



BRIGHT LED ELECTRONICS CORP.

Annual Report 2021

BRTLED annual report is available on: [http : // mops.twse.com.tw](http://mops.twse.com.tw)
[https : // www.brtled.com](https://www.brtled.com)

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Notice to readers:

In case of any discrepancy between the English version and the Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

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Title: Manager of Operational Management Office

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Certified public accountants: Mr. Yu-Feng Hsu and Ms. Tzu-Hui Li

Accounting firm: KPMG Taiwan

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Name of any exchanges where BRTLED's securities are traded offshore and the method by which to access information on said offshore securities: N/A

BRTLED official website: <https://www.brtled.com>

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1. Letter to Shareholders

Dear Shareholders

Compared with 2020, 2021 continued to be affected by the severe special infectious pneumonia caused by COVID-19 and meanwhile, due to the long lead times of raw materials, the overall manufacturing industry was impacted. Although the overall business recovered slightly in 2021, the follow-up uncertain factors such as political and geographical relations, raw materials' lead time, and domestic and foreign inflation, etc., Bright Led Electronics Corp. must still be vigilant and careful. Moreover, due to exchange rate fluctuations, some proportion of gross profit had been slightly influenced. In order to fight against unfavorable situations related to these impacts, Bright LED electronics corp., which has actively adjusted the company's fundamentals and operated under lean management over the past few years, remained profitable this year. Due to the company policies of ongoing cost reduction and sales increase in proportion of high value-added products and intelligence manufacturing plan, we are hoping that in the future, we can remain profitable in this fickle, unpredictable situation. In year of 2021, the company's overall profitability was fair with stable gross profit margin. In the future, the company will continuously work hard on developing various products applicable in various industries, increasing product's added values, expanding markets or business opportunities with cross-industry alliance, and providing customers with more one-stop services and customized products.

2021 Result

In 2021, our consolidated revenue totaled NT\$1,532,086 thousand dollars, an increase of 11 percent over NT\$1,375,687 thousand dollars in 2020. Consolidated net income totaled NT\$252,796 thousand dollars, an increase of 90 percent over NT\$133,115 thousand dollars in 2020. Net income attributed to the parent company totaled NT\$249,233 thousand dollars, an increase of 95 percent over NT\$128,125 thousand dollars in 2020.

Financial Performance (based on consolidated Financial Statements)

		2021	2020
Financial structure	Debt ratio (%)	17.37	19.43
	Long term capital ratio (%)	691.14	553.51
Profitability	ROA (%)	7.17	6.91
	ROE (%)	8.65	8.31
	EBIT over paid-in capital (%)	16.74	13.90
	Profit margin (%)	16.50	13.26
	EPS (NT\$ dollar)	1.45	1.28

Technological Developments

In 2021, we continued to work on LED projects with special specifications, multiple chips and multiple wavelengths, which are mainly used in medical, automotive and aerospace fields. In addition, the results of the previous phased development of the photo relay are on schedule and continuing with the current project. Compared with mechanical relays, photo relays have longer life span, low current drive and fast response. They are one of the indispensable components in the field of intelligence manufacturing and mechanical manufacturing.

The relevant specifications and samples of UVC LED components used in the fields of environmental sterilization and health care have been launched. We continue to optimize product quality and manufacturing process to meet the customization and differentiation. The miniaturization of UVC LED components brings many application advantages and can be used in conjunction with multiple types of application products. In addition, UVC LED also has many advantages itself such as fast start-up, more switching frequency, and battery-powered availability. In view of the severe and special infectious pneumonia raging due to COVID-19 in early 2020, the company expects to accelerate the schedule this year to promote the popularization of UVC products in the future.

Not just research and development related to products, Bright LED Electronics Corp. has also been optimizing the process and manufacturing in recent years. For instance, improving machinery and equipment to achieve more efficient manufacture, increasing the proportion of automation to reduce direct manpower, and etc. At present, relevant improvement projects and manufacturing projects have initially completed phased development, and follow-up benefits and experimental tests will be carried out continuously.

Finally, with regard to smart city concept, due to the popularity of street lamps in Taiwan, besides lighting, there are many additional applications can be attached. Smart street lighting are mainly designed and installed with controllers, sensors and other components so that the street lighting can have more functional services attached, at the same time reducing the original costs of building a base for these functions. For example, with wireless transmission attached, when the lamp fails, the controller can directly detect and report to the control center and call for maintenance. Various types of environmental monitoring can be attached using multiple sensors, which to detect harmful gases, noise, PM2.5, wind speed, wind direction, temperature, humidity, and etc., to report back to the control center and to alert the public. The lamp itself can also use the lighting sensors to detect ambient lights periodically and automatically adjust lamp's brightness to meet comfort for vision without wasting power. In addition to the above intelligent functions, street lighting may support connections between 4G/5G transmitters as miniature base stations in the future or can possibly support and cooperate with other fields like vehicle charging, and etc. The follow-up project plans are in progress.

