

HTC Corporation and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
HTC Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of HTC Corporation and its subsidiaries (collectively referred to as the "Company") as of June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, changes in equity and cash flows for the six months ended June 30, 2022 and 2021 and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chi-Ming Hsu and Kenny Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 28, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 16,582,527	35	\$ 16,576,907	38	\$ 20,441,167	46
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	79,889	-	107,071	-	100,021	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 31)	583,538	1	77,436	-	71,755	-
Notes, trade receivables, net (Note 10)	472,636	1	448,207	1	595,623	1
Other receivables (Note 10)	72,191	-	50,059	-	68,613	-
Current tax assets	182,521	-	178,560	-	174,041	-
Inventories (Note 11)	1,732,689	4	1,649,574	4	1,688,202	4
Prepayments (Note 12)	435,248	1	325,012	1	334,789	1
Other current financial assets (Notes 9 and 33)	8,258,208	18	7,022,286	16	3,310,604	8
Other current assets	<u>2,128</u>	<u>-</u>	<u>678</u>	<u>-</u>	<u>2,803</u>	<u>-</u>
Total current assets	<u>28,401,575</u>	<u>60</u>	<u>26,435,790</u>	<u>60</u>	<u>26,787,618</u>	<u>60</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 31)	387,698	1	334,839	1	341,226	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	3,729,151	8	2,692,523	6	2,328,342	5
Investments accounted for using the equity method (Note 14)	1,260,403	3	1,017,149	2	1,146,262	3
Property, plant and equipment (Notes 15, 32 and 33)	7,267,614	15	7,485,331	17	7,704,083	17
Right-of-use assets (Note 16)	166,067	-	185,927	1	82,629	-
Investment properties, net (Notes 17 and 33)	2,443,669	5	2,378,455	5	2,390,239	5
Intangible assets (Note 18)	65,721	-	34,334	-	34,224	-
Deferred tax assets	3,120,590	7	3,183,462	7	3,289,350	8
Refundable deposits	65,181	-	13,090	-	12,288	-
Net defined benefit asset - non-current	344,909	1	346,814	1	329,808	1
Other non-current financial assets (Notes 9 and 33)	74,305	-	69,208	-	69,664	-
Other non-current assets (Note 12)	<u>13,269</u>	<u>-</u>	<u>8,035</u>	<u>-</u>	<u>15,416</u>	<u>-</u>
Total non-current assets	<u>18,938,577</u>	<u>40</u>	<u>17,749,167</u>	<u>40</u>	<u>17,743,531</u>	<u>40</u>
TOTAL	<u>\$ 47,340,152</u>	<u>100</u>	<u>\$ 44,184,957</u>	<u>100</u>	<u>\$ 44,531,149</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 2,650,000	6	\$ 2,600,000	6	\$ 1,520,000	3
Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	145,554	-	81,706	-	198,429	1
Note and trade payables (Notes 20 and 32)	5,735,295	12	5,464,538	12	5,708,122	13
Other payables (Notes 21 and 32)	4,134,967	9	4,857,019	11	5,125,480	12
Current tax liabilities	62,362	-	49,542	-	84,961	-
Provisions - current (Note 22)	1,024,744	2	1,126,314	3	1,312,788	3
Lease liabilities - current (Notes 16 and 32)	55,312	-	54,524	-	39,004	-
Other current liabilities (Note 21)	<u>361,870</u>	<u>1</u>	<u>334,887</u>	<u>1</u>	<u>549,847</u>	<u>1</u>
Total current liabilities	<u>14,170,104</u>	<u>30</u>	<u>14,568,530</u>	<u>33</u>	<u>14,538,631</u>	<u>33</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 33)	6,000,000	13	2,000,000	5	1,500,000	3
Deferred tax liabilities	94,165	-	94,090	-	86,183	-
Lease liabilities - non-current (Notes 16 and 32)	123,746	-	137,371	-	46,380	-
Guarantee deposits received	<u>152,220</u>	<u>-</u>	<u>162,064</u>	<u>-</u>	<u>169,140</u>	<u>1</u>
Total non-current liabilities	<u>6,370,131</u>	<u>13</u>	<u>2,393,525</u>	<u>5</u>	<u>1,801,703</u>	<u>4</u>
Total liabilities	<u>20,540,235</u>	<u>43</u>	<u>16,962,055</u>	<u>38</u>	<u>16,340,334</u>	<u>37</u>
EQUITY (Note 23)						
Share capital - ordinary shares	8,262,550	18	8,245,050	19	8,189,294	18
Capital surplus	16,071,309	34	16,005,339	36	15,835,588	35
Retained earnings						
Legal reserve	9,108,539	19	12,335,031	28	15,725,509	35
Special reserve	3,080,480	7	3,080,480	7	3,080,480	7
Accumulated deficits	(5,502,025)	(12)	(7,226,492)	(16)	(9,144,437)	(20)
Other equity	<u>(4,220,936)</u>	<u>(9)</u>	<u>(5,216,506)</u>	<u>(12)</u>	<u>(5,495,619)</u>	<u>(12)</u>
Total equity	<u>26,799,917</u>	<u>57</u>	<u>27,222,902</u>	<u>62</u>	<u>28,190,815</u>	<u>63</u>
TOTAL	<u>\$ 47,340,152</u>	<u>100</u>	<u>\$ 44,184,957</u>	<u>100</u>	<u>\$ 44,531,149</u>	<u>100</u>

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 32)	\$ 1,008,462	100	\$ 1,349,180	100	\$ 2,112,614	100	\$ 2,524,267	100
OPERATING COSTS (Notes 11, 25 and 32)	<u>613,472</u>	<u>61</u>	<u>945,886</u>	<u>70</u>	<u>1,300,156</u>	<u>61</u>	<u>1,780,765</u>	<u>70</u>
GROSS PROFIT	<u>394,990</u>	<u>39</u>	<u>403,294</u>	<u>30</u>	<u>812,458</u>	<u>39</u>	<u>743,502</u>	<u>30</u>
OPERATING EXPENSES (Notes 25 and 32)								
Selling and marketing	488,646	48	417,843	31	924,254	44	821,604	33
General and administrative	484,949	48	434,817	32	992,255	47	955,760	38
Research and development	<u>539,432</u>	<u>54</u>	<u>600,128</u>	<u>45</u>	<u>1,058,646</u>	<u>50</u>	<u>1,293,716</u>	<u>51</u>
Total operating expenses	<u>1,513,027</u>	<u>150</u>	<u>1,452,788</u>	<u>108</u>	<u>2,975,155</u>	<u>141</u>	<u>3,071,080</u>	<u>122</u>
OPERATING LOSS	<u>(1,118,037)</u>	<u>(111)</u>	<u>(1,049,494)</u>	<u>(78)</u>	<u>(2,162,697)</u>	<u>(102)</u>	<u>(2,327,578)</u>	<u>(92)</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 25)	35,327	3	29,914	2	63,810	3	61,995	2
Other income (Notes 25 and 32)	350,970	35	210,143	16	610,867	29	422,844	17
Other gains and losses (Notes 14, 15, 18, 25 and 28)	(82,947)	(8)	248,114	18	(132,577)	(6)	241,100	9
Finance costs (Notes 25 and 32)	(30,239)	(3)	(11,101)	(1)	(53,467)	(3)	(21,010)	(1)
Share of profit or loss of associates (Note 14)	<u>96,386</u>	<u>10</u>	<u>6,612</u>	<u>1</u>	<u>169,046</u>	<u>8</u>	<u>17,332</u>	<u>1</u>
Total non-operating income and expenses	<u>369,497</u>	<u>37</u>	<u>483,682</u>	<u>36</u>	<u>657,679</u>	<u>31</u>	<u>722,261</u>	<u>28</u>
LOSS BEFORE INCOME TAX	(748,540)	(74)	(565,812)	(42)	(1,505,018)	(71)	(1,605,317)	(64)
INCOME TAX BENEFIT (Note 26)	<u>594</u>	<u>-</u>	<u>353</u>	<u>-</u>	<u>1,408</u>	<u>-</u>	<u>1,728</u>	<u>-</u>
LOSS FOR THE PERIOD	<u>(747,946)</u>	<u>(74)</u>	<u>(565,459)</u>	<u>(42)</u>	<u>(1,503,610)</u>	<u>(71)</u>	<u>(1,603,589)</u>	<u>(64)</u>

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	\$ 234,390	23	\$ 277,596	21	\$ 277,986	13	\$ 486,474	19
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>(28,880)</u>	<u>(3)</u>	<u>(535,236)</u>	<u>(40)</u>	<u>719,169</u>	<u>34</u>	<u>(691,198)</u>	<u>(27)</u>
Other comprehensive income and loss for the period, net of income tax	<u>205,510</u>	<u>20</u>	<u>(257,640)</u>	<u>(19)</u>	<u>997,155</u>	<u>47</u>	<u>(204,724)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (542,436)</u>	<u>(54)</u>	<u>\$ (823,099)</u>	<u>(61)</u>	<u>\$ (506,455)</u>	<u>(24)</u>	<u>\$ (1,808,313)</u>	<u>(72)</u>
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO								
Owners of the parent	\$ (747,946)	(74)	\$ (554,691)	(41)	\$ (1,503,610)	(71)	\$ (1,574,904)	(63)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(10,768)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(28,685)</u>	<u>(1)</u>
	<u>\$ (747,946)</u>	<u>(74)</u>	<u>\$ (565,459)</u>	<u>(42)</u>	<u>\$ (1,503,610)</u>	<u>(71)</u>	<u>\$ (1,603,589)</u>	<u>(64)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO								
Owners of the parent	\$ (542,436)	(54)	\$ (811,362)	(60)	\$ (506,455)	(24)	\$ (1,779,004)	(71)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>(11,737)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(29,309)</u>	<u>(1)</u>
	<u>\$ (542,436)</u>	<u>(54)</u>	<u>\$ (823,099)</u>	<u>(61)</u>	<u>\$ (506,455)</u>	<u>(24)</u>	<u>\$ (1,808,313)</u>	<u>(72)</u>
LOSS PER SHARE (Note 27)								
Basic	<u>\$ (0.91)</u>		<u>\$ (0.68)</u>		<u>\$ (1.82)</u>		<u>\$ (1.92)</u>	

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent					Other Equity				
	Share Capital		Retained Earnings			Exchange	Unrealized		Non-controlling	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Accumulated	Differences on	Losses on	Total	Interests	
					Deficits	Translation of	Financial Assets			
						Foreign	at Fair Value			
						Operations	Through Other			
							Comprehensive			
							Income			
BALANCE, JANUARY 1, 2021	\$ 8,186,444	\$ 15,761,158	\$ 15,725,509	\$ 3,080,480	\$ (7,390,476)	\$ (3,528,236)	\$ (1,942,340)	\$ 29,892,539	\$ 61,037	\$ 29,953,576
Net loss for the six months ended June 30, 2021	-	-	-	-	(1,574,904)	-	-	(1,574,904)	(28,685)	(1,603,589)
Other comprehensive income and loss for the six months ended June 30, 2021	-	-	-	-	-	(690,574)	486,474	(204,100)	(624)	(204,724)
Issuance of shares due to exercise of employee share options	2,850	7,268	-	-	-	-	-	10,118	-	10,118
Change in non-controlling interests	-	-	-	-	-	-	-	-	(31,728)	(31,728)
Share-based payments	-	67,162	-	-	-	-	-	67,162	-	67,162
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(179,057)	-	179,057	-	-	-
BALANCE, JUNE 30, 2021	\$ 8,189,294	\$ 15,835,588	\$ 15,725,509	\$ 3,080,480	\$ (9,144,437)	\$ (4,218,810)	\$ (1,276,809)	\$ 28,190,815	\$ -	\$ 28,190,815
BALANCE, JANUARY 1, 2022	\$ 8,245,050	\$ 16,005,339	\$ 12,335,031	\$ 3,080,480	\$ (7,226,492)	\$ (4,360,449)	\$ (856,057)	\$ 27,222,902	\$ -	\$ 27,222,902
Legal reserve in covering accumulated deficits	-	-	(3,226,492)	-	3,226,492	-	-	-	-	-
Net loss for the six months ended June 30, 2022	-	-	-	-	(1,503,610)	-	-	(1,503,610)	-	(1,503,610)
Other comprehensive income and loss for the six months ended June 30, 2022	-	-	-	-	-	719,169	277,986	997,155	-	997,155
Issuance of shares due to exercise of employee share options	17,500	44,625	-	-	-	-	-	62,125	-	62,125
Share-based payments	-	21,345	-	-	-	-	-	21,345	-	21,345
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,585	-	(1,585)	-	-	-
BALANCE, JUNE 30, 2022	\$ 8,262,550	\$ 16,071,309	\$ 9,108,539	\$ 3,080,480	\$ (5,502,025)	\$ (3,641,280)	\$ (579,656)	\$ 26,799,917	\$ -	\$ 26,799,917

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (1,505,018)	\$ (1,605,317)
Adjustments for:		
Depreciation expense	195,328	277,878
Amortization expense	-	4,057
Finance costs	53,467	21,010
Interests income	(63,810)	(61,995)
Dividend income	(11,089)	(257)
Compensation costs of employee share-based payments	21,345	67,162
Share of the profit of associates	(169,046)	(17,332)
Net (gain) loss on disposal of property, plant and equipment	(2)	8,208
Net (gain) loss on disposal of intangible assets	(784)	150
Net gain on disposal of subsidiary	-	(736,688)
Impairment loss on non-financial assets	41,334	432,031
Gain from lease modifications	-	(126)
Changes in operating assets and liabilities		
Decrease in financial assets mandatorily classified as at fair value through profit or loss	91,030	181,166
Increase in notes and trade receivables	(24,429)	(125,778)
Decrease in other receivables	7,381	17,748
Increase in inventories	(123,648)	(233,993)
Increase in prepayments	(110,236)	(65,695)
Increase in other current assets	(1,450)	(578)
(Increase) decrease in other non-current assets	(3,043)	3,428
Increase (decrease) in note and trade payables	270,757	(320,590)
Decrease in other payables	(594,002)	(502,064)
Decrease in provisions	(101,570)	(97,254)
Increase in other current liabilities	26,983	35,134
Cash used in operating activities	(2,000,502)	(2,719,695)
Interest received	34,297	53,651
Interest paid	(47,926)	(18,908)
Income tax (paid) refunded	(55,011)	65,438
Net cash used in operating activities	(2,069,142)	(2,619,514)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,033,220)	(409,620)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,319	73,988
Return of investments accounted for fair value through other comprehensive income	8,999	1,026

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2022	2021
Purchase of financial assets at fair value through profit or loss	\$ (27,809)	\$ (11,983)
Acquisition of investments accounted for using the equity method	-	(85,122)
Net cash decrease in loss of control of subsidiary	-	(68,432)
Payments for property, plant and equipment	(11,838)	(92,639)
Proceeds from disposal of property, plant and equipment	41	1,323
Increase in refundable deposits	(52,091)	-
Decrease in refundable deposits	-	14,851
Payments for intangible assets	(31,496)	(498)
Proceeds from disposal of intangible assets	1,140	-
Payments for investment properties	-	(475,708)
Increase in other financial assets	(1,241,019)	-
Decrease in other financial assets	-	6,232,996
Dividends received	<u>11,089</u>	<u>257</u>
Net cash (used in) generated from investing activities	<u>(2,373,885)</u>	<u>5,180,439</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	50,000	620,000
Increase in long-term borrowings	4,000,000	1,500,000
Refund of guarantee deposits received	(9,844)	(510)
Repayment of the principal portion of lease liabilities	(24,625)	(42,732)
Employee share options executed	<u>62,125</u>	<u>10,118</u>
Net cash generated from financing activities	<u>4,077,656</u>	<u>2,086,876</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>370,991</u>	<u>(582,464)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,620	4,065,337
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>16,576,907</u>	<u>16,375,830</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 16,582,527</u>	<u>\$ 20,441,167</u>

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

HTC Corporation (HTC) was incorporated on May 15, 1997 under the Company Law of Taiwan, the Republic of China. HTC and its subsidiaries (collectively referred to as the “Group” or the “Company”) are engaged in designing, manufacturing, assembling, processing, and selling virtual reality devices and smart mobile devices and after-sales services.

In March 2002, HTC had its stock listed on the Taiwan Stock Exchange. On November 19, 2003, HTC listed some of its shares of stock on the Luxembourg Stock Exchange in the form of global depositary receipts.

The functional currency of HTC is the New Taiwan dollars. The consolidated financial statements are presented in the New Taiwan dollars since HTC is the ultimate parent of the Company.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by HTC’s board of directors and authorized for issue on July 28, 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 amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: 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 Company is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note)
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 IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

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

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:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. 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

- c. Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of HTC and the entities controlled by HTC (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 in 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.

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

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Company accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

See Note 13 to the consolidated financial statements for the detailed information on subsidiaries (including the percentage of ownership and main businesses).

Other Significant Accounting Policies

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

- a. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

- b. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

- c. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company'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 Company considers the economic implications of the COVID-19 when making its critical accounting 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.

Key Sources of Estimation Uncertainty

a. Valuation of inventories

Inventories are measured at the lower of cost or net realizable value. Judgment and estimation are applied in the determination of net realizable value at the end of reporting period.

Inventories are usually written down to net realizable value item by item if those inventories are damaged, have become wholly or partially obsolete, or if their selling prices have declined.

