount of the related liabilities (refer to Note 13) was \$268,311 thousand and \$34,185 thousand, respectively.

22. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships with the Group

<u>Related Party</u>	<u>Relationship with the Group</u>
Tay Lian Electronics Limited	Related party in substance unrelated party since January 1, 2021)

b. Other payables

<u>Related Party</u>	<u>December 31</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Tay Lian Electronics Limited	\$ <u> - </u>	<u> - </u>	\$ <u>12,342</u>	<u>100</u>

c. Remuneration of key management personnel

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Salaries and short-term employee benefits	\$ 72,197	\$ 59,146
Post-employment benefits	<u>1,297</u>	<u>1,168</u>
	<u>\$ 73,494</u>	<u>\$ 60,314</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

23. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2021	2020
Land	\$ 132,770	\$ 961,465
Buildings	5,246	5,830
Notes receivable	<u>268,311</u>	<u>34,185</u>
	<u>\$ 406,327</u>	<u>\$ 1,001,480</u>

Land and buildings were recorded as property, plant and equipment.

24. SIGNIFICANT EVENTS

The Group entered into a joint venture agreement with Lear (China) Holding Limited with a capital of US\$1,500 thousand of which the Company holds 40%, and the capital was available on January 26, 2022.

25. OTHER SIGNIFICANT EVENTS

The Group assessed the economic impact which was caused by the Covid-19 pandemic, and the main operating priorities of the Group were adjusted as follows:

The Group's primary concern is to implement infection prevention measures and protect the health of its employees, to comply with government requirements, and to closely monitor changes in the pandemic and adjust policies as needed.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31					
	2021			2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 13,454	27.6800	\$ 372,394	\$ 30,228	28.4800	\$ 860,886
RMB	28,487	4.3440	123,746	176,642	4.3770	773,160
EUR	2,594	31.3200	81,243	1,065	35.0200	37,304
<u>Financial liabilities</u>						
Monetary items						
USD	5,801	27.6800	160,570	9,587	28.4800	273,045
RMB	52	4.3440	225	20,160	4.3770	88,241
EUR	21	31.3200	654	104	35.0200	3,656

The Group is mainly exposed to the USD and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ (22,539)	1 (NTD:NTD)	\$ (17,746)
RMB	4.3440 (RMB:NTD)	(2,061)	4.377 (RMB:NTD)	(3,885)
VND	0.0012 (VND:NTD)	3,300	0.001 (VND:NTD)	(3,037)
IDR	0.0020 (IDR:NTD)	579	0.002 (IDR:NTD)	(5,013)
HKD	3.5490 (HKD:NTD)	<u>618</u>	3.673 (HKD:NTD)	<u>(1,081)</u>
		<u>\$ (20,103)</u>		<u>\$ (30,762)</u>

27. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments: (Note 7)
- 10) Intercompany relationships and significant intercompany transactions. (Table 6)
- 11) Information on investees. (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 1, 2 and 9)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.

Disposal of property, plant and equipment

Related Parties	Net Disposal Proceeds		Unrealized Profit and Loss	
	2021	2020	2021	2020
Hulane Nanjing	\$ 13,542	\$ 3,596	\$ 861	\$ 232
Hulane Vietnam	5,917	4,106	746	238
Dongguan Hulane	<u>2,497</u>	<u>2,962</u>	<u>571</u>	<u>489</u>
	<u>\$ 21,956</u>	<u>\$ 10,664</u>	<u>\$ 2,178</u>	<u>\$ 959</u>

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

28. SEGMENT INFORMATION

The Group makes operating decisions based on the information of the Group as a whole; thus, the Group is treated as a single operating segment, and there is no need to disclose the financial information of operating segments.

a. Revenue from major products and services

The major products of the Group are connectors.

b. Geographical information

The Group operates in two principal geographical areas - China and Asia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
China	\$ 3,735,572	\$ 2,730,238	\$ 1,449,238	\$ 1,294,534
Asia	<u>1,213,290</u>	<u>923,035</u>	<u>2,270,756</u>	<u>2,060,783</u>
	<u>\$ 4,948,862</u>	<u>\$ 3,653,272</u>	<u>\$ 3,719,994</u>	<u>\$ 3,355,117</u>

Non-current assets exclude deferred tax assets.

c. Information about major customers

No single customer contributed 10% or more to the Group's revenue for 2021. The single customer contributing 10% or more to the Group's revenue for 2020 was as follows:

	For the Year Ended December 31, 2020
Customer A	<u>\$ 414,910</u>

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	Hu Lane Associate Inc.	PT. Hulane Tech. Manufacturing	Other receivables from related parties	Yes	\$ 13,840 (US\$ 500)	\$ - (US\$ -)	\$ - (US\$ -)	5.0%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 249,250 (Note 2)	\$ 1,993,998 (Note 2)
1	Evervalue Investments Limited	PT. Hulane Tech. Manufacturing	Other receivables from related parties	Yes	55,360 (US\$ 2,000)	27,680 (US\$ 1,000)	27,680 (US\$ 1,000)	2.0%	Short-term financing	-	Operations	-	None	-	308,337 (Note 3)	308,337 (Note 3)
2	Evervalue Investments Limited	Hu Lane Electronics (Vietnam) Limited	Other receivables from related parties	Yes	27,680 (US\$ 1,000)	- (US\$ -)	- (US\$ -)	2.0%	Short-term financing	-	Operations	-	None	-	308,337 (Note 3)	308,337 (Note 3)
3	Evervalue Investments Limited	Hu Lane Associate Inc.	Other receivables from related parties	Yes	110,720 (US\$ 4,000)	110,720 (US\$ 4,000)	110,720 (US\$ 4,000)	0.8%	Short-term financing	-	Operations	-	None	-	308,337 (Note 3)	308,337 (Note 3)
4	Telford Investments Limited	Hu Lane Associate Inc.	Other receivables from related parties	Yes	110,720 (US\$ 4,000)	110,720 (US\$ 4,000)	110,720 (US\$ 4,000)	0.8%	Short-term financing	-	Operations	-	None	-	155,620 (Note 4)	155,620 (Note 4)

Note 1: a. Issuer is numbered 0.

b. The investee companies are numbered starting with 1.

Note 2: According to the operating procedures of Hu Lane Associate Inc.'s financing provided to others, the limitations on borrowers and total amount of financing are as follows:

a. The total amount of Hu Lane Associate Inc.'s financing to others does not exceed 40% of net value of Hu Lane Associate Inc.

b. For those companies that have business transactions with Hu Lane Associate Inc., the total amount of financing provided does not exceed 20% of net value of Hu Lane Associate Inc., and the financing amount of individual borrower does not exceed the amount of transactions with Hu Lane Associate Inc. in the previous 12 months.

c. For those companies that have short-term financing needs, the total amount of financing provided should not exceed 20% of the net value of Hu Lane Associate Inc., and the financing amount of individual borrowers should not exceed 5% of the net value of Hu Lane Associate Inc.

Note 3: According to the operating procedures of Evervalue Investments Limited's financing provided to others, the limitations on borrowers and total amount of financing are as follows:

a. The total amount of Evervalue Investments Limited's financing to others does not exceed 40% of net value of Evervalue Investments Limited.

b. For those companies that have business transactions with Evervalue Investments Limited, the total amount of financing provided does not exceed 20% of net value of Evervalue Investments Limited, and the financing amount of individual borrower does not exceed the amount of transactions with Evervalue Investments Limited in the previous 12 months.

c. For those companies that are necessary for short-term financing, the total amount of financing provided does not exceed 40% of net value of Evervalue Investments Limited, including the subsidiaries of which more than 90% of its shares is held by Evervalue Investments Limited. The rest is limited by 10% of current net value of Evervalue Investments Limited.

d. For foreign companies of which 100% of its shares is directly or indirectly held by Hu Lane Associate Inc., the total amount of financing provided should not exceed 40% of the net value of Evervalue Investments Limited, and the financing amount of individual borrowers should not exceed 40% of the net value of Evervalue Investments Limited.

Note 4: According to the operating procedures of Telford Investments Limited's financing provided to others, the limitations on borrowers and total amount of financing are as follows:

a. The total amount of Telford Investments Limited's financing to others does not exceed 40% of net value of Evervalue Investments Limited.

b. For those companies that have business transactions with Telford Investments Limited, the total amount of financing provided does not exceed 20% of net value of Telford Investments Limited, and the financing amount of individual borrower does not exceed the amount of transactions with Telford Investments Limited in the previous 12 months.

c. For those companies that are necessary for short-term financing, the total amount of financing provided does not exceed 40% of net value of Telford Investments Limited, including the subsidiaries of which more than 90% of its shares is held by Telford Investments Limited. The rest is limited by 10% of current net value of Telford Investments Limited.

d. For foreign companies of which 100% of its shares is directly or indirectly held by Hu Lane Associate Inc., the total amount of financing provided does not exceed 100% of net value of Telford Investments Limited, and the financing amount of individual borrower does not exceed 100% of net value of Telford Investments Limited.