Summary, corporate development, and outlook affected by external competition, regulatory environment and overall operation strategy

Looking forward to business plan of 2022, in addition to the existing mass-produced application products' qualities and functions, including smart home applications, security and surveillance control, aviation and transportation electronic applications, computer-related applications, sensing applications, lighting applications, and etc., which will continue to be improved, Bright LED Electronics also urges to provide customers with new solutions to meet the needs of customization and differentiation, and to increase the added value of products and to continuously accelerate the progress of cases with special specifications in order to expand more special markets. Since January, 2022, the severe special infectious pneumonia of COVID-19 has been slowing down. However, geopolitical conflicts occurred at the beginning of 2022. It is expected that the overall world economy will be uncertain in 2022, and the general environment will be intensified by the impact of inflation. The company's performance at the beginning of 2021 has already rebounded slightly compared to last year. The company will continue to strengthen risk control, improve internal management and strengthen the company's response ability. In view of external factors such as health environment and unpredictable risks of international policies, the company's business model continues to move towards lean management, while implementing intelligent manufacturing and accelerating the improvement of production processes and operating models to diversify risks and accelerate the company's response and adaptation capability which we believe will lead Bright LED Electronics corp. to sustainably develop and survive in this turbulent and uncertain generation.

We sincerely thank you for your continued support towards BRTLED. We uphold our integrity to operate business and implement plans towards goals to live up to your expectations and supports. Finally, we wish you good health and great fortune in 2020.