This inventory evaluation is based on the current market conditions and historical sales experience of similar products. Changes in product demand and market conditions within a specific period in the future may significantly affect the results of these estimates.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amounts of inventories were NT\$1,732,689 thousand, NT\$1,649,574 thousand and NT\$1,688,202 thousand, respectively.

b. Realization of deferred tax assets

Deferred tax assets should be recognized only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available. The management applies judgment and accounting estimates to evaluate the realization of deferred tax assets. Management takes expected sales growth, profit rate, duration of exemption, tax credits, tax planning and, etc. into account when making accounting judgement and estimates. Any changes in the global economy, industry environment and regulations might cause material adjustments to deferred tax assets.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amounts of deferred tax assets were NT\$3,120,590 thousand, NT\$3,183,462 thousand and NT\$3,289,350 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 1,230	\$ 1,140	\$ 1,042
Checking accounts and demand deposits	6,741,824	10,313,241	14,292,734
Time deposits (with original maturities less than three months)	<u>9,839,473</u>	<u>6,262,526</u>	<u>6,147,391</u>
	<u>\$ 16,582,527</u>	<u>\$ 16,576,907</u>	<u>\$ 20,441,167</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Financial assets held for trading			
Derivatives financial assets (not under hedge accounting)			
Foreign exchange contracts	\$ 79,889	\$ 107,071	\$ 100,021
Financial assets mandatorily classified as at FVTPL			
Derivatives financial assets (not under hedge accounting)			
Convertible bonds	348,059	309,094	315,310
Warrants	27,640	25,745	25,916
Non-derivative financial assets			
Digital content investment agreement	<u>11,999</u>	<u>-</u>	<u>-</u>
	<u>\$ 467,587</u>	<u>\$ 441,910</u>	<u>\$ 441,247</u>
Current	\$ 79,889	\$ 107,071	\$ 100,021
Non-current	<u>387,698</u>	<u>334,839</u>	<u>341,226</u>
	<u>\$ 467,587</u>	<u>\$ 441,910</u>	<u>\$ 441,247</u>

Financial liabilities - current

Financial liabilities held for trading			
Derivatives financial liabilities (not under hedge accounting)			
Foreign exchange contracts	<u>\$ 145,554</u>	<u>\$ 81,706</u>	<u>\$ 198,429</u>

The Company entered into a digital content investment agreement with other companies. According to the investment agreement, any earnings will be distributed periodically to the investors by investment proportion. The Company engaged in forward exchange contracts to manage its exposure to exchange rate fluctuations of foreign currency denominated assets and liabilities. At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting are as follows:

Forward Exchange Contracts

	Buy/Sell	Currency	Maturity Date	Notional Amount (In Thousands)	
<u>June 30, 2022</u>					
Foreign exchange contracts	Sell	EUR/USD	2022.7.6-2022.7.13	EUR	28,000
Foreign exchange contracts	Sell	JPY/USD	2022.7.13-2022.7.27	JPY	2,200,000
Foreign exchange contracts	Sell	GBP/USD	2022.7.13-2022.7.20	GBP	20,000
Foreign exchange contracts	Sell	CAD/USD	2022.7.20	CAD	10,000
Foreign exchange contracts	Sell	RMB/USD	2022.7.6-2022.7.27	RMB	322,000
Foreign exchange contracts	Sell	SGD/USD	2022.7.13	SGD	2,747
(Continued)					

(Continued)

	Buy/Sell	Currency	Maturity Date	Notional Amount (In Thousands)	
Foreign exchange contracts	Buy	RMB/USD	2022.7.6-2022.7.27	RMB	377,585
Foreign exchange contracts	Buy	USD/NTD	2022.7.6-2022.7.27	USD	210,000
Foreign exchange contracts	Buy	JPY/USD	2022.7.6-2022.7.13	JPY	2,000,000
Foreign exchange contracts	Buy	EUR/USD	2022.7.6-2022.7.27	EUR	42,000
Foreign exchange contracts	Buy	AUD/USD	2022.7.20	AUD	5,000
Foreign exchange contracts	Buy	GBP/USD	2022.7.13-2022.7.27	GBP	184,000
Foreign exchange contracts	Buy	SGD/USD	2022.7.13-2022.7.20	SGD	186,191
Foreign exchange contracts	Buy	EUR/GBP	2022.7.20	EUR	9,000
Foreign exchange contracts	Buy	HKD/USD	2022.7.27	HKD	39,000

December 31, 2021

Foreign exchange contracts	Sell	EUR/USD	2022.1.12-2022.2.16	EUR	30,000
Foreign exchange contracts	Sell	JPY/USD	2022.1.12-2022.3.9	JPY	4,306,000
Foreign exchange contracts	Sell	GBP/USD	2022.1.12-2022.3.9	GBP	52,000
Foreign exchange contracts	Sell	CAD/USD	2022.2.23	CAD	6,000
Foreign exchange contracts	Sell	RMB/USD	2022.1.12-2022.3.9	RMB	720,000
Foreign exchange contracts	Sell	AUD/USD	2022.2.16	AUD	8,000
Foreign exchange contracts	Sell	SGD/USD	2022.3.9	SGD	2,747
Foreign exchange contracts	Buy	RMB/USD	2022.1.12-2022.3.9	RMB	764,105
Foreign exchange contracts	Buy	JPY/USD	2022.1.12-2022.3.9	JPY	3,818,335
Foreign exchange contracts	Buy	USD/NTD	2022.1.12-2022.2.23	USD	282,000
Foreign exchange contracts	Buy	EUR/USD	2022.1.12-2022.3.9	EUR	54,000
Foreign exchange contracts	Buy	GBP/USD	2022.1.12-2022.3.16	GBP	212,000
Foreign exchange contracts	Buy	AUD/USD	2022.1.12-2022.2.16	AUD	16,000
Foreign exchange contracts	Buy	SGD/USD	2022.1.19-2022.2.16	SGD	183,491
Foreign exchange contracts	Buy	EUR/GBP	2022.2.23	EUR	9,000

June 30, 2021

Foreign exchange contracts	Sell	EUR/USD	2021.07.07-2021.09.08	EUR	38,000
Foreign exchange contracts	Sell	JPY/USD	2021.07.14-2021.09.08	JPY	4,706,000
Foreign exchange contracts	Sell	GBP/USD	2021.07.07-2021.09.08	GBP	38,000
Foreign exchange contracts	Sell	CAD/USD	2021.07.07	CAD	6,000
Foreign exchange contracts	Sell	AUD/USD	2021.07.14-2021.09.08	AUD	28,000
Foreign exchange contracts	Sell	USD/NTD	2021.07.21-2021.07.28	USD	10,000
Foreign exchange contracts	Sell	RMB/USD	2021.07.07-2021.08.25	RMB	642,500
Foreign exchange contracts	Sell	SGD/USD	2021.07.07-2021.09.08	SGD	23,976
Foreign exchange contracts	Buy	RMB/USD	2021.07.07-2021.09.08	RMB	908,930
Foreign exchange contracts	Buy	USD/NTD	2021.07.07-2021.09.08	USD	290,000
Foreign exchange contracts	Buy	JPY/USD	2021.07.14-2021.09.08	JPY	4,918,335
Foreign exchange contracts	Buy	EUR/USD	2021.07.07-2021.09.08	EUR	66,000
Foreign exchange contracts	Buy	AUD/USD	2021.07.07-2021.08.25	AUD	32,000
Foreign exchange contracts	Buy	GBP/USD	2021.07.07-2021.09.08	GBP	52,000
Foreign exchange contracts	Buy	SGD/USD	2021.07.07-2021.08.25	SGD	204,806
Foreign exchange contracts	Buy	EUR/GBP	2021.07.07	EUR	9,000

(Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	June 30, 2022	December 31, 2021	June 30, 2021
Domestic investments			
Listed shares and emerging market shares	\$ 9,573	\$ 30,035	\$ 36,064
Unlisted shares	<u>139,553</u>	<u>29,792</u>	<u>31,563</u>
	<u>149,126</u>	<u>59,827</u>	<u>67,627</u>
Foreign investments			
Listed shares	583,538	77,436	71,755
Unlisted equity investments	<u>3,580,025</u>	<u>2,632,696</u>	<u>2,260,715</u>
	<u>4,163,563</u>	<u>2,710,132</u>	<u>2,332,470</u>
	<u>\$ 4,312,689</u>	<u>\$ 2,769,959</u>	<u>\$ 2,400,097</u>
Current	\$ 583,538	\$ 77,436	\$ 71,755
Non-current	<u>3,729,151</u>	<u>2,692,523</u>	<u>2,328,342</u>
	<u>\$ 4,312,689</u>	<u>\$ 2,769,959</u>	<u>\$ 2,400,097</u>

These investments in equity instruments are not held for trading. Instead, they are held for the purpose of profiting from long-term investments and promoting the development of the Metaverse sector. Management decided to designate these investments in equity instruments as at FVTOCI as they have determined that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. OTHER FINANCIAL ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Time deposits with original maturities of more than three months	\$ 8,331,585	\$ 7,090,530	\$ 3,379,304
Restricted demand deposits	<u>928</u>	<u>964</u>	<u>964</u>
	<u>\$ 8,332,513</u>	<u>\$ 7,091,494</u>	<u>\$ 3,380,268</u>
Current	\$ 8,258,208	\$ 7,022,286	\$ 3,310,604
Non-current	<u>74,305</u>	<u>69,208</u>	<u>69,664</u>
	<u>\$ 8,332,513</u>	<u>\$ 7,091,494</u>	<u>\$ 3,380,268</u>

For details of pledged other financial assets, refer to Note 33 to the consolidated financial statements.

10. NOTES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Notes, trade and overdue receivables</u>			
At amortized cost			
Notes receivable	\$ 4	\$ -	\$ 4
Trade receivables	529,791	509,520	672,723
Overdue receivables	75,683	71,529	105,518
Less: Allowances for impairment loss	(57,159)	(61,313)	(77,104)
Less: Allowances for impairment loss - overdue receivables	<u>(75,683)</u>	<u>(71,529)</u>	<u>(105,518)</u>
	<u>\$ 472,636</u>	<u>\$ 448,207</u>	<u>\$ 595,623</u>
Current	\$ 472,636	\$ 448,207	\$ 595,623
Non-current	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 472,636</u>	<u>\$ 448,207</u>	<u>\$ 595,623</u>
<u>Other receivables</u>			
Interest receivables	\$ 53,218	\$ 23,705	\$ 50,560
VAT refund receivables	3,937	134	2,107
Others	<u>15,036</u>	<u>26,220</u>	<u>15,946</u>
	<u>\$ 72,191</u>	<u>\$ 50,059</u>	<u>\$ 68,613</u>
Current	\$ 72,191	\$ 50,059	\$ 68,613
Non-current	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 72,191</u>	<u>\$ 50,059</u>	<u>\$ 68,613</u>

Trade receivables at amortized cost

The average credit period of the sales of goods was 30-75 days. No interest was charged on trade receivables for the first 75 days from the date of the invoice. Thereafter, interest was charged at 1-18% per annum on the outstanding balance. The Company basically adopted a policy of dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Company uses other publicly available financial information or its own trading records to rate its major customers. The Company'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 annually.

In order to minimize credit risk, management has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management considers the Company's credit risk to have significantly reduced.

The Company uses the expected credit loss during the duration to recognize the allowance for losses of accounts receivable. The expected credit loss during the duration is mainly based on the customer's past default record, current financial situation and industrial economic situation.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty without realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activities to recover the receivables due. Where recoveries are made, these amounts are recognized in profit or loss.

The following table details the loss allowance of trade receivables.

June 30, 2022

	Not Yet Due	1-90 Days	91-180 Days	Over 180 Days	Total
Expected credit loss rate	0%-4%	4%-40%	10%-100%	100%	
Gross carrying amount	\$ 476,634	\$ -	\$ 733	\$ 52,428	\$ 529,795
Loss allowance (Lifetime ECL)	<u>(3,998)</u>	<u>-</u>	<u>(733)</u>	<u>(52,428)</u>	<u>(57,159)</u>
Amortized cost	<u>\$ 472,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 472,636</u>

December 31, 2021

	Not Yet Due	1-90 Days	91-180 Days	Over 180 Days	Total
Expected credit loss rate	0%-4%	4%-40%	10%-100%	100%	
Gross carrying amount	\$ 454,080	\$ -	\$ 751	\$ 54,689	\$ 509,520
Loss allowance (Lifetime ECL)	<u>(5,873)</u>	<u>-</u>	<u>(751)</u>	<u>(54,689)</u>	<u>(61,313)</u>
Amortized cost	<u>\$ 448,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 448,207</u>

June 30, 2021

	Not Yet Due	1-90 Days	91-180 Days	Over 180 Days	Total
Expected credit loss rate	0%-4%	4%-40%	10%-100%	100%	
Gross carrying amount	\$ 598,606	\$ -	\$ 5,922	\$ 68,199	\$ 672,727
Loss allowance (Lifetime ECL)	<u>(2,983)</u>	<u>-</u>	<u>(5,922)</u>	<u>(68,199)</u>	<u>(77,104)</u>
Amortized cost	<u>\$ 595,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,623</u>

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

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of period	\$ 132,842	\$ 1,032,832
Less: Amounts written off	<u>-</u>	<u>(850,210)</u>
Balance, end of period	<u>\$ 132,842</u>	<u>\$ 182,622</u>

11. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Finished goods	\$ 965,607	\$ 816,709	\$ 710,604
Work-in-process	61,348	12,628	195,536
Semi-finished goods	107,742	113,083	175,631
Raw materials	584,526	626,874	582,516
Inventory in transit	<u>13,466</u>	<u>80,280</u>	<u>23,915</u>
	<u>\$ 1,732,689</u>	<u>\$ 1,649,574</u>	<u>\$ 1,688,202</u>

The cost of inventories write-downs recognized as operating costs for the three months and six months ended June 30, 2022 and 2021 were NT\$35,630 thousand, NT\$48,747 thousand, NT\$40,648 thousand and NT\$72,894 thousand, respectively.

12. PREPAYMENTS

	June 30, 2022	December 31, 2021	June 30, 2021
Prepaid expenses	\$ 381,190	\$ 273,549	\$ 297,293
Net input VAT	60,813	46,252	28,361
Prepaid software	3,591	4,037	12,563
Prepayments to suppliers	2,169	3,323	37
Prepaid equipment	<u>754</u>	<u>5,886</u>	<u>11,951</u>
	<u>\$ 448,517</u>	<u>\$ 333,047</u>	<u>\$ 350,205</u>
Current	\$ 435,248	\$ 325,012	\$ 334,789
Non-current	<u>13,269</u>	<u>8,035</u>	<u>15,416</u>
	<u>\$ 448,517</u>	<u>\$ 333,047</u>	<u>\$ 350,205</u>

For the year ended December 31, 2021, the Company determined that the carrying amount of some of the prepayments for software were expected to be unrecoverable. Thus, it recognized impairment loss of NT\$5,781 thousand classified as other gains and losses. Refer to the consolidated financial statements for the year ended December 31, 2021.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The consolidated entities as of June 30, 2022, December 31, 2021 and June 30, 2021 were as follows:

Investor	Investee	Main Businesses	% of Ownership			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
HTC Corporation	H.T.C. (B.V.I.) Corp.	International holding company and general investing activities	100.00	100.00	100.00	-
	High Tech Computer Asia Pacific Pte. Ltd.	International holding company; marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC Investment Corporation	General investing activities	100.00	100.00	100.00	-
	PT. High Tech Computer Indonesia	Marketing, repair and after-sales services	1.00	1.00	1.00	-
	HTC Holding Cooperatief U.A.	International holding company	0.01	0.01	0.01	-
	HTC Investment One (BVI) Corporation	Holding S3 Graphics Co., Ltd. and general investing activities	100.00	100.00	100.00	-
	HTC Investment (BVI) Corporation	General investing activities	100.00	100.00	100.00	-
	HungXu Holding (BVI) Corp.	International holding company	100.00	100.00	100.00	-
	HTC VIVE Investment (BVI) Corp.	General investing activities	100.00	100.00	100.00	-
	DeepQ Holding (BVI) Corp.	International holding company	100.00	100.00	100.00	-
	HTC VR Content (BVI) Corp.	"	100.00	100.00	100.00	-
	HTC Smart phone (BVI) Corp.	"	100.00	100.00	100.00	-
	REIGN Technology Corporation	Construction, application and after-sales services of 5G	100.00	100.00	-	1)
	Viveport Digital Corporation	VR platform software development and marketing services	100.00	100.00	-	2)
High Tech Computer Asia Pacific Pte. Ltd.	HTC (Australia and New Zealand) PTY. Ltd.	Marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC Philippines Corporation	"	99.99	99.99	99.99	-
	PT. High Tech Computer Indonesia	"	99.00	99.00	99.00	-
	HTC (Thailand) Limited	"	100.00	100.00	100.00	-
	HTC India Private Ltd.	"	99.00	99.00	99.00	-
	HTC Malaysia Sdn. Bhd.	"	-	100.00	100.00	3)
	HTC Communication Co., Ltd.	Sale of virtual reality devices and smart mobile devices and after-sales services	100.00	100.00	100.00	-
	HTC HK, Limited	International holding company; marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC Holding Cooperatief U.A.	International holding company	99.99	99.99	99.99	-
	HTC Communication Technologies (SH)	Design, research and development of application software	100.00	100.00	100.00	-
	HTC Vietnam Services One Member Limited Liability Company	Marketing, repair and after-sales services	-	-	100.00	4)
HTC Investment One (BVI) Corporation	HTC Myanmar Company Limited	"	-	-	99.00	5)
	S3 Graphics Co., Ltd.	Design, research and development of graphics technology	100.00	100.00	100.00	-
HTC Communication Technologies (SH)	HTC Communication (BJ) Tech Co.	Design, research and development of application software	100.00	100.00	100.00	-
HTC HK, Limited	HTC Corporation (Shanghai WGQ)	Smart mobile devices examination and after-sale services and technique consultations	100.00	100.00	100.00	-
	HTC Electronics (Shanghai) Co., Ltd.	Manufacture and sale of virtual reality devices and smart mobile devices	100.00	100.00	100.00	-
	HTC Myanmar Company Limited	Marketing, repair and after-sales services	-	-	1.00	5)
HTC Holding Cooperatief U.A.	HTC Netherlands B.V.	International holding company; marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC India Private Ltd.	Marketing, repair and after-sales services	1.00	1.00	1.00	-
	HTC South Eastern Europe Limited Liability Company	"	0.67	0.67	0.67	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			June 30, 2022	December 31, 2021	June 30, 2021	
HTC Holding Cooperatief U.A.	HTC Communication Solutions Mexico, S.A DE C.V.	Marketing, repair and after-sales services	1.00	1.00	1.00	-
	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Human resources management	1.00	1.00	1.00	-
HTC Netherlands B.V.	HTC EUROPE CO., LTD.	International holding company; marketing, repair and after-sales services	100.00	100.00	100.00	6)
	HTC BRASIL	Marketing, repair and after-sales services	-	-	-	7)
	HTC Belgium BVBA/SPRL	"	100.00	100.00	100.00	-
	HTC NIPPON Corporation	Sale of virtual reality devices and smart mobile devices	100.00	100.00	100.00	-
	HTC FRANCE CORPORATION	Marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC South Eastern Europe Limited liability Company	"	99.33	99.33	99.33	-
	HTC Nordic ApS.	"	100.00	100.00	100.00	-
	HTC Italia SRL	"	100.00	100.00	100.00	-
	HTC Germany GmbH	"	100.00	100.00	100.00	-
	HTC Iberia, S.L.	"	100.00	100.00	100.00	-
	HTC Poland sp. z.o.o.	"	100.00	100.00	100.00	-
	HTC Communication Canada, Ltd.	"	100.00	100.00	100.00	-
	HTC Communication Sweden AB	"	100.00	100.00	100.00	-
	HTC Luxembourg S.a.r.l.	Online/download media services	-	-	-	8)
	HTC Middle East FZ-LLC	Marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC Communication Solutions Mexico, S.A DE C.V.	"	99.00	99.00	99.00	-
	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Human resources management	99.00	99.00	99.00	-
	HTC America Holding Inc.	International holding company	100.00	100.00	100.00	-
HTC EUROPE CO., LTD.	HTC America Inc.	Sale of virtual reality devices and smart mobile devices	100.00	100.00	100.00	-
	One & Company Design, Inc.	Design, research and development of application software	100.00	100.00	100.00	-
	HTC America Innovation Inc.	"	100.00	100.00	100.00	-
	HTC America Content Services, Inc.	Online/download media services	100.00	100.00	100.00	-
	Dashwire, Inc.	Design and management of cloud synchronization technology	100.00	100.00	100.00	-
	Inquisitive Minds, Inc.	Development and sale of digital education platform	100.00	100.00	100.00	-
HungXu Holding (BVI) Corp.	HungXu Technology (BVI) Corp.	International holding company	100.00	100.00	100.00	-
HungXu Technology (BVI) Corp.	HungXu TECH Corp.	Research and development of virtual reality devices	100.00	100.00	100.00	-
	HTC VIVE TECH (HK) Limited	Research, development and sale of virtual reality devices	-	100.00	100.00	9)
HTC VIVE TECH (HK) Limited	VIVE Arts Limited	Digital art	100.00	100.00	100.00	-
	HTC VIVE TECH (Beijing)	Research, development and sale of virtual reality devices	100.00	100.00	100.00	-
DeepQ Holding (BVI) Corp.	DeepQ (BVI) Corp.	International holding company	100.00	100.00	100.00	-
DeepQ (BVI) Corp.	DeepQ Technology Corp.	Medical technology and health care	100.00	100.00	100.00	-
	DeepQ Technology (Beijing)	Development and marketing of software technology	100.00	100.00	100.00	-
HTC Investment (BVI) Corporation	VRChat, Inc.	Development of virtual reality contents	-	-	-	10)
	HTC VIVE TECH (HK) Limited	Research, development and sale of virtual reality devices	100.00	-	-	9)
VRChat, Inc.	VRChat Ca. Development Inc.	Development of virtual reality contents	-	-	-	10)
HTC VR Content (BVI) Corp.	Uomo Vitruviano Corp.	"	100.00	100.00	100.00	-

(Concluded)

Remark:

- 1) REIGN Technology Corporation was incorporated on September 30, 2021.
 - 2) Viveport Digital Corporation was incorporated on October 1, 2021.
 - 3) The dissolution of HTC Malaysia Sdn. Bhd. was approved in its shareholders' meeting held on February 7, 2022. As of June 30, 2022, the liquidation process has not been completed.
 - 4) The dissolution of HTC Vietnam Services One Member Limited Liability Company was approved in its shareholders' meeting held on April 6, 2021. The liquidation process was completed on October 12, 2021.
 - 5) The dissolution of HTC Myanmar Company Limited was approved in its shareholders' meeting held on April 25, 2021. The liquidation process was completed on November 24, 2021.
 - 6) On March 7, 2022, the Company's Board of Directors passed a reorganization resolution. HTC EUROPE CO., LTD would be arranged as one of the first layer of holding companies for certain subsidiaries. The shares of the related subsidiaries will be transferred to HTC EUROPE CO., LTD accordingly to optimize the group structure. As of June 30, 2022, the reorganization has not been completed.
 - 7) The dissolution of HTC BRASIL was approved in its shareholders' meeting held on September 22, 2020. The liquidation process was completed on May 17, 2021.
 - 8) The dissolution of HTC Luxembourg S.a.r.l. was approved in its shareholders' meeting held on December 28, 2020. The liquidation process was completed on June 14, 2021.
 - 9) On January 1, 2022, HTC VIVE TECH (HK) Limited was sold by HungXu Technology (BVI) Corp. to HTC Investment (BVI) Corp.
 - 10) VRChat, Inc. issued new shares in June 2021. The Company did not subscribe for these newly issued shares at its existing ownership percentage, which resulted in a decrease in its ownership interest from 50.37% to 36.20%. As the Company lost control over VRChat, Inc. and its subsidiary, this investment has since been accounted for under the equity method accordingly. For details, refer to Notes 14 and 28 to the consolidated financial statements.
- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests: None.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2022	December 31, 2021	June 30, 2021
Investment in associates	<u>\$ 1,260,403</u>	<u>\$ 1,017,149</u>	<u>\$ 1,146,262</u>

Investments in Associate

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Unlisted equity investment</u>			
Steel Wool Games, Inc.	\$ 277,854	\$ 61,081	\$ 102,365
Surgical Theater, LLC	-	-	34,143
MOR Museum Inc.	4,798	5,652	5,735
Engage XR Holdings PLC	54,092	67,054	77,210
Gui Zhou Wei Ai Technology Group Co., Ltd.	94,000	93,095	92,927
VRChat, Inc.	<u>829,659</u>	<u>790,267</u>	<u>833,882</u>
	<u>\$ 1,260,403</u>	<u>\$ 1,017,149</u>	<u>\$ 1,146,262</u>

VRChat, Inc. issued new shares in June 2021. The Company did not subscribe for these newly issued shares at its existing ownership percentage, which resulted in a decrease in its ownership interest from 50.37% to 36.20%. As the Company lost control over VRChat, Inc. and its subsidiary, this investment has since been accounted for under the equity method accordingly. For details, refer to Note 13 and 28 to the consolidated financial statements.

Engage XR Holdings PLC issued new shares in June 2021. The Company did not subscribe for such newly issued shares at its existing ownership percentage, which decreased its ownership interest from 20.00% to 16.64%. After the decrease, the Company continued to exercise significant influence; therefore, the equity method is still applied.

In June 2021, the Company determined that the carrying amounts of some of the investments in associates were expected to be unrecoverable. Thus, it recognized impairment losses of NT\$325,173 thousand classified as other gains and losses. For details, refer to Note 25 to the consolidated financial statements.

As the end of the reporting periods, the percentage of ownership and voting rights in associates held by the Company were as follows:

Name of Associate	June 30, 2022	December 31, 2021	June 30, 2021
East West Artists, LLC	30.00%	30.00%	30.00%
Steel Wool Games, Inc.	49.00%	49.00%	49.00%
Surgical Theater, LLC	16.30%	16.30%	16.30%
MOR Museum Inc.	25.00%	25.00%	25.00%
Engage XR Holdings PLC	16.64%	16.64%	20.00%
Gui Zhou Wei Ai Technology Group Co., Ltd.	26.05%	26.05%	26.05%
VRChat, Inc.	36.20%	36.20%	36.20%

Aggregate information of associates was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Company's share of:				
Profit from continuing operations	\$ 96,386	\$ 6,612	\$ 169,046	\$ 17,332
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 96,386</u>	<u>\$ 6,612</u>	<u>\$ 169,046</u>	<u>\$ 17,332</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of Steel Wool Games, Inc. and VRChat, Inc. were calculated based on the reviewed financial statements. For the others, management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of those companies which have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Land	\$ 4,826,580	\$ 4,867,414	\$ 4,894,689
Buildings	2,355,069	2,513,201	2,642,514
Machinery and equipment	42,919	49,905	83,791
Other equipment	<u>43,046</u>	<u>54,811</u>	<u>83,089</u>
	<u>\$ 7,267,614</u>	<u>\$ 7,485,331</u>	<u>\$ 7,704,083</u>

Movements of property, plant and equipment for the six months ended June 30, 2022 and 2021 were as follows:

	2022				
	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance, beginning of period	\$ 4,867,414	\$ 4,247,071	\$ 2,792,462	\$ 856,303	\$ 12,763,250
Additions	-	-	6,537	3,006	9,543
Disposals	-	-	(4,405)	(91,492)	(95,897)
Reclassification	-	-	-	(197)	(197)
Reclassified as investment properties	(38,649)	(73,122)	-	-	(111,771)
Effect of foreign currency exchange differences	<u>(2,185)</u>	<u>233</u>	<u>614</u>	<u>5,538</u>	<u>4,200</u>
Balance, end of period	<u>4,826,580</u>	<u>4,174,182</u>	<u>2,795,208</u>	<u>773,158</u>	<u>12,569,128</u>
<u>Accumulated depreciation</u>					
Balance, beginning of period	-	1,733,870	2,639,212	794,271	5,167,353
Depreciation expenses	-	80,042	11,389	15,370	106,801
Disposals	-	-	(4,405)	(88,760)	(93,165)
Reclassification	-	-	-	(82)	(82)
Reclassified from investment properties	-	8,122	-	-	8,122
Effect of foreign currency exchange differences	<u>-</u>	<u>(2,921)</u>	<u>2,748</u>	<u>4,746</u>	<u>4,573</u>
Balance, end of period	<u>-</u>	<u>1,819,113</u>	<u>2,648,944</u>	<u>725,545</u>	<u>5,193,602</u>
<u>Accumulated impairment</u>					
Balance, beginning of period	-	-	103,345	7,221	110,566
Disposals	-	-	-	(2,693)	(2,693)
Effect of foreign currency exchange differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>39</u>	<u>39</u>
Balance, end of period	<u>-</u>	<u>-</u>	<u>103,345</u>	<u>4,567</u>	<u>107,912</u>
Net book value, end of period	<u>\$ 4,826,580</u>	<u>\$ 2,355,069</u>	<u>\$ 42,919</u>	<u>\$ 43,046</u>	<u>\$ 7,267,614</u>

	2021				
	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance, beginning of period	\$ 4,804,109	\$ 4,116,440	\$ 3,295,903	\$ 1,038,702	\$ 13,255,154
Additions	21,963	48,362	15,244	4,340	89,909
Disposals	-	-	(118,538)	(95,642)	(214,180)
Reclassified from investment properties	73,471	120,824	-	-	194,295
Effect of foreign currency exchange differences	(4,854)	(9,303)	(5,819)	(6,570)	(26,546)
Balance, end of period	<u>4,894,689</u>	<u>4,276,323</u>	<u>3,186,790</u>	<u>940,830</u>	<u>13,298,632</u>
<u>Accumulated depreciation</u>					
Balance, beginning of period	-	1,549,415	3,031,003	900,584	5,481,002
Depreciation expense	-	95,743	55,676	34,740	186,159
Disposals	-	-	(117,179)	(87,419)	(204,598)
Reclassified from investment properties	-	2,112	-	-	2,112
Effect of foreign currency exchange differences	-	(13,461)	7,846	(5,674)	(11,289)
Balance, end of period	<u>-</u>	<u>1,633,809</u>	<u>2,977,346</u>	<u>842,231</u>	<u>5,453,386</u>
<u>Accumulated impairment</u>					
Balance, beginning of period	-	-	102,787	4,567	107,354
Impairment losses recognized	-	-	22,987	10,977	33,964
Disposals	-	-	(51)	-	(51)
Effect of foreign currency exchange differences	-	-	(70)	(34)	(104)
Balance, end of period	<u>-</u>	<u>-</u>	<u>125,653</u>	<u>15,510</u>	<u>141,163</u>
Net book value, end of period	<u>\$ 4,894,689</u>	<u>\$ 2,642,514</u>	<u>\$ 83,791</u>	<u>\$ 83,089</u>	<u>\$ 7,704,083</u>

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

Buildings	5-50 years
Machinery and equipment	3-6 years
Other equipment	3-5 years

The major component of the buildings held by the Company included plants, electro-powering machinery and engineering systems, etc., which are depreciated over their estimated useful lives of 40 to 50 years, 20 years and 5 to 10 years, respectively.

The Company designated parts of the real estate as for lease and as for own use. The parts for leasing are reclassified to investment properties and the parts for own-use are classified under property, plant and equipment. Both are accounted for in accordance with the applicable accounting standards. For details, refer to Note 17 to the consolidated financial statements.

Property pledged as collateral for bank borrowings are set out in Note 33 to the consolidated financial statements.

There were no capitalized interests for the six months ended June 30, 2022 and 2021.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amounts</u>			
Buildings	<u>\$ 166,067</u>	<u>\$ 185,927</u>	<u>\$ 82,629</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2022	2021	2022 2021
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 4,548</u>	<u>\$ 1,404</u> <u>\$ 10,208</u>
Depreciation charge for right-of-use assets			
Buildings	<u>\$ 15,708</u>	<u>\$ 16,351</u>	<u>\$ 31,075</u> <u>\$ 34,721</u>

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 55,312</u>	<u>\$ 54,524</u>	<u>\$ 39,004</u>
Non-current	<u>\$ 123,746</u>	<u>\$ 137,371</u>	<u>\$ 46,380</u>

As of June 30, 2022, December 31, 2021 and June 30, 2021, the range of discount rate for lease liabilities was 2.00%-4.35%.

c. Material lease-in activities and terms

The Company leases certain buildings for the use of plants and offices with original lease terms of 2 to 5 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 17 to the consolidated financial statements.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 2,029</u>	<u>\$ 4,439</u>	<u>\$ 4,359</u>	<u>\$ 9,213</u>
Total cash outflow for leases			<u>\$ (32,192)</u>	<u>\$ (54,166)</u>

The Company leases certain office equipment and other equipment which qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES, NET

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Land	\$ 198,600	\$ 161,443	\$ 144,193
Buildings	<u>2,245,069</u>	<u>2,217,012</u>	<u>2,246,046</u>
	<u>\$ 2,443,669</u>	<u>\$ 2,378,455</u>	<u>\$ 2,390,239</u>

Movements of investment properties, net for the six months ended June 30, 2022 and 2021 were as follows:

	2022		
	Land	Buildings	Total
<u>Cost</u>			
Balance, beginning of period	\$ 161,443	\$ 3,445,047	\$ 3,606,490
Reclassification	38,649	73,122	111,771
Effect of foreign currency exchange differences	<u>(1,492)</u>	<u>1,551</u>	<u>59</u>
Balance, end of period	<u>198,600</u>	<u>3,519,720</u>	<u>3,718,320</u>
<u>Accumulated depreciation</u>			
Balance, beginning of period	-	1,228,035	1,228,035
Depreciation expense	-	57,452	57,452
Reclassification	-	(8,122)	(8,122)
Effect of foreign currency exchange differences	<u>-</u>	<u>(2,714)</u>	<u>(2,714)</u>
Balance, end of period	<u>-</u>	<u>1,274,651</u>	<u>1,274,651</u>
Net book value, end of period	<u>\$ 198,600</u>	<u>\$ 2,245,069</u>	<u>\$ 2,443,669</u>
	2021		
	Land	Buildings	Total
<u>Cost</u>			
Balance, beginning of period	\$ 101,089	\$ 3,227,709	\$ 3,328,798
Additions	124,603	351,105	475,708
Eliminations	-	(9,607)	(9,607)
Reclassification	(73,471)	(120,824)	(194,295)
Effect of foreign currency exchange differences	<u>(8,028)</u>	<u>(10,232)</u>	<u>(18,260)</u>
Balance, end of period	<u>144,193</u>	<u>3,438,151</u>	<u>3,582,344</u>

(Continued)

	2021		
	Land	Buildings	Total
<u>Accumulated depreciation</u>			
Balance, beginning of period	\$ -	\$ 1,146,914	\$ 1,146,914
Depreciation expense	-	56,998	56,998
Eliminations	-	(9,607)	(9,607)
Reclassification	-	(2,112)	(2,112)
Effect of foreign currency exchange differences	-	(88)	(88)
Balance, end of period	-	<u>1,192,105</u>	<u>1,192,105</u>
Net book value, end of period	<u>\$ 144,193</u>	<u>\$ 2,246,046</u>	<u>\$ 2,390,239</u> (Concluded)

The abovementioned investment properties were leased out for 2 to 5 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The Company designated parts of the real estate as for lease and as for own use. The parts for leasing are reclassified to investment properties and the parts for own-use are classified under property, plant and equipment. Both are accounted for in accordance with the applicable accounting standards. For details, refer to Note 15 to the consolidated financial statements.