TABLE 2

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Counterparty	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Nature of Relationship										
0	Hu Lane Associate Inc.	Evervalue Investments Limited	Subsidiary of which more than 50% of its shares is held by the investor	\$ 996,999	\$ 83,040	\$ 83,040 (US\$ 3,000)	\$ -	\$ -	1.67	\$ 1,993,998	Y	N	N
		Dongguan Hulane Puguang Trading Co., Ltd.	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	498,499	268,720	268,720 (US\$ 5,000) (CNY 30,000)	-	-	5.39	1,993,998	Y	N	Y
		Hulane Electronics (Vietnam) Limited	Subsidiary of which more than 50% of its shares is held by the investor	996,999	124,560	124,560 (US\$ 4,500)	27,680	-	2.50	1,993,998	Y	N	N
		PT. Hulane Tech Manufacturing	Investee company of which more than 50% of its ordinary shares is held by the parent company and its subsidiaries	498,499	69,200	69,200 (US\$ 2,500)	27,680		1.39	1,993,998	Y	N	N

Note 1: The amount of endorsements or guarantee of Hu Lane Associate Inc. does not exceed 20% of current net value on the financial statements to a single company, excluding the subsidiaries of which more than 90% of its shares is held by Hu Lane Associate Inc. The rest is limited by 10% of current net value of Hu Lane Associate Inc.

Note 2: The cumulative amount of Hu Lane Associate Inc.'s endorsements does not exceed 40% of current net value on the financial statements.

TABLE 3

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Hu Lane Associate Inc.	<u>Domestic listed shares</u> Chia Chang Co., Limited	-	Financial assets at fair value through profit or loss - current	10,451	\$ 526	-	\$ 526	

TABLE 4

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Hulane Electronics (Nanjing) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Related party in substance	Sale	\$ (1,217,204)	(79)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	\$ 798,408	90	
	Hu Lane Associate Inc.	Parent company	Sale	(239,758)	(16)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	63,656	7	
Dongguan Hulane Electronics Technology	Dongguan Hulane Puguang Trading Co., Ltd.	Related party in substance	Sale	(1,759,214)	(78)	270 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	923,847	77	
	Hu Lane Associate Inc.	Parent company	Sale	(381,795)	(17)	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	112,308	34	
Hu Lane Associate Inc.	Dongguan Hulane Electronics Technology	Subsidiary	Sale	(1,032,649)	(42)	365 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	581,019	59	
Dongguan Hulane Electronics Technology	Hu Lane Associate Inc.	Parent company	Purchase	1,032,649	34	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practice	(581,019)	(67)	
Dongguan Hulane Puguang Trading Co., Ltd.	Hulane Electronics (Nanjing) Limited	Related party in substance	Purchase	1,217,204	39	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practice	(798,408)	(45)	
Hu Lane Associate Inc.	Hulane Electronics (Nanjing) Limited	Subsidiary	Purchase	239,758	14	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	(63,656)	(15)	
	Dongguan Hulane Electronics Technology	Subsidiary	Purchase	381,795	22	365 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	(112,308)	(27)	
Dongguan Hulane Puguang Trading Co., Ltd.	Dongguan Hulane Electronics Technology	Related party in substance	Purchase	1,759,214	56	90 days	Not significantly different from general customers	Credit conditions adjusted based on China's trading practices	(923,847)	(52)	

TABLE 5

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Hulane Electronics (Nanjing) Limited	Dongguan Hulane Puguang Trading Co., Ltd.	Related party in substance	\$ 798,408	1.51	\$ -	-	\$ 146,902	\$ -
Dongguan Hulane Electronics Technology	Dongguan Hulane Puguang Trading Co., Ltd.	Related party in substance	923,847	1.89	-	-	210,112	-
Hu Lane Associate Inc.	Dongguan Hulane Electronics Technology	Subsidiary	581,019	1.71	-	-	89,280	-
Dongguan Hulane Electronics Technology	Hu Lane Associate Inc.	Subsidiary	112,308	5.19	-	-	-	-