Chairman: Tsung-Jen Liaw

CEO: Tsung-Jen Liaw

Accounting Manager: Mei-Lien Lin

2. Company Profile

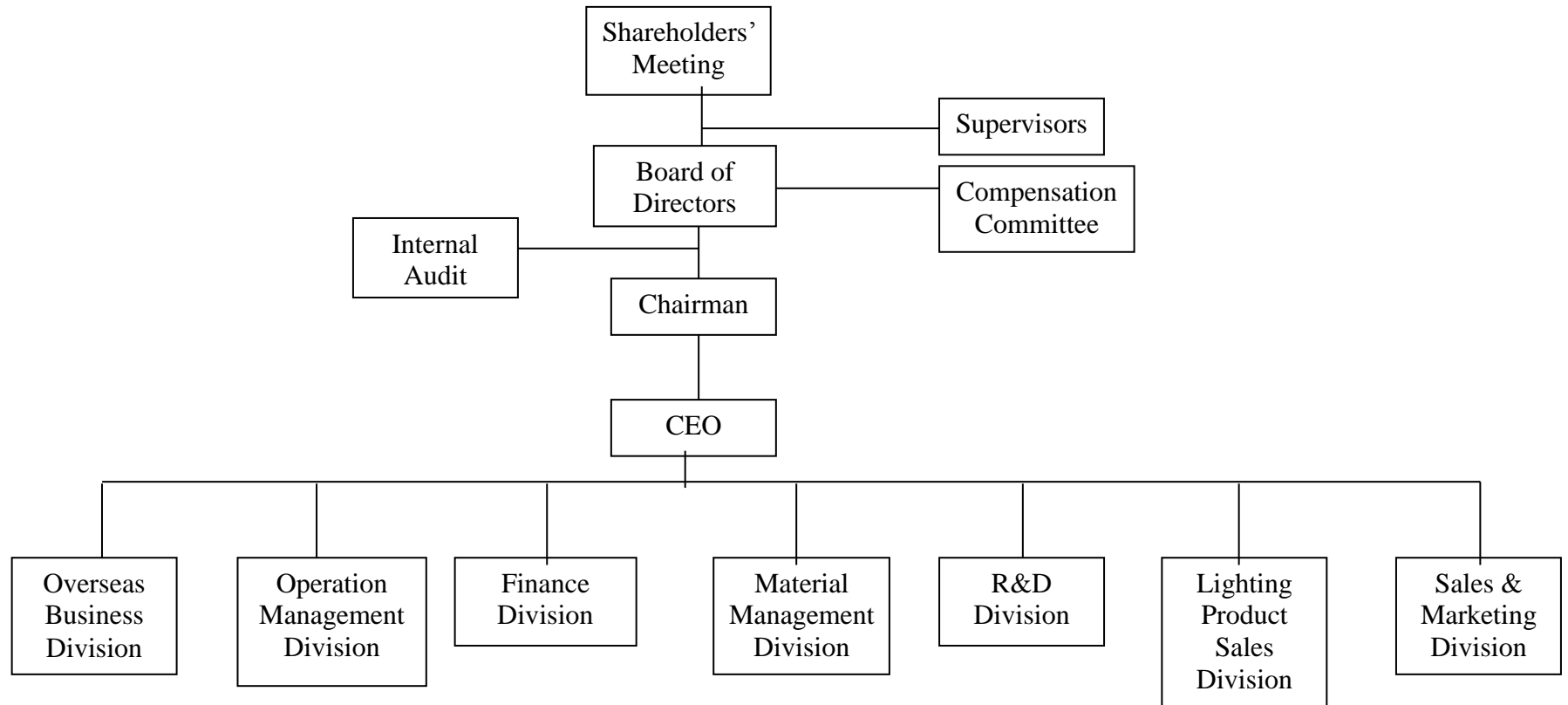
2.1 Established date : June 1, 1981

2.2 Milestone

- 1981 Established with startup capital NT \$1.13 million and produced light-emitting diode indicators
- 1984 Increased capital to NT \$5.87 million and paid-in capital reached NT \$7 million. Began production of light-emitting diode displays
- 1987 Capital increased by NT \$13 million and paid-in capital amounted to NT \$20 million. Implemented automated production equipments
- 1991 Capital increased by NT \$40 million and paid-in capital reached NT \$60 million. In April, production base moved to newly built factory located on Heping Road, Banqiao District, New Taipei City
- 1995 Capital increased by NT \$40 million and paid-in capital amounted to NT \$100 million to purchase equipments and expand production capacity. Started production of Axial LED and SMD LED and CHIP LAMPS
- 1997 Capital increased by NT \$95 million and paid-in capital amounted to NT \$195 million. Began production of plastic housing typed of SMD LEDs and stamping typed of Axial LEDs and obtained ISO 9002 quality certification
- 1998 In September, Securities and Futures Bureau approved public issue. Capital increased by NT \$155 million and paid-in capital amounted to NT \$350 million
- 1999 Obtained ISO 9001 quality certification in August. Capital increased by \$77 million and paid-in capital amounted to NT \$427 million
- 2000 Capital increased by NT \$92.9 million and paid-in capital reached NT \$519.9 million. Securities and Futures Bureau approved OTC
- 2001 Increased capital by NT \$110 million and paid-in capital amounted to NT \$630 million
- 2002 Securities and Futures Bureau approved the listing. Capital increased by NT \$90 million in September and paid-in capital amounted to NT \$720 million
- 2003 Increased capital by NT \$100 million and paid-in capital amounted to NT \$820 million
- 2004 Increased capital by NT \$226 million and paid-in capital amounted to NT \$1.06 billion
- 2005 Capital increased by NT \$240 million and the paid-in capital amounted to NT \$1.25 billion
- 2006 Capital increased by NT \$200 million yuan and paid-in capital amounted to NT \$1.45 billion
- 2007 Increased capital by NT \$230 million yuan and paid-in capital amounted to NT \$1.68 billion
- 2008 Capital increased by NT \$154.4 million and paid-in capital amounted to NT \$1.83 billion
- 2009 Increased capital by NT \$112.4 million and paid-in capital amounted to NT \$1.95 billion
- 2010 Capital increased by NT \$19.9 million and paid-in capital amounted to NT \$1.96 billion
- 2017 Capital reduced by NT \$100 million by executing treasury stock repurchase and paid-in capital reduced to NT \$1,866 million
- 2020 Capital reduced by NT \$50 million by executing treasury stock repurchase and paid-in capital reduced to NT \$1,816 million

3. Corporate Governance

3.1 Organization Structure



(1) Major Functions of Divisions

Divisions	Major Functions
Internal Audit	Inspection and review of BRTLED's internal control system, its adequacy in design and effectiveness in operation with independent risk assessment to ensure compliance with the company policies and procedures as well as with external regulations.
Overseas Business	Coordination and supervision of BRTLED's overseas subsidiaries and factories' operations.
Operation Management	<ol style="list-style-type: none"> 1. Human resources management and organizational development, as well as proprietary information protection and security management. 2. Maintenance and development of the company's business IT systems including infrastructure development, communication services and assurance of IT security and service quality plan.
Finance	<ol style="list-style-type: none"> 1. Corporate finance and accounting. 2. Financial planning and long-term/ short-term investment evaluations. 3. Board affairs and stock affairs.
Material Management	<ol style="list-style-type: none"> 1. Bargain and procurement of raw materials, materials and other assets and equipments. 2. Quality inspection and assurance. 3. Warehousing, import and export, and logistics support. Coordination of production and sales.
Research and Development	Advanced products development and specialty technology development and exploratory research, as well as design and testing and planning
Sales & Marketing Lighting Product Sales	<ol style="list-style-type: none"> 1. Coordinate, supervise, and review sales plans and marketing plans. 2. Development of new customers and new markets. 3. Collection, aggregation and analysis of market information. 4. Improvement and suggestion of sales procedures and methods. 5. Sales development of various projects.

3.2 Information regarding BRTLED's Board of Directors, Supervisors, President, Vice President and Associate Vice Presidents

3.2.1 Information regarding Board Members and Supervisors

As of 4/9/2022

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Directors Who are Spouses or within Second-degree Relative of Consanguinity to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%	Title	Name	Relation
Chairman/ President (Note)	R.O.C	Tsung-Jen Liaw	M	2019.06.12	3yrs	1981.06.01	20,323,417	10.89%	21,028,417	11.57%	5,766,547	3.17%	0	-	Director Director	Shu-June Wang Hsin-Pei Liao	Spouse Daughter
Director	R.O.C	Shu-June Wang	F	2019.06.12	3yrs	2000.06.09	5,766,547	3.09%	5,766,547	3.17%	21,062,417	11.59%	0	-	Director Director	Tsung-Jen Liaw Hsin-Pei Liao	Spouse Daughter
Director	R.O.C	Chi-Chia Hsieh	M	2019.06.12	3yrs	2008.06.13	0	-	0	-	0	-	0	-	N/A	N/A	N/A
Director	R.O.C	Hsin-Pei Liao	F	2019.06.12	3yrs	2016.06.08	3,292,333	1.76%	3,347,333	1.84%	90,000	0.05%	0	-	Director Director	Tsung-Jen Liaw Shu-June Wang	Father Mother
Corporate Director	R.O.C	Wan-Hsu Investment Co., Ltd	-	2019.06.12	3yrs	2000.06.09	25,880,397	13.86%	27,378,397	15.07%	-	-	-	-	-	-	-
	R.O.C	Representative-Po-Yuan Lin	M	2019.06.12		2018.07.31	2,291,596	1.23%	2,291,596	1.26%	-	-	-	-	Supervisor	Ju-Ching Liao	Mother
Independent Director	R.O.C	Ming-Chang Huang	M	2019.06.12	3yrs	2016.06.08	0	-	0	-	0	-	0	-	N/A	N/A	N/A
Independent Director	R.O.C	Chwen-Shell Ho	F	2019.06.12	3yrs	2016.06.08	0	-	0	-	0	-	0	-	N/A	N/A	N/A
Supervisor	R.O.C	Ju-Ching Liao	F	2019.06.12	3yrs	2000.06.09	2,240,541	1.20%	2,240,541	1.23%	1,690,929	0.93%	0	-	Director Director	Tsung-Jen Liaw Po-Yuan Lin	Second-degree Relative of Consanguinity Sons
Supervisor	R.O.C	Chin-Lung Huang	M	2019.06.12	3yrs	2004.05.31	0	-	0	-	0	-	0	-	N/A	N/A	N/A
Supervisor	R.O.C	Hong-Chang Lin	M	2020.06.10	-	2017.07.01	0	-	0	-	0	-	0	-	N/A	N/A	N/A