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	26-50 years
Electricity distribution system	20 years
Air-conditioning	5-10 years
Others	3-5 years

The fair value of the investment properties was measured by the management using as reference the appraisal reports on the appraisals performed by independent qualified professional appraisers. The fair values as of June 30, 2022, December 31, 2021 and June 30, 2021 were NT\$4,700,752 thousand, NT\$4,363,412 thousand and NT\$3,257,188 thousand, respectively. The fair values in the appraisal reports were measured using Level 3 inputs, and were arrived at by reference to market evidence of transaction prices for similar properties.

The investment properties pledged as collateral for bank borrowings are set out in Note 33 to the consolidated financial statements.

18. INTANGIBLE ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Other intangible assets	<u>\$ 65,721</u>	<u>\$ 34,334</u>	<u>\$ 34,224</u>

Movements of intangible assets for the six months ended June 30, 2022 and 2021 were as follows:

	2022			
	Patents	Goodwill	Other Intangible Assets	Total
<u>Cost</u>				
Balance, beginning of period	\$ 8,591,790	\$ 437,868	\$ 532,076	\$ 9,561,734
Additions	-	-	31,496	31,496
Disposals	-	-	(356)	(356)
Eliminations	-	-	(257)	(257)
Effect of foreign currency exchange differences	611,700	32,251	34,550	678,501
Balance, end of period	<u>9,203,490</u>	<u>470,119</u>	<u>597,509</u>	<u>10,271,118</u>
<u>Accumulated amortization</u>				
Balance, beginning of period	8,480,705	-	331,035	8,811,740
Disposals	-	-	(257)	(257)
Effect of foreign currency exchange differences	611,700	-	22,167	633,867
Balance, end of period	<u>9,092,405</u>	<u>-</u>	<u>352,945</u>	<u>9,445,350</u>
<u>Accumulated impairment</u>				
Balance, beginning of period	111,085	437,868	166,707	715,660
Impairment losses	-	-	686	686
Effect of foreign currency exchange differences	-	32,251	11,450	43,701
Balance, end of period	<u>111,085</u>	<u>470,119</u>	<u>178,843</u>	<u>760,047</u>
Net book value, end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,721</u>	<u>\$ 65,721</u>
	2021			
	Patents	Goodwill	Other Intangible Assets	Total
<u>Cost</u>				
Balance, beginning of period	\$ 8,835,840	\$ 514,746	\$ 567,747	\$ 9,918,333
Additions	-	-	498	498
Disposals	-	-	(150)	(150)
Impact due to loss of control of subsidiary (Note 28)	-	(62,593)	-	(62,593)
Effect of foreign currency exchange differences	(189,300)	(11,398)	(11,017)	(211,715)
Balance, end of period	<u>8,646,540</u>	<u>440,755</u>	<u>557,078</u>	<u>9,644,373</u>
				(Continued)

	2021			
	Patents	Goodwill	Other Intangible Assets	Total
<u>Accumulated amortization</u>				
Balance, beginning of period	\$ 8,724,755	\$ -	\$ 350,876	\$ 9,075,631
Amortization expense	-	-	4,057	4,057
Effect of foreign currency exchange differences	(189,300)	-	(7,204)	(196,504)
Balance, end of period	<u>8,535,455</u>	<u>-</u>	<u>347,729</u>	<u>8,883,184</u>
<u>Accumulated impairment</u>				
Balance, beginning of period	111,085	450,736	178,938	740,759
Effect of foreign currency exchange differences	-	(9,981)	(3,813)	(13,794)
Balance, end of period	<u>111,085</u>	<u>440,755</u>	<u>175,125</u>	<u>726,965</u>
Net book value, end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,224</u>	<u>\$ 34,224</u> (Concluded)

19. BORROWINGS

a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 2,650,000</u>	<u>\$ 2,600,000</u>	<u>\$ 1,520,000</u>

The range of interest rates on line of credit borrowings was 1.28%-1.80%, 1.20%-1.36% and 1.14%-1.35% per annum at June 30, 2022, December 31, 2021 and June 30, 2021.

b. Long-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Secured borrowings</u>			
Bank loans	\$ 5,000,000	\$ 2,000,000	\$ 1,500,000
<u>Unsecured borrowings</u>			
Bank loans	1,000,000	-	-
Less: Current portion	<u>-</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 6,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,500,000</u>

In June 2020, the Company entered into a 5-year syndicated loan, with a group of financial institutions arranged by CTBC Bank. The credit line was divided into part A, B, and C which amounted to NT\$5 billion, NT\$2 billion, and NT\$2 billion, respectively; and the total line of credit amounted to NT\$9 billion. The Company is required to maintain certain financial covenants including debt ratio, equity, and net cash during the tenor of the loan. The computations of financial ratios mentioned above are done based on the audited consolidated financial statements or quarterly reviewed consolidated financial statements. As of June 30, 2022, the Company has met the financial ratios mentioned above.

The range of interest rates on bank loans was 1.80%-1.89%, 1.80% and 1.80% per annum at June 30, 2022, December 31, 2021 and June 30, 2021.

The Company pledged land and buildings as collateral for the long-term borrowings (refer to Note 33 to the consolidated financial statements).

20. NOTES AND TRADE PAYABLES

	June 30, 2022	December 31, 2021	June 30, 2021
Notes payable	\$ 401	\$ 58	\$ 12
Trade payables	5,733,384	5,463,218	5,705,485
Trade payables - related parties	<u>1,510</u>	<u>1,262</u>	<u>2,625</u>
	<u>\$ 5,735,295</u>	<u>\$ 5,464,538</u>	<u>\$ 5,708,122</u>

The average term of payment is 2-4 months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Company periodically negotiates with vendors to amend payment obligations. Amendments, based on their nature, are adjusted in operating cost or expense.

21. OTHER LIABILITIES

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Other payables</u>			
Accrued expenses	\$ 4,132,625	\$ 4,852,668	\$ 5,122,131
Payables for purchase of equipment	<u>2,342</u>	<u>4,351</u>	<u>3,349</u>
	<u>\$ 4,134,967</u>	<u>\$ 4,857,019</u>	<u>\$ 5,125,480</u>
<u>Other liabilities</u>			
Advance receipts (Note 24)	\$ 229,388	\$ 197,939	\$ 383,578
Agency receipts	41,975	48,309	49,847
Others	<u>90,507</u>	<u>88,639</u>	<u>116,422</u>
	<u>\$ 361,870</u>	<u>\$ 334,887</u>	<u>\$ 549,847</u>

Accrued Expenses

	June 30, 2022	December 31, 2021	June 30, 2021
Marketing	\$ 1,259,566	\$ 1,483,151	\$ 1,678,588
Services	1,097,620	1,109,390	1,077,522
Salaries, bonuses and compensation	780,735	996,961	1,061,100
Materials and molding expenses	131,692	481,564	513,698
Insurance	39,438	44,843	42,945
Import, export and freight	35,020	44,398	42,697
Repairs, maintenance and sundry purchase	14,254	27,663	24,794
Others	<u>774,300</u>	<u>664,698</u>	<u>680,787</u>
	<u>\$ 4,132,625</u>	<u>\$ 4,852,668</u>	<u>\$ 5,122,131</u>

22. PROVISIONS

	June 30, 2022	December 31, 2021	June 30, 2021
Warranties	\$ 1,018,920	\$ 1,120,410	\$ 1,167,441
Others	<u>5,824</u>	<u>5,904</u>	<u>145,347</u>
	<u>\$ 1,024,744</u>	<u>\$ 1,126,314</u>	<u>\$ 1,312,788</u>

Movements of provisions for the six months ended June 30, 2022 and 2021 were as follows:

	2022		
	Warranty Provision	Others	Total
Balance, beginning of period	\$ 1,120,410	\$ 5,904	\$ 1,126,314
Provisions reversed	(17,461)	(80)	(17,541)
Usage	(91,686)	-	(91,686)
Effect of foreign currency exchange differences	<u>7,657</u>	<u>-</u>	<u>7,657</u>
Balance, end of period	<u>\$ 1,018,920</u>	<u>\$ 5,824</u>	<u>\$ 1,024,744</u>

	2021		
	Warranty Provision	Others	Total
Balance, beginning of period	\$ 1,257,321	\$ 152,721	\$ 1,410,042
Provisions recognized (reversed)	10,060	(1,838)	8,222
Usage	(97,048)	(2,381)	(99,429)
Effect of foreign currency exchange differences	<u>(2,892)</u>	<u>(3,155)</u>	<u>(6,047)</u>
Balance, end of period	<u>\$ 1,167,441</u>	<u>\$ 145,347</u>	<u>\$ 1,312,788</u>

The Company provides warranty services for its customers. The warranty period varies by product and is generally one to two years. The warranties are estimated based on an evaluation of the products under warranty, historical warranty trends, and pertinent factors.

Onerous contracts are those in which the Company's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

23. EQUITY

Share Capital

a. Ordinary shares

	June 30, 2022	December 31, 2021	June 30, 2021
Number of shares authorized (in thousands of shares)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>826,255</u>	<u>824,505</u>	<u>818,929</u>
Shares issued	<u>\$ 8,262,550</u>	<u>\$ 8,245,050</u>	<u>\$ 8,189,294</u>

In 2021, the Company executed 5,861 thousand shares for employee share options, totaling NT\$58,606 thousand. As a result, the amount of the Company's issued and outstanding ordinary shares as of December 31, 2021 increased to NT\$8,245,050 thousand, divided into 824,505 thousand ordinary shares at a par value of NT\$10. Every ordinary share carries one vote per share and the rights to dividends.

For the six months ended June 30, 2022, the Company executed 1,750 thousand shares for employee share options, totaling NT\$17,500 thousand. As a result, the amount of the Company's issued and outstanding ordinary shares as of June 30, 2022 increased to NT\$8,262,550 thousand, divided into 826,255 thousand ordinary shares at a par value of NT\$10. Every ordinary share carries one vote per share and the rights to dividends.

A total of 80,000 thousand shares of HTC's ordinary shares authorized were reserved for the issuance of employee share options.

b. Global depositary receipts

In November 2003, the Company issued 14,400 thousand ordinary shares, corresponding to 3,600 thousand units of Global Depositary Receipts ("GDRs"). For this GDR issuance, the Company's shareholders, including Via Technologies Inc., also issued 12,878.4 thousand ordinary shares, corresponding to 3,219.6 thousand GDR units. Thus, the entire offering consisted of 6,819.6 thousand GDR units, corresponding to 27,278.4 thousand ordinary shares. Taking into account the effect of share dividends, the GDRs increased to 8,782.1 thousand units (36,060.5 thousand shares). The holders of these GDRs requested the Company to redeem the GDRs to acquire the Company's ordinary shares. As of June 30, 2022, there were 8,631 thousand units of GDRs redeemed, representing 34,524 thousand ordinary shares, and the outstanding GDRs represented 1,536.4 thousand ordinary shares or 0.18% of the Company's outstanding ordinary shares.

Capital Surplus

	June 30, 2022	December 31, 2021	June 30, 2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Arising from the issuance of ordinary shares	\$ 15,028,402	\$ 14,966,699	\$ 14,739,690
Arising from consolidation excess	23,288	23,288	23,288
<u>May be used to offset a deficit only</u>			
Changes in equity-method associates capital surplus	26,752	26,752	26,752
Arising from expired share options	697,163	693,266	685,146
<u>May not be used for any purpose</u>			
Arising from employee share options	<u>295,704</u>	<u>295,334</u>	<u>360,712</u>
	<u>\$ 16,071,309</u>	<u>\$ 16,005,339</u>	<u>\$ 15,835,588</u>

The capital surplus arising from shares issued in excess of par (including share premiums from the issuance of ordinary shares, treasury share transactions and 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).

For details of capital surplus - employee share options, refer to Note 29 to the consolidated financial statements.

Retained Earnings and Dividend Policy

Under HTC's Articles of Incorporation, HTC should make appropriations from its net income in the following order:

- To pay taxes.
- To cover accumulated losses, if any.
- To appropriate 10% as legal reserve unless the total legal reserve accumulated has already reached the amount of HTC's authorized capital.
- To recognize or reverse special reserve return earnings. When a special reserve is appropriated for the cumulative net increases in fair value measurement of investment properties from prior period and the cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.
- The board of directors shall propose allocation ratios for any remainder profit after withholding the amounts under subparagraphs 1 to 4 above plus any unappropriated retained earnings of previous years based on the dividend policy set forth in the Article and propose such allocation ratio at the shareholders' meeting.

As part of a high-technology industry, the Company takes into consideration its operating environment, industry developments and long-term interests of shareholders when determining share or cash dividends to be paid. Other factors such as whether it can maintain operating efficiency and meet its capital expenditure budget and financial goals are also key considerations. The Company's dividend policy stipulates that at least 50% of total dividends may be distributed as cash dividends.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's capital. Legal reserve may be used to offset its deficit. If the Company has no accumulated deficit and the legal reserve has exceeded 25% of its issued and outstanding ordinary shares, the excess may be transferred to ordinary shares or distributed in cash.

The accumulated deficits off-setting for 2021 and 2020 had been approved in the shareholders' meeting on June 17, 2022 and July 20, 2021. The accumulated deficits off-setting and dividends per share were as follows:

	Accumulated Deficits Off-setting		Dividends Per Share (NT\$)	
	For 2021	For 2020	For 2021	For 2020
Legal reserve used to offset accumulated deficits	\$ 3,226,492	\$ 3,390,478	\$ -	\$ -

Information on the appropriation of earnings proposed by the Company's board of directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Other Equity Items

a. Exchange differences on translation of foreign operations

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

b. Unrealized gains or losses on financial assets at FVTOCI

Unrealized gains or losses on financial assets at FVTOCI represents the cumulative gains and losses arising on the revaluation of financial assets at FVTOCI that have been recognized in other comprehensive income. The cumulative unrealized gains or losses will not be reclassified to profit or loss on disposal of the equity investments.

24. OPERATING REVENUE

a. Disaggregation of revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Sale of goods	\$ 932,874	\$ 1,267,011	\$ 1,978,091	\$ 2,358,670
Other operating income	<u>75,588</u>	<u>82,169</u>	<u>134,523</u>	<u>165,597</u>
	<u>\$ 1,008,462</u>	<u>\$ 1,349,180</u>	<u>\$ 2,112,614</u>	<u>\$ 2,524,267</u>

b. Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Notes and trade receivables (Note 10)	\$ 472,636	\$ 448,207	\$ 595,623	\$ 475,713
Contract liabilities (classified under advance receipts)	\$ 220,635	\$ 189,546	\$ 375,644	\$ 323,502

25. NET LOSS FROM CONTINUING OPERATIONS AND OTHER COMPREHENSIVE INCOME AND LOSS

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Bank income	\$ 35,327	\$ 29,914	\$ 63,810	\$ 61,995

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Rental income	\$ 166,978	\$ 185,418	\$ 334,200	\$ 370,874
Dividends	10,671	35	11,089	257
Recovery of bad debt	104,469	-	104,469	-
Others	68,852	24,690	161,109	51,713
	\$ 350,970	\$ 210,143	\$ 610,867	\$ 422,844

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net (loss) gain on the disposal of property, plant and equipment	\$ -	\$ (8,272)	\$ 2	\$ (8,208)
Net (loss) gain on the disposal of intangible assets	-	(150)	784	(150)
Net foreign exchange gain	117,071	174,105	76,939	192,623
Net loss on valuation of financial instruments at fair value through loss or profit	(125,613)	(86,873)	(65,665)	(98,408)
Impairment loss on non-financial assets (Notes 14, 15 and 18)	(686)	(359,137)	(686)	(359,137)

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Gain on disposals of subsidiaries (Note 28)	\$ -	\$ 736,688	\$ -	\$ 736,688
Other losses	<u>(73,719)</u>	<u>(208,247)</u>	<u>(143,951)</u>	<u>(222,308)</u>
	<u>\$ (82,947)</u>	<u>\$ 248,114</u>	<u>\$ (132,577)</u>	<u>\$ 241,100</u> (Concluded)

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 28,205	\$ 9,668	\$ 49,321	\$ 17,956
Interest on lease liabilities	1,578	1,017	3,208	2,221
Others	<u>456</u>	<u>416</u>	<u>938</u>	<u>833</u>
	<u>\$ 30,239</u>	<u>\$ 11,101</u>	<u>\$ 53,467</u>	<u>\$ 21,010</u>

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 53,577	\$ 87,659	\$ 106,801	\$ 186,159
Investment properties	27,992	28,804	57,452	56,998
Intangible assets	-	2,029	-	4,057
Right-of-use assets	<u>15,708</u>	<u>16,351</u>	<u>31,075</u>	<u>34,721</u>
	<u>\$ 97,277</u>	<u>\$ 134,843</u>	<u>\$ 195,328</u>	<u>\$ 281,935</u>
An analysis of depreciation - by function				
Operating costs	\$ 9,349	\$ 11,538	\$ 18,734	\$ 24,659
Operating expenses	59,936	92,472	119,142	196,221
Other expenses	<u>27,992</u>	<u>28,804</u>	<u>57,452</u>	<u>56,998</u>
	<u>\$ 97,277</u>	<u>\$ 132,814</u>	<u>\$ 195,328</u>	<u>\$ 277,878</u>
An analysis of amortization - by function				
Operating costs	\$ -	\$ -	\$ -	\$ -
Operating expenses	<u>-</u>	<u>2,029</u>	<u>-</u>	<u>4,057</u>
	<u>\$ -</u>	<u>\$ 2,029</u>	<u>\$ -</u>	<u>\$ 4,057</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term benefits	\$ 887,055	\$ 874,072	\$ 1,754,279	\$ 1,765,472
Post-employment benefits				
Defined contribution plans	36,092	36,102	71,695	74,951
Defined benefit plans	971	737	1,923	1,474
	<u>37,063</u>	<u>36,839</u>	<u>73,618</u>	<u>76,425</u>
Share-based payments (Note 29)				
Equity-settled share-based payments	<u>9,990</u>	<u>28,930</u>	<u>21,345</u>	<u>67,162</u>
Separation benefits	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Total employee benefits expense	<u>\$ 934,108</u>	<u>\$ 1,079,841</u>	<u>\$ 1,849,242</u>	<u>\$ 2,049,059</u>
An analysis of employee benefits expense - by function				
Operating costs	\$ 87,461	\$ 102,155	\$ 176,400	\$ 189,125
Operating expenses	846,647	837,686	1,672,842	1,719,934
Other losses	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>
	<u>\$ 934,108</u>	<u>\$ 1,079,841</u>	<u>\$ 1,849,242</u>	<u>\$ 2,049,059</u>

g. Employees' compensation and remuneration of directors and supervisors

In compliance with HTC's Articles of Incorporation, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 4% and of no more than 0.25%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. No compensation of employees and remuneration of directors and supervisors were estimated as the Company reported net losses for the six months ended June 30, 2022 and 2021, respectively. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate in the subsequent year.