TABLE 6

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
0	Hu Lane Associate Inc.	Hulane Electronic (Nanjing) Co., Ltd.	1	Purchase	\$ 239,758	Based on general terms	3
		Hulane Electronic (Nanjing) Co., Ltd.	1	Trade payables to related parties	63,656	Regular settlement or debit-credit offset	2
		Hulane Electronic (Nanjing) Co., Ltd.	1	Other receivables	53,694	Regular settlement or debit-credit offset	2
		Hulane Electronic (Nanjing) Co., Ltd.	1	Other income	38,883	Based on general terms	-
		Dongguan Hulane Puguang Trading Co., Ltd.	1	Purchase	70,892	Based on general terms	1
		Dongguan Hulane Puguang Trading Co., Ltd.	1	Trade payables to related parties	39,828	Regular settlement or debit-credit offset	1
		PT. Hulane Tech Manufacturing	1	Sales	52,398	Based on general terms	1
		PT. Hulane Tech Manufacturing	1	Trade receivables from related parties	29,234	Regular settlement or debit-credit offset	1
		Hulane Electronic (Vietnam) Co., Ltd.	1	Sales	100,706	Based on general terms	2
		Hulane Electronic (Vietnam) Co., Ltd.	1	Purchase	35,769	Based on general terms	1
		Hulane Electronic (Vietnam) Co., Ltd.	1	Trade receivables from related parties	66,893	Regular settlement or debit-credit offset	1
		Hulane Electronic (Vietnam) Co., Ltd.	1	Other receivables	82,445	Regular settlement or debit-credit offset	1
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Trade receivables from related parties	581,019	Regular settlement or debit-credit offset	18
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Other receivables	60,756	Regular settlement or debit-credit offset	2
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Trade payables to related parties	112,308	Regular settlement or debit-credit offset	4
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Sales	1,032,649	Based on general terms	13
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Purchase	381,795	Based on general terms	5
		Dongguan Hulane Electronic Technology Co., Ltd.	1	Other income	49,038	Based on general terms	1
		Evervalue Investments Limited	1	Other payables	111,137	Regular settlement or debit-credit offset	3
		Telford Investments Limited	1	Other payables	111,137	Regular settlement or debit-credit offset	3
1	Evervalue Investments Limited	PT. Hulane Tech Manufacturing	3	Other receivables	28,108	Regular settlement or debit-credit offset	1
2	Fortune Master Development Limited	Hulane Electronic (Vietnam) Co., Ltd.	3	Purchase	183,979	Based on general terms	2
		Hulane Electronic (Vietnam) Co., Ltd.	3	Trade receivables from related parties	29,776	Regular settlement or debit-credit offset	1
		Hulane Electronic (Vietnam) Co., Ltd.	3	Trade payables to related parties	37,585	Regular settlement or debit-credit offset	1
		Hulane Electronic (Vietnam) Co., Ltd.	3	Sales	188,816	Based on general terms	2
3	Hulane Electronic (Nanjing) Co., Ltd.	PT. Hulane Tech Manufacturing	3	Sales	10,661	Based on general terms	-
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	1,217,204	Based on general terms	15
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	798,408	Regular settlement or debit-credit offset	25
		Dongguan Hulane Electronic Technology Co., Ltd.	3	Purchase	94,772	Based on general terms	1
		Dongguan Hulane Electronic Technology Co., Ltd.	3	Sales	11,199	Based on general terms	-
		Dongguan Hulane Electronic Technology Co., Ltd.	3	Trade payables to related parties	38,571	Regular settlement or debit-credit offset	1
4	Dongguan Hulane Electronic Technology Co., Ltd.	Dongguan Hulane Puguang Trading Co., Ltd.	3	Trade receivables from related parties	923,847	Regular settlement or debit-credit offset	29
		Dongguan Hulane Puguang Trading Co., Ltd.	3	Sales	1,759,214	Based on general terms	21
		Hulane Electronic (Vietnam) Co., Ltd.	3	Trade payables to related parties	13,453	Regular settlement or debit-credit offset	-
		Hulane Electronic (Vietnam) Co., Ltd.	3	Purchase	23,354	Based on general terms	-

(Continued)

Note 1: The No column is denoted as follows:

- a. The parent company is numbered 0.
- b. The subsidiary companies are numbered starting from 1.

Note2: The relationship column is denoted as follows:

- a. Parent company to subsidiary
- b. Subsidiary to parent company
- c. Subsidiary to subsidiary

Note3: The ratio of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets for asset and liability accounts and as the cumulative amount to consolidated total revenue for profit and loss accounts.