Note: The current chairman and president of the company are the same person due to the dramatic changes in industry in recent years. In order to improve the efficiency of the implementation of operating policies, it is necessary to unify the authorities at present. The company is also actively seeking successor of the president and the appointment will be conducted at an appropriate time.

Title	Name	Education/ Experience	Current positions
Chairman/ President	Tsung-Jen Liaw	Bachelor Degree in Physics, Chung Yuan Christian University, Taiwan.	<ol style="list-style-type: none"> 1. Chairman, Wan-Hsu Investment Co., Ltd 2. Director, Yi-Run Investment Co., Ltd 3. Director, Wan Hui (HK) Company 4. Director, Li Sheng (HK) Int'l Company 5. Corporate Director, New Future Capital Ltd. 6. Director, AB Corp. 7. Corporate Director, KoBrite Corp. 8. Corporate Director, Powertip Technology Corporation 9. Corporate Director, Powertip Image Corp. 10. Corporate Director, WK Technology Fund IX Ltd. 11. Chairman, KoBrite Corp. 12. Corporate Director, Foxfortune Technology Ventures Limited
Director	Shu-June Wang	Ching Kuo Institute of Management and Health, Taiwan.	<ol style="list-style-type: none"> 1. Chairman, Yi-Run Investment Co., Ltd 2. Director, Wan-Hsu Investment Co., Ltd
Director	Chi-Chia Hsieh	Ph.D. in Electrical Engineering, University of Santa Clara, USA.	<ol style="list-style-type: none"> 1. Independent Director, AcBel Polytech Inc. 2. Director, Microelectronics Technology Inc. 3. Chairman, IQE Taiwan Corporation 4. Chairman, Jupiter Network Corp 5. Independent Director, Innolux 6. Director, Advanced Wireless Semiconductor Company 7. Director, Bright Crystal (Henan) Company Limited 8. Chairman, Welltop Technology Co., Ltd. 9. Corporate Director, Sasson Capital 10. Corporate Director, The Taiwan Cement Corporation 11. Director, Kopin Corp. 12. Director, Bright Crystal Company Limited 13. Director, TCM 14. Director, Taicom Capital Limited 15. Corporate Director, Jupiter Technology (Wuxi) Co., Ltd.
Director	Hsin-Pei Liao	Bachelor degree in Finance, University of Alberta, Canada.	<ol style="list-style-type: none"> 1. Corporate Director, Powertip Image Corp. 2. Corporate Director, Powertip Technology Corp. 3. Director, KoBrite Corp.

Director	Representative of Wan-Hsu Investment Co., Ltd.: Po-Yuan Lin	Ph.D. in Materials Science and Engineering, Case Western Reserve University, USA.	N/A
Independent Director	Ming-Chang Huang	Ph.D. in Physics, Univeristy of Florida, USA.	N/A
Independent Director	Chwen-Shell Ho	Ph.D. in Physics, North Dakota State University, USA.	N/A
Supervisor	Ju-Ching Liao	National Hsinchu Senior High School, Taiwan	N/A
Supervisor	Chin-Lung Huang	Shih Hsin Senior High School, Taiwan.	1. CEO, Jin-Hui Management Consultant Corp.
Supervisor	Hong-Chang Lin	Master in Finance, George Washington University, USA EMBA, National Taiwan University, Taiwan	1. Independet Director, Taiwan Fertilizer Co.,Ltd 2. Supervisor, Provision company

3.2.2. Information of Corporate Shareholder

(a) Major Shareholders of BRTLED's Corporate Shareholders

As of 5/10/2022

Name of corporation	Major shareholders	%
Wan-Hsu Investment Co., Ltd	Tsung-Jen Liaw	35.00%
	Shu-June Wang	17.50%
	Ju-Ching Liao	18.50%
	Chung-Yao Lin	16.00%
	Ju-Hao Liao	8.00%
	Chung-Chun Lin	2.50%
	Jui-Lan Lin	2.50%