For any further information on the compensation of employees and remuneration of directors and supervisors approved in the meeting of the board of directors in 2022 and 2021, see disclosures in the Market Observation Post System.

h. Impairment loss on non-financial assets

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Inventories (included in operating costs)	\$ 35,630	\$ 48,747	\$ 40,648	\$ 72,894
Intangible asset (included in other gains and losses)	686	-	686	-
Investment accounted for using equity method (included in other gains and losses)	-	325,173	-	325,173
Property, plant and equipment (included in other gains and losses)	<u>-</u>	<u>33,964</u>	<u>-</u>	<u>33,964</u>
	<u>\$ 36,316</u>	<u>\$ 407,884</u>	<u>\$ 41,334</u>	<u>\$ 432,031</u>

i. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 450,979	\$ 339,181	\$ 450,979	\$ 407,730
Foreign exchange losses	(333,908)	(165,076)	(374,040)	(215,107)
Valuation loss arising from financial instruments at fair value through profit or loss	<u>(125,613)</u>	<u>(86,873)</u>	<u>(65,665)</u>	<u>(98,408)</u>
	<u>\$ (8,542)</u>	<u>\$ 87,232</u>	<u>\$ 11,274</u>	<u>\$ 94,215</u>

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax benefit recognized in profit or loss

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
In respect of the current year				
Current tax	\$ 13,007	\$ (2,667)	\$ 24,135	\$ 32,315
Deferred tax	<u>1,570</u>	<u>4,075</u>	<u>513</u>	<u>4,782</u>
	<u>14,577</u>	<u>1,408</u>	<u>24,648</u>	<u>37,097</u>
Adjustments for previous years				
Current tax	(47,872)	(31,825)	(91,847)	(68,889)
Deferred tax	<u>32,701</u>	<u>30,064</u>	<u>65,791</u>	<u>30,064</u>
	<u>(15,171)</u>	<u>(1,761)</u>	<u>(26,056)</u>	<u>(38,825)</u>
Income tax benefit recognized in profit or loss	<u>\$ (594)</u>	<u>\$ (353)</u>	<u>\$ (1,408)</u>	<u>\$ (1,728)</u>

b. Income tax assessments

The income tax returns of HTC, HTC Investment Corporation, DeepQ Technology Corp., Uomo Vitruviano Corp. and HungXu TECH Corp. for the years through 2020 have been assessed and approved by the tax authorities.

27. LOSS PER SHARE

	Unit: NT\$ Per Share			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Basic loss per share	\$ (0.91)	\$ (0.68)	\$ (1.82)	\$ (1.92)

The loss and weighted average number of ordinary shares outstanding used for the computation of loss per share are as follows:

Net Loss for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Loss for the period attributable to owners of the parent	\$ (747,946)	\$ (554,691)	\$ (1,503,610)	\$ (1,574,904)

Shares

	Unit: In Thousands of Shares			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic loss per share	824,985	818,659	824,833	818,652

28. DISPOSAL OF SUBSIDIARIES

VRChat Inc. issued new shares in June 2021. The Group did not subscribe for newly issued shares at its existing ownership percentage, which decreased its ownership interest from 50.37% to 36.20%. As the Group lost the control over VRChat, Inc. and its subsidiary, this investment should be accounted for under the equity method.

a. Consideration received from the disposal

	VRChat, Inc. and Its Subsidiary
Total consideration received	\$ -

b. Analysis of assets and liabilities on the date control was lost

	VRChat, Inc. and Its Subsidiary
Current assets	
Cash and cash equivalents	\$ 68,432
Trade receivables	5,868
Current liabilities	
Other payables	(805)
Other current liabilities	<u>(9,565)</u>
Net assets disposed of	<u>\$ 63,930</u>

c. Gain on disposal of subsidiaries

	VRChat, Inc. and Its Subsidiary
Fair value of shares owned	\$ 833,882
Consideration received	-
Net assets disposed of	(63,930)
Non-controlling interests disposed of	31,728
Goodwill disposed of	(62,593)
Effect of foreign currency exchange differences	<u>(2,399)</u>
Gain on disposals	<u>\$ 736,688</u>

d. Net cash outflow on disposal of subsidiaries

	VRChat, Inc. and Its Subsidiary
Consideration received in cash and cash equivalents	\$ -
Less: Cash and cash equivalent balances disposed of	<u>(68,432)</u>
	<u>\$ (68,432)</u>

29. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of HTC were granted 19,000 thousand options in October 2014. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Qualified employees of HTC were granted 1,000 thousand options in August 2015. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Qualified employees of HTC were granted 20 thousand options in May 2019. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Qualified employees of HTC were granted 10,000 thousand options in November 2019. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

The exercise price equals to the closing price of the Company's ordinary shares on the grant date. For any subsequent changes in ordinary shares, the exercise price is adjusted accordingly.

Information on employee share options are as follows:

	For the Six Months Ended June 30			
	2022		2021	
	Number of Shares (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Shares (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance, beginning of period	20,397	\$45.16	30,531	\$45.32
Options granted	(1,750)	35.50	(285)	35.50
Options forfeited	<u>(522)</u>		<u>(2,262)</u>	
Balance, end of period	<u>18,125</u>	45.74	<u>27,984</u>	43.04
Options exercisable, end of period	<u>9,508</u>		<u>11,576</u>	

Information about outstanding options as of the reporting date are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Range of exercise prices (NT\$)	\$35.05-\$134.5	\$35.05-\$149	\$35.05-\$149
Weighted-average remaining contractual life (years)	6.62 years	7.12 years	7.69 years

Options granted in November and May 2019 were priced using the Black-Scholes option pricing model. Options granted in August 2015 and October 2014 were priced using the trinomial option pricing model. The inputs to the model are as follows:

	November 2019	May 2019	August 2015	October 2014
Grant-date share price (NT\$)	\$35.05	\$35.50	\$54.50	\$134.50
Exercise price (NT\$)	\$35.05	\$35.50	\$54.50	\$134.50
Expected volatility	43.64%-44.09%	44.94%-45.01%	39.26%	33.46%
Duration (years)	10 years	10 years	10 years	10 years
Expected dividend yield	-	-	4.04%	4.40%
Risk-free interest rate	0.6125%-0.6348%	0.6082%-0.6224%	1.3965%	1.7021%

Expected volatility was based on the historical share price volatility over the past 1-7 year. The Company assumed that employees would exercise their options after the vesting date when the share price was 1.63 times the exercise price.

Compensation Cost of Share-based Payment Arrangements

Compensation costs of share-based payment arrangements recognized were NT\$21,345 thousand and NT\$67,162 thousand for the six months ended June 30, 2022 and 2021, respectively.

30. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure its ability to continue as a going concern while maximizing the returns to shareholders. The Company periodically reviews its capital structure by taking into consideration macroeconomic conditions, prevailing interest rate, and adequacy of cash flows generated from operations; as the situation would allow, the Company pays dividends, issues new shares, repurchases shares, borrows loans, and pays loans.

The Company is subject to capital structure requirements for the bank syndicated loan, refer to Note 19 to the consolidated financial statements.

31. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments That Are Not Measured at Fair Value

Financial instruments not measured at fair value held by the Company include financial assets measured at amortized cost. Management has determined that the carrying amounts of financial assets not measured at fair value approximate their fair values or their fair values cannot be measured reliably.

Fair Value of Financial Instruments That Are Measured at Fair Value on A Recurring Basis

a. Fair value hierarchy

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	\$ -	\$ 79,889	\$ -	\$ 79,889
Convertible bonds	-	-	348,059	348,059
Warrants	-	-	27,640	27,640
Non-derivative financial assets				
Digital content investment agreement	-	-	11,999	11,999
	<u>\$ -</u>	<u>\$ 79,889</u>	<u>\$ 387,698</u>	<u>\$ 467,587</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 9,573	\$ -	\$ -	\$ 9,573
Domestic unlisted shares	-	-	139,553	139,553
Overseas listed shares	583,538	-	-	583,538
Overseas unlisted equity investments	-	-	3,580,025	3,580,025
	<u>\$ 593,111</u>	<u>\$ -</u>	<u>\$ 3,719,578</u>	<u>\$ 4,312,689</u>
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	<u>\$ -</u>	<u>\$ 145,554</u>	<u>\$ -</u>	<u>\$ 145,554</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	\$ -	\$ 107,071	\$ -	\$ 107,071
Convertible bonds	-	-	309,094	309,094
Warrants	-	-	25,745	25,745
	<u>\$ -</u>	<u>\$ 107,071</u>	<u>\$ 334,839</u>	<u>\$ 441,910</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 30,035	\$ -	\$ -	\$ 30,035
Domestic unlisted shares	-	-	29,792	29,792
Overseas listed shares	77,436	-	-	77,436
Overseas unlisted equity investments	-	-	2,632,696	2,632,696
	<u>\$ 107,471</u>	<u>\$ -</u>	<u>\$ 2,662,488</u>	<u>\$ 2,769,959</u>
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	<u>\$ -</u>	<u>\$ 81,706</u>	<u>\$ -</u>	<u>\$ 81,706</u>

June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	\$ -	\$ 100,021	\$ -	\$ 100,021
Convertible bonds	-	-	315,310	315,310
Warrants	-	-	25,916	25,916
	<u>\$ -</u>	<u>\$ 100,021</u>	<u>\$ 341,226</u>	<u>\$ 441,247</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 36,064	\$ -	\$ -	\$ 36,064
Domestic unlisted shares	-	-	31,563	31,563
Overseas listed shares	71,755	-	-	71,755
Overseas unlisted equity investments	-	-	2,260,715	2,260,715
	<u>\$ 107,819</u>	<u>\$ -</u>	<u>\$ 2,292,278</u>	<u>\$ 2,400,097</u>
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	<u>\$ -</u>	<u>\$ 198,429</u>	<u>\$ -</u>	<u>\$ 198,429</u>

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2022 and 2021.

b. Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2022

Financial Assets	Financial Assets at FVTPL		Financial Assets at FVTOCI Equity	Total
	Derivatives	Others	Instruments	
Balance at January 1, 2022	\$ 334,839	\$ -	\$ 2,662,488	\$ 2,997,327
Recognized in other comprehensive income	-	-	57,038	57,038
Purchases	15,854	11,955	1,033,220	1,061,029
Disposals	-	-	(2,319)	(2,319)
Return of investments	-	-	(8,999)	(8,999)
Transfers out of Level 3	-	-	(244,335)	(244,335)
Transfers into Level 3	-	-	13,961	13,961
Effect of foreign currency exchange differences	<u>25,006</u>	<u>44</u>	<u>208,524</u>	<u>233,574</u>
	<u>\$ 375,699</u>	<u>\$ 11,999</u>	<u>\$ 3,719,578</u>	<u>\$ 4,107,276</u>

For the six months ended June 30, 2021

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI Equity	Total
	Derivatives	Instruments	
Balance at January 1, 2021	\$ 336,918	\$ 1,514,260	\$ 1,851,178
Recognized in other comprehensive income	-	486,245	486,245
Purchases	11,983	409,620	421,603
Return of investments	-	(1,026)	(1,026)
Reclassification	-	(80,101)	(80,101)
Effect of foreign currency exchange differences	<u>(7,675)</u>	<u>(36,720)</u>	<u>(44,395)</u>
Balance at June 30, 2021	<u>\$ 341,226</u>	<u>\$ 2,292,278</u>	<u>\$ 2,633,504</u>

c. Valuation techniques and inputs applied to Level 2 financial instruments at fair value

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

d. Valuation techniques and inputs applied to Level 3 financial instruments at fair value

Fair value measurements categorized within Level 3 of the fair value hierarchy include a digital content investment agreement and investments in equity instruments. The lack of quoted prices in an active market places these financial assets in the Level 3 category. The fair values of digital content investment agreement are determined using the income approach. In this approach, the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The fair values of equity instruments are based on valuation provided by market participants or quoted prices of the counter party. Quantitative information has not been disclosed since the relationship between significant unobservable inputs and fair value cannot be fully controlled.

e. Valuation process for Level 3 financial instruments at fair value

The investment department will assess the reliability, independence, and consistency of the information sources to confirm whether the valuation is representative of the exercise price. Adjustments are made to ensure the rationality of the valuation presented.

f. Sensitivity analysis of Level 3 fair value measurements under replacement assumptions

A sensitivity analysis of replacement assumptions for the valuation of Level 3 financial instruments at fair value is not required since the valuation model used by the Company is reasonable and not internally constructed.

Categories of Financial Instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Financial assets at FVTPL			
Held for trading	\$ 79,889	\$ 107,071	\$ 100,021
Mandatorily at FVTPL	387,698	334,839	341,226
Amortized cost (Note 1)	25,525,048	24,179,757	24,497,959
Financial assets at FVTOCI			
Equity instruments	4,312,689	2,769,959	2,400,097
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	145,554	81,706	198,429
Amortized cost (Note 2)	18,714,457	15,131,930	14,072,589

Note 1: The balances include financial assets measured at amortized cost, which comprise of cash and cash equivalents, other financial assets, notes and trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise of short-term borrowings, notes and trade payables, other payables, agency receipts, long-term borrowings and guarantee deposits received.

Financial Risk Management Objectives and Policies

The Company's major financial instruments include equity and debt investments, trade receivables, other receivables, borrowings, trade payables and other payables. The Company's Corporate Treasury function provides services to the business and coordinates access to domestic and international financial markets. It also monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments and non-derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies, which are approved by the board of directors. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies is reviewed by the internal auditors on a continuous basis. The Company has not entered into or traded financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the Company's audit committee and board of directors in order to monitor risks and implement policies to mitigate risk exposures.

a. Market risk

The activities of the Company exposed it to the financial risks of fluctuations in foreign currency exchange rates. The Company has entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk.

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

1) Foreign currency risk

The Company undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets, monetary liabilities, and derivatives which are exposed to foreign currency risk at the end of the reporting period are set out in Note 36 to the consolidated financial statements.

Sensitivity analysis

The Company was mainly exposed to currency fluctuations of the United States dollar (USD), Euro (EUR), Renminbi (RMB) and Japanese yen (JPY).

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollars ("NTD", the functional currency) against relevant foreign currencies. The sensitivity analysis only included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges. A positive number indicates an increase in pre-tax profit/loss or equity associated with the NTD strengthens 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, there would be an equal and opposite impact on pre-tax profit/loss or equity, and the balances below would be negative.

	Profit or Loss	Equity
<u>For the six months ended June 30, 2022</u>		
USD	\$ 66,336	\$ (91,066)
EUR	(8,376)	(6,225)
RMB	(2,159)	(64,775)
JPY	(1,059)	(2,349)
<u>For the six months ended June 30, 2021</u>		
USD	75,303	(139,414)
EUR	(4,263)	(6,517)
RMB	(3,044)	(61,878)
JPY	(2,132)	(2,696)

2) Interest rate risk

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

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Financial assets	\$ 18,155,153	\$ 13,336,607	\$ 9,509,739
Financial liabilities	179,058	191,895	85,384
Cash flow interest rate risk			
Financial assets	15,905	16,449	16,956
Financial liabilities	8,650,000	4,600,000	3,020,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the period was outstanding for the whole year. A sensitivity rate of 0.1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax profit/loss for the six months ended June 30, 2022 and 2021 would have increased/decreased by NT\$4,317 thousand and NT\$1,502 thousand, respectively.

3) Other price risk

The Company was exposed to equity price risk through its investments in convertible bonds, warrants, domestic listed shares and emerging market shares, domestic unlisted shares, overseas listed shares and overseas unlisted shares.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2022 and 2021 would have increased/decreased by NT\$3,877 thousand and NT\$3,412 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2022 and 2021 would have increased/decreased by NT\$43,127 thousand and NT\$24,001 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

b. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparty to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets. The Company does not issue any financial guarantee involving credit risk.

The Company basically 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 credit risk information of trade receivables is disclosed in Note 10 to the consolidated financial statements.

c. Liquidity risk

The Company manages liquidity risk to ensure that the Company possesses sufficient financial flexibility by maintaining adequate reserves of cash and cash equivalents and reserving financing facilities, and also monitors liquidity risk of shortage of funds by the maturity date of financial instruments and financial assets.

1) Liquidity risk tables for non-derivative financial liabilities

The following table details the Company'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 Company can be required to pay.