Note4: A transaction of NT\$10 million or more.

(Concluded)

TABLE 7**HU LANE ASSOCIATE INC. AND SUBSIDIARIES****INFORMATION ON INVESTEEES****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Hu Lane Associate Inc.	Evervalue Investments Limited	Offshore Chambers, P.O. Box 217, Apia, Samoa	Investment	\$ 467,557	\$ 467,557	15,520	100.00	\$ 2,972,800	\$ 420,950	\$ 420,950	
	Telford Investments Limited	"	Investment	38,490	38,490	1,034	100.00	155,620	(4,106)	(4,106)	
	Hulane Electronics (Vietnam) Limited	Vietnam	Manufacturing	182,033	182,033	6,300	100.00	188,646	2,399	2,399	
	PT Hulane Tech Manufacturing	Indonesia	Manufacturing	15,472	15,472	800	32.00	19,463	35,815	11,461	
Evervalue Investments Limited	Hulane Electronics (Nanjing) Limited	Jiangning District, Nanjing City China	Manufacturing	275,946	275,946	8,500	100.00	1,491,058	87,077	87,077	
	Fortune Master Development Limited	Hong Kong	Investment	277,993	277,993	9,400	100.00	1,367,752	317,273	317,273	
	PT Hulane Tech Manufacturing	Indonesia	Manufacturing	36,286	36,286	1,200	48.00	45,716	35,815	17,191	
Fortune Master Development Limited	Dongguan Hulane Electronics Technology	Dalant Town, Dongguan City, Guangdong Province, China	Manufacturing	236,287	236,287	8,000	100.00	1,122,240	212,536	212,536	
	Dongguan Hulane Puguang Trading Co., Ltd.	"	Trading	41,706	41,706	1,400	100.00	217,325	82,024	82,024	

TABLE 8

HU LANE ASSOCIATE INC. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Hulane Electronics (Nanjing) Limited	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 8,500	Note	\$ 275,946	\$ -	\$ -	\$ 275,946	\$ 87,077	100.00	\$ 87,077	\$ 1,491,058	\$ -
Dongguan Hulane Electronics Technology	Manufacture and sales of terminals, bales of wire, connectors and molds.	US\$ 8,000	Note	236,287	-	-	236,287	212,536	100.00	212,536	1,122,240	-
Dongguan Hulane Puguang Trading Co., Ltd.	Sales of terminals, bales of wire, connectors and molds.	US\$ 1,400	Note	41,706	-	-	41,706	82,024	100.00	82,024	217,325	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
US\$17,900 thousand (NT\$553,939 thousand)	US\$17,900 thousand	US\$108,469 thousand (NT\$3,002,426 thousand)

Note: Investment through companies incorporated in a third region.

TABLE 9**HU LANE ASSOCIATE INC. AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Investee Company	Transaction Type	Amount	Price	Payment Terms	Comparison with Normal Transaction	Ending Balance	%	Unrealized (Gain) Loss
Hulane Electronics (Nanjing) Limited	Sales Purchase	\$ 1,478,822 94,877	Not significantly different from general customers Not significantly different from general customers	90-270 days 90 days	Not significantly different from general customers Credit conditions adjusted based on China's trading practices	\$ 873,560 (40,178)	99 (12)	Note 2 -
Dongguan Hulane Puguang Trading Co., Ltd.	Sales Purchase	77,030 2,976,418	Not significantly different from general customers Not significantly different from general customers	90-180 days 180-365 days	Not significantly different from general customers Credit conditions adjusted based on China's trading practices	45,017 (1,723,723)	3 (98)	Note 2 -
Dongguan Hulane Electronics Technology	Sales Purchase	2,244,132 1,075,209	Not significantly different from general customers Not significantly different from general customers	90-270 days 90-365 days	Not significantly different from general customers Credit conditions adjusted based on China's trading practices	1,080,608 (613,880)	91 (71)	Note 2 -

Note 1: All unrealized gains and losses with investee companies in mainland China were eliminated in the consolidated financial statements.

Note 2: Hulane Electronics (Nanjing) Limited had an unrealized balance of \$24,465 thousand through December 31, 2021; the unrealized balance of Dongguan Hulane Puguang Trading Co., Ltd. is \$53,295 thousand; the unrealized balance of Dongguan Hulane Electronics Technology is \$33,008 thousand.

TABLE 10**HU LANE ASSOCIATE INC.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Ching Hu	5,775,315	5.79

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.