(b) Major Corporate Shareholders of BRTLED's Corporate Shareholders

As of 5/10/2022

Name of corporations	Major corporate shareholders
N/A	N/A

3.2.3. Eligibilities and Independence of Board Members and Supervisors

Title	Name	Professional qualification and experience	Independence situation	Number of concurrent independent directors of other public companies
Director	Tsung-Jen Liaw	1. Work experience required for business, legal affairs, finance, accounting or corporate business. 2. Details of relevant experiences refer to page 7. 3. No circumstances under Article 30 of the Company Law.	Not applicable	Not applicable
Director	Shu-June Wang	1. Work experience required for business, legal affairs, finance, accounting or corporate business. 2. Details of relevant experiences refer to page 7. 3. No circumstances under Article 30 of the Company Law.	Not applicable	Not applicable
Director	Chi-Chia Hsieh	1. Work experience required for business, legal affairs, finance, accounting or corporate business. 2. Details of relevant experiences refer to page 7. 3. No circumstances under Article 30 of the Company Law.	Not applicable	Not applicable
Director	Hsin-Pei Liao	1. Work experience required for business, legal affairs, finance, accounting or corporate business. 2. Details of relevant experiences refer to page 7. 3. No circumstances under Article 30 of the Company Law.	Not applicable	Not applicable
Corporate director representative	Po-Yuan Lin	1. Work experience required for business, legal affairs, finance, accounting or corporate business. 2. Details of relevant experiences refer to page 7. 3. No circumstances under Article 30 of the Company Law.	Not applicable	Not applicable
Independent director	Ming-Chang Huang	1. Lecturers of relevant departments required by the company's business in public and private colleges and universities. 2. Details of relevant experiences refer to page 7. 3. No circumstances under Article 30 of the Company Law.	1. I, my spouse, and relatives within the second degree do not serve as directors, supervisors or employees of the company or its affiliated companies or companies that have a specific relationship with the company, or hold any shares of the company. 2. In the last 2 years, there has been no remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates.	0
Independent director	Chwen-Shell Ho	1. Lecturers of relevant departments required by the company's business in public and private colleges and universities. 2. Details of relevant experiences refer to page 7. 3. No circumstances under Article 30 of the Company Law.	1. I, my spouse, and relatives within the second degree do not serve as directors, supervisors or employees of the company or its affiliated companies or companies that have a specific relationship with the company, or hold any shares of the company. 2. In the last 2 years, there has been	0

			no remuneration for providing business, legal, financial, accounting and other services to the company or its affiliates.
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3.2.4. Diversification of Board of Directors

1. Diversity policy of the Board:

The Company's "Regulations on Election of Directors and Supervisors" stipulates that members of the board of directors should generally possess the knowledge, skills and qualities necessary to perform their duties, and they should be selected accordingly. The selection and appointment of directors of the Company shall take the overall configuration of the board of directors into account. The members of the board of directors shall generally possess the necessary knowledge, skills and qualities to perform their duties, and their overall abilities shall be as follows:

- a. Operational judgment ability
- b. Accounting and financial analysis skills.
- c. Operation and management ability.
- d. Crisis handling capacity.
- e. Industry knowledge.
- f. International market view
- e. Leadership
- g. Decision making ability

2. Implementation of the Board Diversity Policy:

Not only considering various needs such as the company's operational structure, business development direction, and future development trends, and evaluating various aspects of diversification, the company also pays attention to gender equality in the composition of the board of directors, and the target ratio of female directors is over 20%. There are currently 7 directors, including 3 female directors, with a ratio of 43%. The relevant implementation is as follows:

- a. The company's diversity policy objectives include more than two female directors, more than one seat with professional background in financial accounting, and more than half of the seats in related industry knowledge fields.
- b. The board members of the Company (18th term) have complied with the Company's Board Diversity Policy.

Title	Name	Gender	Professional qualifications and experience				
			Management	Industry knowledge	Leadership	Finance/Accounting	Law
Director	Tsung-Jen Liaw	Male	V	V	V		
Director	Shu-June Wang	Female		V		V	
Director	Chi-Chia Hsieh	Male	V	V	V		
Director	Hsin-Pei Liao	Female		V	V	V	
Corporate director representative	Po-Yuan Lin	Male	V	V	V		
Independent director	Ming-Chang Huang	Male		V	V		V
Independent director	Chwen-Shell Ho	Female		V	V		V

3.2.5. Independence of Board of Directors

1. The Company's (18th) Board of Directors has a total of 7 members, including 2 independent directors.
2. The relationship between the directors, supervisors, or between directors and supervisors of spouses or relatives within the second degree of kinship shall comply with the provisions of Article 26-3, Items 3 and 4 of the Securities and Exchange Act.

Title	Name	Employment	Other directors or supervisors who are related to each other by spouse or within the second degree of kinship			Note
			Title	Name	Relationship	
Chairman and President	Tsung-Jen Liaw	Yes	Director Director	Shu-June Wang Hsin-Pei Liao	Spouse Father and daughter	
Director	Shu-June Wang	No	Director Director	Tsung-Jen Liaw Hsin-Pei Liao	Spouse Mother and daughter	
Director	Chi-Chia Hsieh	No	N/A	N/A	N/A	
Director	Hsin-Pei Liao	Yes	Director Director	Tsung-Jen Liaw Shu-June Wang	Father and daughter Mother and daughter	
Corporate director representative	Po-Yuan Lin	Yes	Supervisor	Ju-Ching Liao	Mother and son	
Independent director	Ming-Chang Huang	No	N/A	N/A	N/A	
Independent director	Chwen-Shell Ho	No	N/A	N/A	N/A	