June 30, 2022

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
Short-term borrowings	\$ 2,650,000	\$ -	\$ -
Notes and trade payables	414,727	5,320,568	-
Other payables	2,691,991	1,442,976	-
Lease liabilities	17,893	42,472	130,320
Agency receipts	41,975	-	-
Long-term borrowings	-	-	6,000,000
Guarantee deposits received	-	-	152,220
	<u>\$ 5,816,586</u>	<u>\$ 6,806,016</u>	<u>\$ 6,282,540</u>

December 31, 2021

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
Short-term borrowings	\$ 1,600,000	\$ 1,000,000	\$ -
Notes and trade payables	458,738	5,005,800	-
Other payables	3,031,207	1,825,812	-
Lease liabilities	14,303	46,150	145,760
Agency receipts	48,309	-	-
Long-term borrowings	-	-	2,000,000
Guarantee deposits received	-	-	162,064
	<u>\$ 5,152,557</u>	<u>\$ 7,877,762</u>	<u>\$ 2,307,824</u>

June 30, 2021

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
Short-term borrowings	\$ 600,000	\$ 920,000	\$ -
Notes and trade payables	669,253	5,038,869	-
Other payables	3,105,791	2,019,689	-
Lease liabilities	13,399	31,532	49,396
Agency receipts	49,847	-	-
Long-term borrowings	-	-	1,500,000
Guarantee deposits received	-	-	169,140
	<u>\$ 4,438,290</u>	<u>\$ 8,010,090</u>	<u>\$ 1,718,536</u>

2) Liquidity risk tables for derivative financial instruments

The following table details the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

June 30, 2022

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
<u>Net settled</u>			
Foreign exchange contracts	<u>\$ 26,898</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Gross settled</u>			
Foreign exchange contracts			
Inflows	\$ 17,644,688	\$ -	\$ -
Outflows	<u>(17,733,298)</u>	<u>-</u>	<u>-</u>
	<u>\$ (88,610)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
<u>Net settled</u>			
Foreign exchange contracts	\$ <u>10,091</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Gross settled</u>			
Foreign exchange contracts			
Inflows	\$ 25,491,810	\$ -	\$ -
Outflows	<u>(25,477,732)</u>	<u>-</u>	<u>-</u>
	\$ <u>14,078</u>	\$ <u>-</u>	\$ <u>-</u>

June 30, 2021

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
<u>Net settled</u>			
Foreign exchange contracts	\$ <u>30,713</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Gross settled</u>			
Foreign exchange contracts			
Inflows	\$ 24,475,160	\$ -	\$ -
Outflows	<u>(24,588,729)</u>	<u>-</u>	<u>-</u>
	\$ <u>(113,569)</u>	\$ <u>-</u>	\$ <u>-</u>

3) Bank credit limit

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured bank general credit limit			
Amount used	\$ 3,827,058	\$ 2,780,007	\$ 1,715,334
Amount unused	<u>8,327,752</u>	<u>9,137,538</u>	<u>11,247,509</u>
	\$ <u>12,154,810</u>	\$ <u>11,917,545</u>	\$ <u>12,962,843</u>
Secured bank overdraft facilities:			
Amount used	\$ 5,000,000	\$ 2,000,000	\$ 1,500,000
Amount unused	<u>-</u>	<u>3,000,000</u>	<u>3,500,000</u>
	\$ <u>5,000,000</u>	\$ <u>5,000,000</u>	\$ <u>5,000,000</u>

Amount used included short-term borrowings, long-term borrowings, guarantees for customs duties and patent litigation.

32. RELATED-PARTY TRANSACTIONS

Balances, transactions, revenue and expenses between HTC and its subsidiaries, which are related parties of HTC, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

The Names and Relationships of Related-party

Related-party	Relationship with the Company
VIA Technologies Inc.	Its chairman is HTC's director
Xander International Corp.	Its chairman is HTC's director
VIA Labs, Inc.	Its chairman is HTC's director
HTC Education Foundation	Its chairman is HTC's director
Nan Ya Plastics Corporation	Its director and HTC's chairwoman are relatives
Employees' Welfare Committee	Employees' Welfare Committee of HTC
VIA Technologies (China) Co., Ltd.	The chairman of its parent company is HTC's director
Premier Investment & Consultant (Shanghai) Co., Ltd.	Its chairwoman is HTC's chairwoman
Chengdu Weiai New Economic Technology Institute	Subsidiary of associates
Weishang Electronics (Shanghai) Co., Ltd.	Related party in substance
Kun Chang Investment Co., Ltd.	Its director is HTC's chairwoman
Shanghai Property Management (Shanghai) Co., Ltd.	Related party in substance
Shanghai Property Management (Shenzhen) Co., Ltd.	Subsidiary of related party in substance
TVBS Media Inc.	Its chairman is HTC's director
HTC Social Welfare and Charity Foundation	Its chairman is HTC's director
Chinese Christian Faith and Love Foundation	Its director is HTC's chairwoman

Operating Sales

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Other related parties	\$ -	\$ 3,180	\$ 117	\$ 3,867

For sales other than those that are made solely to related parties, the terms and prices offered to related parties are more favorable than those to third parties.

Purchase

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Other related parties	\$ 1,042	\$ 1,610	\$ 2,741	\$ 3,452

The following balances of trade payables from related parties were outstanding at the end of the reporting period:

	June 30, 2022	December 31, 2021	June 30, 2021
Other related parties	\$ 1,510	\$ 1,262	\$ 2,625

Purchase prices for related parties and third parties were similar. The outstanding balance of trade payables to related parties are unsecured and will be settled in cash.

Remuneration of Key Management Personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term benefits	\$ 34,092	\$ 29,908	\$ 71,509	\$ 55,676
Post-employment benefits	408	345	650	523
Share-based payments	<u>1,586</u>	<u>1,619</u>	<u>3,007</u>	<u>4,148</u>
	<u>\$ 36,086</u>	<u>\$ 31,872</u>	<u>\$ 75,166</u>	<u>\$ 60,347</u>

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

Lease Liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
VIA Technologies (China) Co., Ltd.	\$ 7,150	\$ 13,840	\$ 16,864
Premier Investment & Consultant (Shanghai) Co., Ltd.	14,180	17,461	22,098
Weishang Electronics (Shanghai) Co., Ltd.	<u>-</u>	<u>-</u>	<u>34,967</u>
	<u>\$ 21,330</u>	<u>\$ 31,301</u>	<u>\$ 73,929</u>

Finance Costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
VIA Technologies (China) Co., Ltd.	\$ 104	\$ 247	\$ 244	\$ 532
Premier Investment & Consultant (Shanghai) Co., Ltd.	153	259	332	545
Weishang Electronics (Shanghai) Co., Ltd.	<u>-</u>	<u>400</u>	<u>-</u>	<u>843</u>
	<u>\$ 257</u>	<u>\$ 906</u>	<u>\$ 576</u>	<u>\$ 1,920</u>

Lease Expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
VIA Technologies (China) Co., Ltd.	\$ 170	\$ 221	\$ 394	\$ 445
Other related parties	<u>197</u>	<u>502</u>	<u>251</u>	<u>847</u>
	<u>\$ 367</u>	<u>\$ 723</u>	<u>\$ 645</u>	<u>\$ 1,292</u>

The Company leased offices, staff dormitory and meeting rooms owned by VIA Technologies (China) Co., Ltd., Weishang Electronics (Shanghai) Co., Ltd. Premier Investment & Consultant (Shanghai) Co., Ltd and other related party under an operating lease agreement, respectively. The rental payment is determined at the prevailing rates in the surrounding area.

Other Related-party Transactions

Other related parties provide property management, digital photography and consultancy service. The cost and fees were NT\$2,194 thousand, NT\$2,185 thousand, NT\$4,475 thousand and NT\$4,365 thousand for the three months and six months ended June 30, 2022 and 2021, respectively.

As of June 30, 2022, December 31, 2021 and June 30, 2021, the outstanding balances of other payables to related parties were NT\$1,243 thousand, NT\$1,062 thousand and NT\$861 thousand, respectively.

The Company collects property management fees and utility fees from other related companies. Other income was NT\$1,568 thousand, NT\$1,521 thousand, NT\$4,578 thousand and NT\$4,528 thousand for the three months and six months ended June 30, 2022 and 2021, respectively.

33. PLEDGED ASSETS

As of June 30, 2022, December 31, 2021 and June 30, 2021, time deposits and demand deposits classified as other financial assets totaled NT\$173,316 thousand, NT\$161,525 thousand and NT\$162,584 thousand, respectively. These deposits were provided as collateral for rental deposits, customs duties, patent litigation, supplier contract and performance bonds.

The following assets were pledged as collateral for bank borrowings:

	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment			
Land	\$ 3,337,100	\$ 3,337,100	\$ 3,337,100
Buildings	1,037,208	1,077,194	1,124,138
Investment properties	<u>741,914</u>	<u>781,774</u>	<u>815,997</u>
	<u>\$ 5,116,222</u>	<u>\$ 5,196,068</u>	<u>\$ 5,277,235</u>

34. COMMITMENTS, CONTINGENCIES AND SIGNIFICANT CONTRACTS

On the basis of its past experience and consultations with its legal counsel, the Company has measured the possible effects of the contingent lawsuits on its business and financial condition.

35. OTHER ITEMS

Due to the impact of the COVID-19 pandemic for the six months ended June 30, 2022 and 2021, some of the Company's subsidiaries, customers and suppliers were forced to implement quarantine measures. After an overall assessment by the management, there was no significant impact on the Company's operation, financial statements and as well as going concern assumption.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information includes foreign currencies other than functional currencies of the group entities. Exchange rates between foreign currencies and respective functional currencies are disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

Unit: In Thousands of each Foreign Currency

	June 30, 2022		December 31, 2021		June 30, 2021	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
<u>Financial assets</u>						
Monetary items						
USD	\$ 864,051	29.72	\$ 957,221	27.68	\$ 950,971	27.87
EUR	71,980	31.05	80,495	31.30	83,121	33.16
JPY	2,927,730	0.2182	5,194,712	0.2404	5,792,118	0.2521
RMB	1,328,433	4.44	1,858,227	4.34	1,781,764	4.31
Non-monetary items						
USD	137,788	29.72	107,999	27.68	93,983	27.87
RMB	102,705	4.44	12,717	4.34	12,717	4.31
Investments accounted for using the equity method						
USD	11,330	29.72	4,833	27.68	19,583	27.87
RMB	21,175	4.44	21,433	4.34	21,562	4.31
<u>Financial liabilities</u>						
Monetary items						
USD	729,109	29.72	901,370	27.68	804,706	27.87
EUR	53,656	31.05	56,167	31.30	64,500	33.16
JPY	2,085,834	0.2182	4,248,025	0.2404	4,605,463	0.2521
RMB	382,936	4.44	791,716	4.34	670,895	4.31

For the six months ended June 30, 2022 and 2021, realized and unrealized net foreign exchange gain were NT\$11,274 thousand and NT\$94,215 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the Company's entities.

37. SIGNIFICANT CONTRACTS

The Company specializes in the research, design, manufacture and sale of smart mobile devices and virtual reality devices. To enhance the quality of its products and manufacturing technologies, the Company has patent agreements, as follows:

Contract Type	Contractor	Term	Description	Restrictive Covenants
Patent License	Qualcomm Incorporated	December 20, 2000 to the following dates: a. If the Company materially breaches any agreement terms and fails to take remedial action within 30 days after Qualcomm's issuance of a written notice, the Company will be prohibited from using Qualcomm's property or patents.	Authorization to use CDMA technology to manufacture and sell units, royalty payment based on agreement.	No

(Continued)

Contract Type	Contractor	Term	Description	Restrictive Covenants
Patent License	Qualcomm Incorporated	b. Any time when the Company is not using any of Qualcomm's intellectual property, the Company may terminate this agreement upon 60 days' prior written notice to Qualcomm.		
Patent License	InterDigital Technology Corporation	December 31, 2003 to the expiry dates of these patents stated in the agreement.	Authorization to use TDMA and CDMA technologies; royalty payment based on agreement.	No
Patent License	KONINKLIJKE PHILIPS N.V.	December 23, 2019 - December 31, 2024	Authorization to use UMTS/LTE patents and portable feature patents; royalty payment based on agreement.	No

(Concluded)

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities) (Table 1)
- 4) Marketable securities acquired or disposed of at cost or prices of at least NT\$300 million or 20% of the paid-in capital (Table 2)
- 5) Acquisition of individual real estate at cost 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 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (Note 7)
- 10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them (Table 8)
- 11) Information on investees (Table 5)

b. Information on investments in mainland China

- 1) Information on investee companies in mainland China, including the name, principal business activities, paid-in capital, accounting 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 year, repatriations of investment income, and limit on the amount of investment in mainland China (Table 6)
- 2) Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, their prices, payment terms and unrealized gains or losses (Table 7):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resulting gains or losses
 - d) The balance of negotiable instrument endorsements, guarantees or pledges of collateral at the end of the year and their purposes
 - e) The most significant balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: Names of shareholders with ownership of 5% or more, number of shares owned and the percentage of ownership of each shareholder (Table 9).

39. SEGMENT INFORMATION

The Company is organized and managed as a single reportable business segment. The Company's operations are mainly in the research, design, manufacture and sale of virtual reality devices and smart mobile devices. Revenue from these operations is more than 90% of the total revenue. The Company is considered a single segment. The basis of information reported to the chief operating decision maker is the same as the financial statements. Thus, the segment revenue and results for the six months ended June 30, 2022 and 2021 can be found in the consolidated statements of comprehensive income and the segment assets and liabilities as of June 30, 2022 and 2021 can be referred to in the consolidated balance sheets.

TABLE 1

HTC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES)

JUNE 30, 2022

(In Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC Corporation	<u>Listed shares</u> VIA Technologies, Inc.	Its chairman is HTC's director	Financial assets at fair value through other comprehensive income - non-current	8.5	\$ 408	-	\$ 408	Note 1
	<u>Unlisted shares</u> Hua-Chuang Automobile Information Technical Center Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	
	Bandrich, Inc.	-	"	2,025	1,404	9.96	1,404	
	InfoKeyVault Technology Co., Ltd.	-	"	1,000	100,000	14.29	100,000	
H.T.C. (B.V.I.) Corp.	<u>Listed shares</u> SoundHound AI, Inc.	-	Financial assets at fair value through other comprehensive income - current	5,873	467,807	-	467,807	Note 3
	<u>Unlisted equity investments</u> GSUO Inc.	-	Financial assets at fair value through other comprehensive income - non-current	30,888	-	10.32	-	
	KKBOX Inc.	-	"	1.19	283,429	8.28	283,429	
	Magnet Systems, Inc.	-	"	5,560	-	17.10	-	
	High Fidelity, Inc.	-	"	451	34,647	1.40	34,647	
	WEVR, Inc.	-	"	2,916	355,624	17.01	355,624	
	Radd3, Inc.	-	"	935	-	6.24	-	
	MobiSocial Incorporated	-	"	121	7,505	0.41	7,505	
	EMISSIVE	-	"	17	32,112	-	32,112	
	MyndVR Inc.	-	"	700	8,917	2.45	8,917	
	Baobab Studios Inc.	-	"	434	52,014	1.90	52,014	
	Bitmark Inc.	-	"	257	5,350	-	5,350	
	WI Harper Fund VII	-	"	-	126,631	-	126,631	
	TransLink Capital Fund Partners II, L.P.	-	"	-	466,235	-	466,235	
	WI Harper Fund IX	-	"	-	37,020	-	37,020	
	Race capital	The co-founder of the fund is a senior executive of the company	"	-	286,557	-	286,557	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
H.T.C. (B.V.I.) Corp.	<u>Convertible bonds</u> Bitmark Inc.	-	Financial assets at fair value through profit or loss - non-current	-	\$ 14,861	-	\$ 14,861	Note 2
	Steelwool	-	"	-	7,282	-	7,282	
	Cognitive VR	-	"	-	7,431	-	7,431	
HTC Investment Corporation	<u>Unlisted shares</u> Luminous Optical Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	501	24,188	10.02	24,188	
	HLJ technology Co., Ltd.	-	"	948	13,961	1.02	13,961	
	<u>Listed shares</u> Sino-American silicon products Inc.	-	Financial assets at fair value through other comprehensive income - non-current	65	9,165	0.01	9,165	
HTC Investment (BVI) Corp.	<u>Listed shares</u> Intuit Inc.	-	Financial assets at fair value through other comprehensive income - current	1.5	17,138	-	17,138	
	Coinbase Global, Inc.	-	"	7	10,161	-	10,161	
	Matterport, Inc.	-	"	315	34,308	-	34,308	
	Vicarious Surgical Inc.	-	"	619	54,124	-	54,124	
	<u>Unlisted equity investments</u> Lumus Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	28	44,583	0.50	44,583	
	Event X	-	"	1,466	118,888	6.80	118,888	
	Imverse SA	-	"	-	32,271	-	32,271	
	XRHealth, Inc	-	"	195	148,610	5.8	148,610	
	Anzu Virtual Reality Ltd.	-	"	-	106,999	-	106,999	
	Felicis Ventures II LP	-	"	-	100,728	-	100,728	
	Rothenberg Ventures 2015 Fund, LLC	-	"	-	-	-	-	
	Presence Capital Fund I, LP	-	"	-	132,508	-	132,508	
	Ally Bridge Group	-	"	-	242,133	-	242,133	
	Ally Bridge Group-CMRCO	-	"	-	282,099	-	282,099	
	Cherubic Ventures	-	"	-	68,079	-	68,079	
	BITKRAFT Ventures Fund II, L.P.	-	"	-	35,666	-	35,666	
	Tripp.Inc	-	"	389	17,833	-	17,833	
	<u>Convertible bonds</u> Modrokk Inc.	-	Financial assets at fair value through profit or loss - non-current	-	178,332	-	178,332	
	Canopy Technologies Limited	-	"	-	7,431	-	7,431	
	Wonderland GmbH	-	"	-	16,199	-	16,199	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC VIVE Investment (BVI) Corp.	Unlisted shares							
	Drop Software Inc.	-	Financial assets at fair value through other comprehensive income - non-current	813	\$ -	10.00	\$ -	
	Fish Bowl VR, Inc.	-	"	36	594	6.00	594	
	Apmetrix, Inc.	-	"	36	-	2.74	-	
	CleVR Forever, Inc.	-	"	300	-	3.33	-	
	Immersv, Inc.	-	"	655	10,720	2.21	10,720	
	Surreal VR, Inc.	-	"	644	-	7.03	-	
	Augmented Intelligence, Inc.	-	"	700	1,486	7.00	1,486	
	Opaque Productions, Inc.	-	"	1	2,972	8.00	2,972	
	Glowstick Entertainment Inc.	-	"	800	1,783	8.00	1,783	
	KALEIDOSCOPE VR INC.	-	"	700	-	7.00	-	
	LyraVR, Inc.	-	"	81	1,783	7.50	1,783	
	BreqLabs, Inc.	-	"	261	743	8.00	743	
	LumiereVR, Inc	-	"	870	743	8.00	743	
	The Metaverse Channel Inc.	-	"	8	743	8.00	743	
	Metaverse Technology Limited	-	"	8	773	8.00	773	
	Subdream Studios Inc.	-	"	45	-	1.00	-	
	Appnori Inc.	-	"	-	2,081	7.02	2,081	
	Snobal Pty Ltd	-	"	-	1,189	6.54	1,189	
	VRANI Inc.	-	"	17	1,486	4.00	1,486	
	COGNITIVE VR INC.	-	"	280	-	2.01	-	
	Limitless Entertainment, Limited	-	"	24	-	0.75	-	
	AuroraTech Company	-	"	800	-	8.00	-	
	Realiteer Corp.	-	"	720	-	6.00	-	
	Construct Studio Inc.	-	"	565	-	7.00	-	
	Forbidden Mechanism Inc.	-	"	354	-	10.00	-	
	Hyperfair Inc.	-	"	835	-	4.00	-	
	bHaptics Inc.	-	"	9	30	3.00	30	
	Opaque X PTY LTD	-	"	1	2,972	7.50	2,972	
	Xikaku Inc.	-	"	600	2,081	6.00	2,081	
	Broken Colors Inc.	-	"	-	-	6.02	-	
	Soccer Science, S.L.	-	"	6	-	5.00	-	
	Fitix Visualization Ltd	-	"	129	-	6.00	-	
	PlusOne, Inc.	-	"	538	-	7.00	-	
	Invrse Reality Limited	-	"	1,600	-	8.00	-	
	ByondVR LTD	-	"	18	-	1.50	-	
	Wondergate holding (Cayman) Limited	-	"	2,041	-	2.00	-	
	Intugame Inc.	-	"	490	727	7.00	727	
	ThermoReal Inc.	-	"	0.18	1,486	3.00	1,486	
	Mixed Realms Pte. Ltd.	-	"	-	1,783	4.00	1,783	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC VIVE Investment (BVI) Corp.	<u>Unlisted shares</u>							
	Red Pill Lab Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	50	\$ 1,486	8.00	\$ 1,486	
	COVER CORPORATION	-	"	5	1,367	1.43	1,367	
	VRCOLLAB PTE. LTD.	-	"	1	1,783	8.00	1,783	
	Looxid Labs Inc.	-	"	2	310	1.00	310	
	360Stories Corp.	-	"	213	2,081	-	2,081	
	Z-Emotion	-	"	-	149	-	149	
	eLoupes, Inc.	-	"	959	8,025	-	8,025	
	Fable Studio Inc.	-	"	-	4,458	-	4,458	
	Maze Theory Ltd.	-	"	34	3,477	2.92	3,477	
	DatavizVR	-	"	-	4,458	-	4,458	
	Neurable Inc.	-	"	67	3,567	-	3,567	
	Nanome Inc.	-	"	80	4,458	-	4,458	
	Mindesk Inc.	-	"	944	3,567	-	3,567	
	Karuna Labs	-	"	211	4,458	1.90	4,458	
	Talespin LLC	-	"	1,116	8,916	0.76	8,916	
	Vivid Vision	-	"	-	4,458	-	4,458	
	Brinx Software	-	"	-	4,458	-	4,458	
	<u>Convertible bonds</u>							
	Drop Software Inc.	-	Financial assets at fair value through profit or loss - non-current	-	2,378	-	2,378	
	Fish Bowl VR, Inc.	-	"	-	2,972	-	2,972	
	Apmetrix, Inc.	-	"	-	5,944	-	5,944	
	CleVR Forever, Inc.	-	"	-	3,567	-	3,567	
	Surreal VR, Inc.	-	"	-	3,567	-	3,567	
	Realiteer Corp.	-	"	-	2,972	-	2,972	
	KALEIDOSCOPE VR INC.	-	"	-	3,567	-	3,567	
	COGNITIVEVR INC.	-	"	-	3,567	-	3,567	
	Limitless Entertainment, Limited	-	"	-	4,458	-	4,458	
	AuroraTech Company	-	"	-	2,229	-	2,229	
	Construct Studio Inc.	-	"	-	3,567	-	3,567	
	Forbidden Mechanism Inc.	-	"	-	5,944	-	5,944	
	Hyperfair Inc.	-	"	-	3,567	-	3,567	
	Broken Colors Inc.	-	"	-	1,486	-	1,486	
	Soccer Science, S.L.	-	"	-	2,229	-	2,229	
	Fitix Visualization Ltd	-	"	-	1,486	-	1,486	
	PlusOne, Inc.	-	"	-	1,486	-	1,486	
	Invrse Reality Limited	-	"	-	2,229	-	2,229	
	ByondVR LTD	-	"	-	2,972	-	2,972	
	Cloudgate Studio, Inc.	-	"	-	3,567	-	3,567	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC VIVE Investment (BVI) Corp.	<u>Convertible bonds</u> Apelab, Inc.	-	Financial assets at fair value through profit or loss - non-current	-	\$ 4,458	-	\$ 4,458	
	Quantum Capture	-	"	-	4,458	-	4,458	
	Intugame Inc.	-	"	-	2,839	-	2,839	
	Pillow's Willow VR Studios B.V.	-	"	-	2,229	-	2,229	
	Modal System Inc.	-	"	-	2,972	-	2,972	
	MyndVR LLC	-	"	-	4,079	-	4,079	
	Immersv, Inc.	-	"	-	2,885	-	2,885	
	Yerba Buena VR	-	"	-	2,972	-	2,972	
	Prime Software	-	"	-	2,972	-	2,972	
	Kagenova Ltd	-	"	-	3,929	-	3,929	
	JCR Group Ltd	-	"	-	4,939	-	4,939	
	Extended Reality	-	"	-	4,458	-	4,458	
	ORamaVR	-	"	-	4,458	-	4,458	
	Imaged Reality	-	"	-	5,121	-	5,121	
	<u>Exchange contracts</u> Realities.io Inc.	-	Financial assets at fair value through profit or loss - non-current	-	3,567	-	3,567	
	Subdream Studios Inc.	-	"	-	4,458	-	4,458	
	Rogue Initiative, LLC	-	"	-	5,944	-	5,944	
	Directive Games Limited	-	"	-	1,486	-	1,486	
	Visby Camera Corporation	-	"	-	2,972	-	2,972	
	LIV Inc.	-	"	-	2,972	-	2,972	
	Six Degrees Space Ltd	-	"	-	1,783	-	1,783	
	Tvori Inc.	-	"	-	4,458	-	4,458	
HTC America Content Services, Inc.	<u>Digital content investment agreement</u> Production Committee of "Birdie Wing-Golf Girl's Story"	-	Financial assets at fair value through profit or loss - non-current	-	11,999	-	11,999	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC Electronics (Shanghai) Co., Ltd.	Unlisted equity investments							
	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership (Limited Partnership)	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 66,677	-	\$ 66,677	
	Kunqiao Phase II (Xiamen) Semiconductor Industry Equity Investment Partnership (Limited partnership)	-	"	-	333,544	-	333,544	

Note 1: Hua-Chuang Automobile Information Technical Center Co., Ltd. increased its share capital on August 17, 2020. The Company did not subscribe for these newly issued shares at its existing ownership percentage, thus its shareholding ratio decreased.

Note 2: On January 7, 2022, HLJ technology Co., Ltd. terminated the trading of emerging shares, which were unlisted shares.

Note 3: On April 28, 2022, SoundHound Inc. consummated the transactions completed by the merge agreement with SPAC, and changed its name to SoundHound AI, Inc., shares of which were listed on NASDAQ.

(Concluded)

TABLE 2

HTC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COST OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance (Note)	
					Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares (In Thousands)	Amount
HTC Electronics (Shanghai) Co., Ltd.	Unlisted equity investments Kunqiao Phase II (Xiamen) Semiconductor Industry Equity Investment Partnership (Limited Partnership)	Financial assets at fair value through other comprehensive income - non-current	Kunqiao Phase II (Xiamen) Semiconductor Industry Equity Investment Partnership (Limited Partnership)	None	-	\$ -	-	\$ 326,390	-	\$ -	\$ -	\$ -	-	\$ 333,544

Note: The amount at the end of the period includes unrealized gains or losses on investments in equity instruments at FVTOCI.

TABLE 3

HTC CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
HTC Corporation	HTC America Inc.	Grandson company	Sales	\$ (389,170)	(23)	60 days	More favorable than unrelated parties	Similar to unrelated parties	\$ (15,948)	(7)	
	HTC Communication Co., Ltd.	Grandson company	Sales	(252,811)	(15)	30 days	More favorable than unrelated parties	Similar to unrelated parties	7,303	3	
HTC America Inc.	HTC Corporation	Parent company	Purchases	389,170	83	60 days	No comparable unrelated parties	Similar to unrelated parties	15,948	99	
HTC Communication Co., Ltd.	HTC Corporation	Parent company	Purchases	252,811	100	30 days	No comparable unrelated parties	Similar to unrelated parties	(7,303)	(100)	

TABLE 4

HTC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
HTC EUROPE CO., LTD.	HTC Corporation	Parent company	\$ 456,816	-	\$ -	-	\$ -	\$ -
HTC (Australia and New Zealand) PTY LTD.	HTC Corporation	Parent company	196,951	0.13	-	-	-	-
HTC HK, Limited	HTC Corporation	Parent company	152,127	0.12	-	-	-	-
HTC America Innovation Inc.	HTC Corporation	Parent company	258,268	0.78	-	-	-	-
HungXu TECH Corp.	HTC Corporation	Parent company	213,796	4.00	-	-	75,000	-

TABLE 5

HTC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENTS IN MAINLAND CHINA)
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
HTC Corporation	H.T.C. (B.V.I.) Corp.	3F, J&C Building, P.O. Box 362, Road Town, Tortola, British Virgin Islands	International holding company and general investing activities	\$ 4,517,708	\$ 4,517,708	1,476,202	100.00	\$ 3,040,494	\$ 188,397	\$ 188,397	Note 1
	High Tech Computer Asia Pacific Pte. Ltd.	#13-00 Robinson 77 Singapore 068896	International holding company; marketing, repair and after-sales services	17,202,180	17,202,180	562,534	100.00	20,834,236	145,626	145,626	
	HTC Investment Corporation	1F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	General investing activities	300,000	300,000	30,000	100.00	136,514	237	237	
	PT. High Tech Computer Indonesia	PLAZA SEMANGGI 7th Floor, unit No. Z07-006 Kawasan Bisnis Granadha Jl. Jend. Sudirman Kav. 50 Jakarta-12930 Indonesia	Marketing, repair and after-sales services	62	62	2	1.00	62	27	-	
	HTC Holding Cooperatief U.A.	Strawinskylaan 3127, 8th Floor, 1077 ZX Amsterdam, the Netherlands	International holding company	13	13	-	0.01	13	33,426	-	
	HTC Investment One (BVI) Corporation	3F, J&C Building, P.O. Box 362, Road Town, Tortola, British Virgin Islands	Holding S3 Graphics Co., Ltd. and general investing activities	10,006,434	10,006,434	333,733	100.00	395,099	(256)	(256)	
	HTC Investment (BVI) Corp.	3F, J&C Building, P.O. Box 362, Road Town, Tortola, British Virgin Islands	General investing activities	832,990	832,990	26,000	100.00	3,660,961	(12,689)	(12,689)	
	HungXu Holding (BVI) Corp.	3F, J&C Building, P.O. Box 362, Road Town, Tortola, British Virgin Islands	International holding company	234,324	234,324	7,000	100.00	212,716	12,042	12,042	
	HTC VIVE Investment (BVI) Corp.	3rd Floor, J & C Building P.O. Box 362 Road Town, Tortola British Virgin Islands, VG1110	General investing activities	302,807	302,807	10,000	100.00	308,993	171	171	
	DeepQ Holding (BVI) Corp.	3rd Floor, J & C Building P.O. Box 362 Road Town, Tortola British Virgin Islands, VG1110	International holding company	498,565	498,565	16,500	100.00	297,590	(41,157)	(41,157)	
	HTC Smartphone (BVI) Corp.	3rd Floor, J&C Building, P.O. Box 362, Road Town, Tortola, British Virgin Islands, VG1110	International holding company	1,004	1,004	33	100.00	606	-	-	
	HTC VR Content (BVI) Corp.	3rd Floor, J&C Building, P.O. Box 362, Road Town, Tortola, British Virgin Islands, VG1110	International holding company	52,518	52,518	1,710	100.00	37,503	(6,693)	(6,693)	
	REIGN Technology Corporation	12F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Construction, application and after-sales services of 5G	140,000	40,000	14,000	100.00	96,454	(35,596)	(35,596)	Note 4
	Viveport Digital Corporation	11F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	VR platform software development and marketing services	160,000	60,000	16,000	100.00	47,503	(95,442)	(95,442)	Note 5
H.T.C. (B.V.I.) Corp.	East West Artists, LLC	5200 W Century Blvd Suite 701, Los Angeles, CA 90045, US	Human resources management	38,386	38,386	1,200	30.00	-	-	-	
	Steel Wool Games Inc.	95 Linden St Suite 4, Oakland, CA 94607	Development of virtual reality contents	171,870	171,870	10,822	49.00	277,854	417,027	204,342	
	Surgical Theater, LLC	781 BETA DRIVE MAYFIELD VILLAGE, OHIO 44143 USA	Development of virtual reality contents	437,595	437,595	46	16.30	-	-	-	
	MOR Museum Inc.	1601-1252 Hornby Street, Vancouver, BC V6Z 0A3 Canada	Development of virtual reality contents	49,344	49,344	437	25.00	4,798	(4,676)	(1,169)	
	Engage XR Holdings PLC	Unit 9 Cleaboy Business Park, Old Kilmeaden Road, Waterford X91 Ax83, Ireland	Development of virtual reality contents	100,943	100,943	48,284	16.64	54,092	(88,767)	(14,771)	

(Continued)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
High Tech Computer Asia Pacific Pte. Ltd.	HTC (Australia and New Zealand) PTY LTD.	SUITE 1 LEVEL 7, 460-62 YORK STREET, SYDNEY NSW 2000	Marketing, repair and after-sales services	\$ 117,871	\$ 117,871	400	100.00	\$ 192,518	\$ 412	\$ 412	
	HTC Philippines Corporation	UNIT 32 3/F WORLDNET BUSINESS CENTER ZETA BLDG 191, SALCEDO ST LEGASPI VILLAGE, MAKATI CITY 1229	Marketing, repair and after-sales services	6,596	6,596	859	100.00	6,017	-	-	
	PT. High Tech Computer Indonesia	PLAZA SEMANGGI 7th Floor, unit No. Z07-006 Kawasan Bisnis Granadha Jl. Jend. Sudirman Kav. 50 Jakarta-12930 Indonesia	Marketing, repair and after-sales services	6,122	6,122	186	99.00	3,983	27	27	
	HTC (Thailand) Limited	No. 87/1 Unit 1604-6, 16th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand	Marketing, repair and after-sales services	23,427	23,427	10,000	100.00	42,014	(169)	(169)	
	HTC India Private Limited	C-109 and C-110, First Floor, M3M, Cosmopolitan, Golf Course Exption Road, Gurugram, Haryana-122002	Marketing, repair and after-sales services	4,094	4,094	495	99.00	138,425	(405)	(401)	
	HTC Malaysia Sdn. Bhd.	UNIT 30-01, LEVEL 30, TOWER A, VERTICAL BUSINESS SUITE, AVENUE 3, BANGSAR SOUTH, NO. 8, JALAN KERINCHI, 59200 KUALA LUMPUR, MALAYSIA	Marketing, repair and after-sales services	-	2,313	-	-	-	(33)	(33)	Note 6
	HTC HK, Limited	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	International holding company; marketing, repair and after-sales services	151,634	151,634	37,626	100.00	4,410,857	53,168	53,168	
	HTC Holding Cooperatief U.A.	Van Boshuizenstraat 12 unit 1.25, 1083 BA Amsterdam, the Netherlands	International holding company	6,815,370	6,815,370	-	99.99	9,656,119	33,426	33,426	Note 2
HTC Investment One (BVI) Corporation	S3 Graphics, Co., Ltd.	P.O. Box 709 George Town Grand Cayman	Design, research and development of graphics technology	9,033,450	9,033,450	386,339	100.00	92,469	-	-	
HTC Holding Cooperatief U.A.	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Human resources management	37	37	0.5	1.00	49	(8)	-	
	HTC Netherlands B.V.	Van Boshuizenstraat 12 unit 1.25, 1083 BA Amsterdam, the Netherlands	International holding company; marketing, repair and after-sales services	7,050,037	7,050,037	143,882	100.00	9,667,083	33,738	33,738	Note 2
	HTC India Private Limited	C-109 and C-110, First Floor, M3M, Cosmopolitan, Golf Course Exption Road, Gurugram, Haryana-122002	Marketing, repair and after-sales services	39	39	5	1.00	1,398	(405)	(4)	
	HTC South Eastern Europe Limited liability Company	Kifissias 90, Marousi 15125, Athens, Greece	Marketing, repair and after-sales services	1	1	-	0.67	15	-	-	
	HTC Communication Solutions Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Marketing, repair and after-sales services	25	25	0.5	1.00	61	(218)	(2)	
HTC Netherlands B.V.	HTC EUROPE CO., LTD.	Salamanca Wellington Street Slough Berkshire England SL1 1YP	International holding company; marketing, repair and after-sales services	4,462,260	4,462,260	104,061	100.00	8,641,961	686	686	Note 2
	HTC Belgium BVBA/SPRL	Havenlaan 86/c, box 204 - 1000 Brussels	Marketing, repair and after-sales services	783	783	18.55	100.00	18,501	(185)	(185)	
	HTC NIPPON Corporation	The CORNER Nihonbashi east 5th floor, 1-9-1, Nihonbashi Bakurocho, Chuo-ku, Tokyo	Sale of virtual reality devices and smart mobile devices	154,810	154,810	56	100.00	234,971	(506)	(506)	
	HTC FRANCE CORPORATION	83-85 boulevard de Charonne 75011 Paris	Marketing, repair and after-sales services	459,161	459,161	11,000	100.00	34,767	(428)	(428)	
	HTC South Eastern Europe Limited liability Company	Kifissias 90, Marousi 15125, Athens, Greece	Marketing, repair and after-sales services	176	176	0.15	99.33	2,169	-	-	
	HTC Nordic ApS.	c/o Redmark, Sommervej 31 C, Hasle, 8210 Aarhus V	Marketing, repair and after-sales services	5,345	5,345	80	100.00	9,981	44	44	
	HTC Italia SRL	c/o Studio Gargani & Associati, Via Nicolò Tartagli, 11, 00197 Roma, Italy	Marketing, repair and after-sales services	51,056	51,056	-	100.00	2,291	(102)	(102)	