3.2.6 Information regarding Management Team

As of 4/9/2022

Title	Nationality	Name	Gender	On-board Date	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		Education/ Experience	Current positions	Managers Who are Spouses or within Second-degree Relative of Consanguinity to Each Other		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C	Tsung-Jen Liaw	M	06/01/1981	20,938,417	11.22%	5,766,547	3.09%	0	-	Bachelor Degree in Physics, Chung Yuan Christian University, Taiwan.	1. Chairman, Wan-Hsu Investment Co., Ltd 2. Director, Yi-Run Investment Co., Ltd 3. Director, Wan Hui (HK) Company 4. Director, Li Sheng (HK) Int'l Company 5. Corporate Director, New Future Capital Ltd. 6. Director, AB Corp. 7. Corporate Director, KoBrite Corp. 8. Corporate Director, Powertip Technology Corporation 9. Corporate Director, Powertip Image Corp. 10. Corporate Director, WK Technology Fund IX Ltd. 11. Chairman, KoBrite Corp. 12. Corporate Director, Foxfortune Technology Ventures Limited	N/A	N/A	N/A
Vice President	R.O.C	Lin-Lin Chen	M	01/07/2014	10,531	0.01%	0	-	0	-	Bachelor Degree in Mechanical Engineering, Chinese Culture University, Taiwan.	N/A	N/A	N/A	

Associate VP	R.O.C	Ming-Kuei Yu	M	04/11/2013	0	-	0	-	0	-	Master Degree in Graduate Institute of Automation and Control, National Taiwan University of Science and Technology, Taiwan.	N/A	N/A	N/A	N/A
Associate VP	R.O.C	Wei-Cheng Chen	M	10/01/2017	138,296	0.07%	0	-	0	-	Bachelor Degree in Accounting, Fu Jen Catholic University, Taiwan.	N/A	N/A	N/A	N/A
Associate VP	R.O.C	Hsiao-Yen Chang	M	10/01/2017	29,000	0.02%	0	-	0	-	Bachelor Degree in Electrical Engineering, Da-Yeh University, Taiwan.	N/A	N/A	N/A	N/A
Associate VP	R.O.C	Ying-Chen Hsiao	F	10/01/2017	191,930	0.10%	3,151	0.00%	0	-	Bachelor Degree in International Business, National Chengchi University, Taiwan.	N/A	N/A	N/A	N/A
Financial manager	R.O.C	Mei-Lien Lin	F	03/13/2015	0	-	0	-	0	-	Bachelor Degree in Accounting, Fu Jen Catholic University, Taiwan.	N/A	N/A	N/A	N/A

Note: The current chairman and president of the company are the same person due to the dramatic changes in industry in recent years. In order to improve the efficiency of the implementation of operating policies, it is necessary to unify the authorities at present. The company is also actively seeking successor of the president and the appointment will be conducted at an appropriate time.

3.2.7 Compensation Paid to Directors, Supervisors, President, and Vice President

1. Compensation Paid to Directors (including Independent Directors)

Unit: NT\$ thousands

Title	Name	Director's remuneration								Total (A+B+C+D) as a % of yearly net income		Directors who are also employees of BRTLED or of other consolidated entities								Total (A+B +C+D +E+F +G) as a % of yearly net income	Compensation from Non-consolidated affiliates	
		Base compensation (A)		Severance pay and pension s (B)		Compensation to Directors (C)(Note)		Allowance s(D)				Base compensation, bonuses and allowances (E)		Severance pay and pensions (F)		Employee profit sharing bonuses (G) (Note)						
		From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	Cash	Stock	Cash	Stock	From BRTLED	From all consolidated entities	
Chairman	Tsung-Jen Liaw	60	60	0	0	1,594	1,594	0	0	0.66	0.66	4,827	4,827	0	0	4,000	0	4,000	0	4.21	4.21	N/A
Director	Shu-June Wang	60	60	0	0	797	797	0	0	0.34	0.34	0	0	0	0	0	0	0	0	0.34	0.34	N/A
Director	Chi-Chia Hsieh	60	60	0	0	797	797	0	0	0.34	0.34	0	0	0	0	0	0	0	0	0.34	0.34	N/A
Director	Hsin-Pei Liao	60	60	0	0	797	797	0	0	0.34	0.34	1,140	1,140	0	0	500	0	500	0	1.00	1.00	N/A
Director	Wan-Hsu Investment Co.,Ltd.	0	0	0	0	797	797	0	0	0.34	0.34	0	0	0	0	0	0	0	0	0.34	0.34	N/A
	Representative: Po-Yuan Lin	60	60	0	0	0	0	0	0	0.02	0.02	1,393	1,393	0	0	500	0	500	0	0.78	0.78	N/A
Independent Director	Ming-Chang Huang	300	300	0	0	0	0	0	0	0.12	0.12	0	0	0	0	0	0	0	0	0.12	0.12	N/A
Independent Director	Chwen-Shell Ho	300	300	0	0	0	0	0	0	0.12	0.12	0	0	0	0	0	0	0	0	0.12	0.12	N/A

In addition to the disclosure above, the compensation received by the company directors for providing services to all companies noted in the financial report in the most recent year : 0

Note : The compensation distribution of employees and directors and supervisors in 2021 was NT \$26,461,189 and NT \$6,615,297, respectively.

Calculation of the amount to be issued this year is based on the ratio of the actual amount of allotment in the previous year.

2. Compensation Paid to Supervisors

Unit : NT\$ thousands

Title	Name	Supervisors' remunerations						Total (A+B+C) as a % of yearly net income		Compensation from Non-consolidated affiliates
		Base compensation(A)		Severance pay and pensions (B) (Note)		Allowances (C)				
		From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	
Supervisor	Ju-Ching Liao	60	60	797	797	0	0	0.39	0.39	N/A
Supervisor	Chin-Lung Huang	60	60	797	797	0	0	0.39	0.39	N/A
Supervisor (Elected on 2020/6/10)	Hong-Chang Lin	35	35	240	240	0	0	0.12	0.12	N/A

Note : The compensation of directors and supervisors in 2021 was NT \$6,615,297. Calculation of the amount to be issued this year is based on the ratio of the actual amount of allotment in the previous year.

3. Compensation Paid to President and Vice President

Unit: NT\$ thousands

Title	Name	Base compensation (A)		Severance pay and pensions (B)		Bonuses and allowances (C)		Employees profit sharing bonus(D) (Note 1)				Total (A+B+C+D) as a % of yearly net income		Amount of employee stock option certificates obtained		Issuance of new restricted shares for subscription by employees		Compensation from Non-consolidated affiliates
		From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED		From all consolidated entities		From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	From BRTLED	From all consolidated entities	
								Cash	Stock	Cash	Stock							
President	Tsung-Jen Liaw	2,577	2,577	0	0	2,250	2,250	4,000	0	4,000	0	4.21	4.21	0	0	0	0	N/A
Vice President	Lin-Lin Chen	1,350	1,350	85	85	640	640	3,489	0	3,489	0	2.92	2.23	0	0	0	0	N/A

Note : The compensation distribution for employees and directors and supervisors in 2021 was NT \$26,461,189. Calculation of the amount to be issued this year is based on the ratio of the actual amount of allotment in the previous year.

4. Allocation of Employees Profit Sharing Bonus to Management team

Unit: NT\$ thousands

Title		Name	Amount of stock dividends	Amount of cash dividends (Note)	Total	Total as a % of yearly net income
Management team	President	Tsung-Jen Liaw	0	10,716	10,716	4.30
	Vice President	Lin-Lin Chen				
	Associate VP	Ming-Kuei Yu				
	Associate VP	Wei-Cheng Chen				
	Associate VP	Hsiao-Yen Chang				
	Associate VP	Ying-Chen Hsiao				
	Financial Manager	Mei-Lien Lin				

Note : As of the date of publication of the annual report, the company's employee compensation to managers for 2020 has not yet been determined. It is planned to calculate the amount to be distributed based on the proportion of the actual amount allocated in the previous year.

5. Compare and explain the analysis of the total remuneration paid to the company's directors, supervisors, general managers and deputy general managers in recent two years to the net profit after tax of individual and consolidated financial statements. Also, explaining the policies, standards and combinations of remunerations related to portfolio, remuneration procedures, operating performance and relation to future risks.

- (1) The percentage of the total remuneration paid to the company's directors, supervisors, general managers and deputy general managers in recent two years over the net profit after tax of individual and consolidated financial statements:
unit : NT\$ thousands

Items	2021			2020		
	Total remuneration	Net profit after tax	%	Total remuneration	Net profit after tax	%
The company	25,620	249,233	10.28%	20,455	128,125	15.97%
The companies in consolidated statements	25,620	249,233	10.28%	20,455	128,125	15.97%

- (2) Each year, the compensation salary paid to directors, supervisors, president and vice president are in accordance with the company's articles of association, the profitability of the year, and upon resolution of the board of directors.
- (3) The remunerations paid to directors and supervisors are processed under "Remuneration Payment Methods for Directors and Supervisors" approved by the Board of Directors and are reviewed by the Compensation Committee regularly before submitted to the Board of Directors for final approval. The remunerations includes periodic "transportation allowance" and "directors 'and supervisors' compensations" based on each year's profit situation and in proportion to directors and supervisors' positions and participations in the company affairs. Independent directors do not participate in distribution of directors and supervisors' compensation.

- (4) The total compensation paid to president and vice president is evaluated based on their job responsibility, contribution, company performance and projected future risks the company will face. The proposals of the total compensation are reviewed by the Compensation Committee regularly before submitted to the Board of Directors for final approval.

3.3 Status of Corporate Governance

3.3.1 Status of the Board of Directors

2021 Board of Directors' meetings: 6. The directors' attendance status is as follows:

	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%) (Note)	Notes
Chairman	Tsung-Jen Liaw	6	0	100%	
Director	Shu-June Wang	6	0	100%	
Director	Chi-Chia Hsieh	6	0	100%	
Director	Hsin-Pei Liao	6	0	100%	
Director	Wan-Hsu Investment Co.,Ltd. Representative: Po-Yuan Lin	6	0	100%	
Independent director	Ming-Chang Huang	6	0	100%	
Independent director	Chwen-Shell Ho	6	0	100%	
Supervisor	Ju-Ching Liao	6	0	100%	
Supervisor	Chin-Lung Huang	5	0	83%	
Supervisor	Hong-Chang Lin	5	0	83%	

Other matters :

1) If the operation of the board of directors is in any of the following situations, the date, period, content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors shall be stated:

A. Securities and Exchange Act §14-3 resolutions:

Meeting date	Meeting period	Content	Opinions of all independent directors	The company's handling of independent directors' opinions
2021/3/18	18 th session of tenth meeting	Amendments to the Articles of Incorporation	Agreed	Not applicable
		Amendment to the Rules of Procedures for Shareholders' Meeting		
		Loaning company fund to KoBrite Corp.		
2021/5/12	18 th session of eleventh meeting	Loaning company fund to KoBrite Corp.	Agreed	Not applicable
2021/7/27	18 th session of twelfth meeting	2021 1st treasury stock transfer to employee's stock subscription status by managers	Agreed	Not applicable

2021/11/9	18 th session of fifteenth meeting	2020 remuneration of directors and supervisors and the remuneration of managers and employees.	Agreed	Not applicable
2022/3/17	18 th session of sixteenth meeting	Amendments to the Articles of Incorporation	Agreed	Not applicable
		Amendment to the Rules of Procedures for Shareholders' Meeting		
		Loaning company fund to KoBrite Corp.		