(Continued)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
HTC Netherlands B.V.	HTC Germany GmbH.	Friedrich-Ebert-Anlage 36 60325 Frankfurt am Main Germany	Marketing, repair and after-sales services	\$ 24,550	\$ 24,550	25	100.00	\$ 103,556	\$ 331	\$ 331	
	HTC Iberia S.L.	Conde de Vilches, 19, Madrid, 28028, Spain	Marketing, repair and after-sales services	9,402	9,402	3	100.00	22,364	(161)	(161)	
	HTC Poland sp. z o.o.	Jerozolimskie Business Park, Al. Jerozolimskie 146A, 02-305 Warszawa, Poland	Marketing, repair and after-sales services	2,301	2,301	4.7	100.00	3,845	159	159	
	HTC Communication Canada, Ltd.	2900-550 Burrard Street, Vancouver BC V6C 0A3, Canada	Marketing, repair and after-sales services	43,915	43,915	1,500	100.00	69,226	(18)	(18)	
	HTC Communication Sweden AB	C/o Revideco AB Drottningholmsvägen 22 112 42 Stockholm	Marketing, repair and after-sales services	4,533	4,533	1,000	100.00	5,203	27	27	
	HTC Middle East FZ-LLC	DIC building no.3, office no.316, Dubai Internet City, Dubai	Marketing, repair and after-sales services	28,029	28,029	3.5	100.00	57,387	665	665	
	HTC Communication Solutions Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Marketing, repair and after-sales services	2,460	2,460	49.5	99.00	6,088	(218)	(216)	
	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Human resources management	3,690	3,690	49.5	99.00	4,871	(8)	(8)	
HTC EUROPE CO., LTD.	HTC America Holding Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	International holding company	11,903,132	11,903,132	371,617	100.00	2,477,010	(7,808)	(7,808)	Note 2
HTC America Holding Inc.	HTC America Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Sale of virtual reality devices and smart mobile devices	5,162,115	5,162,115	1	100.00	1,175,136	19,539	19,539	Note 2
	One & Company Design, Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Design, research and development of application software	191,052	191,052	60	100.00	2,811	-	-	
	HTC America Innovation Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Design, research and development of application software	93,780	93,780	1	100.00	543,681	6,409	6,409	
	Dashwire, Inc.	850 New Burton Road, Suite 201 Dover DE 19904	Design and management of cloud synchronization technology	600,501	600,501	0.1	100.00	(53,316)	-	-	
	HTC America Content Services, Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Online/download media services	2,307,650	2,307,650	31	100.00	34,835	(34,524)	(34,524)	
	Inquisitive Minds, Inc	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Development and sale of digital education platform	388,982	388,982	0.1	100.00	27,558	(14)	(14)	
HungXu Holding (BVI) Corp.	HungXu Technology (BVI) Corp.	3F, J&C Building, P.O. Box 362, Road Town, Tortola, British Virgin Islands	International holding company	43,206	234,324	3,000	100.00	13,578	12,042	12,042	
HungXu Technology (BVI) Corp.	HungXu TECH Corp.	8F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Research and development of virtual reality devices	1,000	1,000	100	100.00	12,840	12,124	12,124	
HTC VIVE TECH (HK) Limited	VIVE Arts Limited	Salamanca, Wellington Street, Slough, Berkshire, United Kingdom SL1 1YP	Digital art	182,325	182,325	6,000	100.00	151,753	(8,134)	(8,134)	
DeepQ Holding (BVI) Corp	DeepQ (BVI) Corp.	3rd Floor, J & C Building P.O. Box 362 Road Town, Tortola British Virgin Islands, VG1110	International holding company	497,868	497,868	164,700	100.00	297,142	(41,157)	(41,157)	
DeepQ (BVI) Corp.	DeepQ Technology Corp.	13F., No. 207-5, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City	Medical technology and health care	395,212	395,212	39,521	100.00	212,386	(44,358)	(44,358)	
HTC Investment (BVI) Corp.	VRChat. Inc.	288 Bryn Mawr Cir, Houston TX 77024, USA	Development of virtual reality contents	391,860	391,860	79,257	36.20	829,659	(50,308)	(18,211)	
	HTC VIVE TECH (HK) Limited	Unit 1606, 16/F., Citicorp Centre, No. 18 Whitfield Road, Causeway Bay, Hong Kong	Research, development and sale of virtual reality devices	206,924	206,924	68,000	100.00	173,592	(7,123)	(7,123)	Note 3
HTC VR Content (BVI) Corp.	Uomo vitruviano Corp.	11F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Development of virtual reality contents	50,000	50,000	5,000	100.00	35,548	(6,628)	(6,628)	

(Continued)

Note 1: The carrying amount includes unrealized profit of NT\$270,626 thousand at the end of the current period.

Note 2: The carrying amount excludes unrealized profit of NT\$252,486 thousand at the end of the current period.

Note 3: On January 1, 2022, HTC VIVE TECH (HK) Limited was sold by HungXu Technology (BVI) Corp. to HTC Investment (BVI) Corp.

Note 4: REIGN Technology Corporation was incorporated on September 30, 2021 and the Company holds 100% of its ordinary shares.

Note 5: Viveport Digital Corporation was incorporated on October 1, 2021 and the Company holds 100% of its ordinary shares.

Note 6: The Company has not completed the liquidation process as of June 30, 2022.

(Concluded)

TABLE 6

HTC CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)**

Investee Company	Main Business Activity	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of the Beginning of the Year	Investment Flows		Accumulated Outflow of Investment from Taiwan as of the End of the Year	Net Income (Loss) of the Investee	Percentage of Ownership (%)	Investment Gain (Loss)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
High Tech Computer Corp. (Suzhou) (Note 4)	Manufacture and sale of smart mobile devices	US\$ -	Investment in company located in mainland China indirectly through H.T.C. (B.V.I.) Corp.	\$ 3,312 (US\$ 100)	\$ -	\$ -	\$ 3,312 (US\$ 100)	\$ -	-	\$ -	\$ -	\$ -
HTC Corporation (Shanghai WGQ)	Smart mobile devices examination and after-sale services and technique consultations	US\$ 1,500	Investment in company located in mainland China indirectly through HTC HK, Limited.	49,845 (US\$ 1,500)	-	-	49,845 (US\$ 1,500)	5,616	100.00	5,616	83,105	-
HTC Electronics (Shanghai) Co., Ltd. (Note 5)	Manufacture and sale of virtual reality devices and smart mobile devices	US\$ 2,909	"	4,106,585 (US\$ 133,000)	-	-	4,106,585 (US\$ 133,000)	47,095	100.00	47,095	4,160,254	-
HTC Communication Co., Ltd.	Sale of virtual reality devices and smart mobile devices and after-sales services	US\$ 127,500	Investment in company located in mainland China indirectly through High Tech Computer Asia Pacific Pte. Ltd.	4,125,897 (US\$ 127,500)	-	-	4,125,897 (US\$ 127,500)	(65,022)	100.00	(65,022)	1,670,384 (Note 3)	-
HTC Communication Technologies (Shanghai) Limited	Design, research and development of application software	US\$ 4,000	"	120,799 (US\$ 4,000)	-	-	120,799 (US\$ 4,000)	9,381	100.00	9,381	541,199	-
Ji Jhih Suo Sin Si Technology (Shanghai) Co., Ltd.	Design and system integration of computer software and wholesale and retail of peripheral equipment software	US\$ 51,550	Investment in company located in mainland China indirectly through GSUO Inc.	249,678 (US\$ 8,000)	-	-	249,678 (US\$ 8,000)	-	10.32	-	-	-
HTC Communication (BJ) Tech Co.	Design, research and development of application software	RMB 10,500	Investment in company located in mainland China through the own funds of HTC Communication Technologies (Shanghai) Limited.	-	-	-	-	3,451	100.00	3,451	110,462	-
Gui Zhou Wei Ai Technology Group Co., Ltd.	Development and sale of virtual reality app contents	RMB 11,775	Investment in company located in mainland China through the own funds of HTC Communication Co., Ltd.	-	-	-	-	(4,396)	26.05	(1,145)	94,000	-

(Continued)

Investee Company	Main Business Activity	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of the Beginning of the Year	Investment Flows		Accumulated Outflow of Investment from Taiwan as of the End of the Year	Net Income (Loss) of the Investee	Percentage of Ownership (%)	Investment Gain (Loss)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Beijing Transmission Weiku Technology Co., Ltd.	Research and development of virtual reality contents	RMB 64	Investment in company located in mainland China through the own funds of HTC Communication Co., Ltd.	\$ -	\$ -	\$ -	\$ -	\$ -	6.00	\$ -	\$ 743	\$ -
Beijing Seven Vision Virtual Technology Co., Ltd.	Research and development of virtual reality contents	RMB 1,087	"	-	-	-	-	-	8.00	-	743	-
YC Virtual Reality Technology Co., Ltd.	Research and development of virtual reality contents	RMB 5,342	"	-	-	-	-	-	1.32	-	-	-
Shenzhen Shengda Education Technology Co., Ltd.	Research and development of virtual reality contents	RMB 950	"	-	-	-	-	-	6.88	-	1,554	-
Shanghai Duowei Network Technology Co., Ltd.	Research and development of virtual reality devices	RMB 133	"	-	-	-	-	-	5.00	-	2,295	-
Fuzhou Ciyuan Vision Information Technology Co., Ltd.	Research and development of virtual reality devices	RMB 1,679	"	-	-	-	-	-	2.00	-	2,974	-
Shanghai Chaoshi Business Management Partnership (Limited Partnership)	Research and development of virtual reality contents	RMB 100	"	-	-	-	-	-	20.00	-	1,243	-
Beijing WEWOD Entertainment Technology Co., Ltd.	Research and development of virtual reality contents	RMB 1,812	"	-	-	-	-	-	1.50	-	6,659	-
Zhijing (Shanghai) Technology Co., Ltd.	Research and development of virtual reality contents	RMB 4,771	"	-	-	-	-	-	2.00	-	284	-
Shanghai Judao Network Technology Co., Ltd.	Research and development of virtual reality contents	RMB 142	"	-	-	-	-	-	2.00	-	2,231	-
Shanghai Lenqiy Information Technology Co., Ltd.	Research and development of virtual reality contents	RMB 3,000	"	-	-	-	-	-	3.00	-	1,474	-
Beijing Yuanji Technology Co., Ltd.	Research and development of virtual reality contents	RMB -	"	-	-	-	-	-	5.00	-	2,220	-
Qinhuangdao Shiyi Technology Co., Ltd.	Research and development of virtual reality contents	RMB 685	"	-	-	-	-	-	5.00	-	2,220	-
Hefei Yao An Technology Co., Ltd.	Research and development of virtual reality contents	RMB 12,208	"	-	-	-	-	-	2.00	-	4,439	-

(Continued)

Investee Company	Main Business Activity	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of the Beginning of the Year	Investment Flows		Accumulated Outflow of Investment from Taiwan as of the End of the Year	Net Income (Loss) of the Investee	Percentage of Ownership (%)	Investment Gain (Loss)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Red Landmark (Beijing) Culture Technology Co., Ltd.	Production of radio and television programs	RMB 12,077	Investment in company located in mainland China through the own funds of HTC Communication Co., Ltd.	\$ -	\$ -	\$ -	\$ -	\$ -	3.00	\$ -	\$ 26,636	\$ -
HTC VIVE TECH (Beijing)	Research, development and sale of virtual reality devices	US\$ 800	Investment in company located in mainland China indirectly through HTC VIVE TECH (HK) Limited.	24,067 (US\$ 800)	-	-	24,067 (US\$ 800)	1,012	100.00	1,012	21,811	-
DeepQ Technology (Beijing)	Development and marketing of software technology	US\$ 3,000	Investment in company located in mainland China indirectly through DeepQ (BVI) Corp.	89,732 (US\$ 3,000)	-	-	89,732 (US\$ 3,000)	3,205	100.00	3,205	79,811	-

Accumulated Investment in Mainland China for the Years Ended	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 8,769,915 (US\$ 277,900)	\$ 8,790,720 (US\$ 278,600)	\$ 16,079,950

Note 1: Investment amounts authorized by the Investment Commission, MOEA: The remitted amount is translated at the exchange rate of the original remittance and the unremitted amount is converted at the exchange rate of NT\$29.722 to US\$1 at June 30, 2022.

Note 2: Investment gains (losses) and the carrying amount as of June 30, 2022 are based on reviewed financial statements. Gains and losses are translated at the average exchange rate from January to June 2022 of NT\$4.4275 to RMB1. The carrying amount is translated at the exchange rate on June 30, 2022 of NT\$4.4393 to RMB1.

Note 3: The carrying amount excludes unrealized profit of NT\$18,140 thousand at the end of the current period.

Note 4: The company liquidated on July 5, 2019.

Note 5: HTC Electronics (Shanghai) Co., Ltd. reduced its share capital by US\$130,000 thousand on September 2019. As of June 30, 2022, the refunded capital has not been repatriated to Taiwan.

(Concluded)

TABLE 7

HTC CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH SUBSIDIARIES IN MAINLAND CHINA INCLUDING DIRECT AND INDIRECT TRANSACTIONS THROUGH OTHER REGIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)**

Related Party	Relationship with the Company	Nature of Transaction	Amount	Terms			Notes/Accounts Payable or Receivable		Unrealized Profit
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	% of Total	
HTC Communication Co., Ltd.	Grandson company	Sales	\$ 252,811	More favorable unrelated parties	OA 30 days	The transaction terms are similar to those of general customers.	\$ 7,303	3	\$ 18,140
HTC Communication Technologies (Shanghai) Limited	Grandson company	Service fee	50,375	No comparable unrelated parties	OA 45 days	The transaction terms are similar to those of general customers.	(18,628) Note	-	-
HTC Communication Beijing Tech Co.	Grandson company	Service fee	46,719	No comparable unrelated parties	OA 45 days	The transaction terms are similar to those of general customers.	(14,066) Note	-	-

Note: Classified under other payables.

TABLE 8**HTC CORPORATION AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms (Note 4)	% of Total Sales or Assets (Note 5)
0	For the six months ended June 30, 2022 HTC Corporation	HTC America Inc.	a	Sales	\$ 389,170	More favorable than unrelated parties	18
			a	Trade payables - related parties	15,948		-
			a	Accrued expenses	2,114		-
		HTC Communication Co., Ltd.	a	Sales	252,811		12
			a	Trade receivables - related parties	7,303		-
			a	Accrued expenses	456,816		1
		HTC EUROPE CO., LTD. HTC America Innovation Inc.	a	Accrued expenses	258,268		1
			a	Service fee and advertising expenses	85,909		4
		HTC HK, Limited	a	Accrued expenses	152,127		-
			a	Service fee and advertising expenses	8,338		-
		HTC (Australia and New Zealand) Pty. Ltd.	a	Accrued expenses	196,951		-
			a	Service fee and advertising expenses	12,375		1
		HungXu TECH Corp.	a	Accrued expenses	213,796		-
			a	Service fee	213,796		10

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

- a. “0” for HTC Corporation.
- b. Subsidiaries (Numbered consecutively from “1”.)

Note 2: Transactions are categorized as follows:

- a. From a parent company to its subsidiary
- b. Between subsidiaries.

Note 3: All internal transactions between consolidated companies have been eliminated from the consolidated financial statements.

Note 4: Unless otherwise specified, it is the same as the unrelated parties.

Note 5: Percentage of consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of June 30, 2022.
Percentage of consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the three months ended June 30, 2022.

Note 6: The standard for disclosure of information on business transactions between related parties requires a disclosure of the following financial items if the transaction is at least NT\$100 million or 20% of the paid-in-capital: Purchases (expenses), sales and receivables (payments). Financial items other than the above will not be disclosed.

TABLE 9**HTC CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****JUNE 30, 2022****(Number of Shares: Shares)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Way Chih Investment Co., Ltd.	43,819,290	5.30

Note: 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 preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (includes treasury shares) by the Company as of the last business day of the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.