B. In addition to the previous matters, other resolutions that have been opposed or reserved by independent directors with a record or written statement: No such situation

2) The implementation of directors' avoidance of interested resolutions shall state the director's name, the content of the resolutions, the reasons for avoidance of interests, and participation in voting:

Meeting date	Meeting period	Director	Content	Opinions from other directors
2021/7/27	18 th session of twelfth meeting	Tsung-Jen Liaw Shu-June Wang Hsin-Pei Liao	2021 1st treasury stock transfer to employee's stock subscription status by managers. Because of the conflict of interest, CEO and his spouse and second-degree of kindship as directors avoided and left the discussion and voting in accordance with the law.	Agreed
2021/11/9	18 th session of fifteenth meeting	Tsung-Jen Liaw Shu-June Wang Hsin-Pei Liao	2020 remuneration of directors and supervisors and the remuneration of managers and employees. Because of the conflict of interest, CEO and his spouse and second-degree of kindship as directors avoided and left the discussion and voting in accordance with the law.	

Self-evaluation from the board of directors: detailed description of item 3. (1) 2.

3) Objectives of strengthening the functions of the board of directors in the current year and most recent years (such as the establishment of an audit committee, improving information transparency, etc.) and evaluation of implementation: Since 2020, the board of directors has been self-evaluated, and the evaluation results and their evaluation indicators have been reported to the board of directors. The results will be used as a reference for enhancing the functions of the board of directors.

3.3.2 The board of directors' evaluation on implementation and operation situation

The company passed the "Measurement for the Performance Evaluation of the Board of Directors and Functional Committees" on November 12, 2019. The implementation of the Board of Directors' appraisal in 2021 is as follows:

Evaluation period	Evaluated period	Evaluation range	Evaluation method	Evaluation content
Execute once a year	The performance evaluation of the board of directors and remuneration committee from 2021/1/1 to 2021/12/31	Including the overall board of directors, individual directors and functional committees.	Will be conducted in the form of self-assessment questionnaire. The evaluation result will be reported to the board of directors or each functional committee for review and improvement.	<p>The performance evaluation of directors includes the following six aspects: a total of 20 questions</p> <ol style="list-style-type: none"> 1. The company's goals and tasks. (3 questions) 2. Awareness of directors' responsibilities. (3 questions) 3. The degree of participation in the company's operations. (6 questions) 4. Internal relationship management and communication. (3 questions) 5. Professional and continuing education of directors. (2 questions) 6. Internal control. (3 questions) <p>The self-evaluation of the board of directors includes the following five aspects: a total of 45 questions</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. (12 questions) 2. Improve the decision-making quality of the board of directors. (12 questions) 3. The composition and structure of the board of directors. (7 questions) 4. The selection and continuing education of directors. (7 questions) 5. Internal control. (7 questions) <p>The measurement items of functional committee performance evaluation should include at least the following five aspects:</p> <ol style="list-style-type: none"> 1. The degree of participation in the company's operations. 2. Recognition of the responsibilities of the functional committee. 3. Improve the decision-making quality of functional committees. 4. The composition of the functional committee and the selection of its members. 5. Internal control.

3.3.3 Status of Audit Committee or Supervisors

- Status of Audit committee: Not applicable at this moment
- Status of Supervisors: As shown in (1).
- Descriptions of the communications between the independent directors, the internal auditors, and the independent accountants:
 - Communication guidelines between independent directors and internal auditors:
 - (a) The manager of internal auditors arranges meeting with independent directors at least once per quarter, communicates and replies to the independent directors, and reports to the independent directors with regard to internal auditing matters.
 - (b) The auditing report and follow-up report are delivered to each independent director for

inspection via E-mail or in person before the end of the month following the completion of internal auditing matters.

(c) In the event of major unexpected incident, the manager of internal audit should reports immediately to the independent directors via phone or via other forms of communication.

- Communication guidelines between independent directors and independent accountants:
 - (a) Independent accountants should at least once per year communicate with independent directors regarding the company's financial statements or impact of statute amendments.
 - (b) Meetings may be held at any time in case of major special conditions.
- d. Summary of past communications between independent directors and the manager of internal auditors:

Dates	Communication matters	Results	
		Suggestion from independent directos	Actions taken after the communication
2021/3/18	Internal Control Self-assessment Report for year 2020 Audit report for 1 st quarter of 2021	N/A	Continue to report to the Board of directors
2021/5/12	Audit report from March to May of 2021	N/A	Continue to report to the Board of directors
2021/6/16	Audit report from April to June of 2021	N/A	Continue to report to the Board of directors
2021/8/7	Audit report from June to August of 2021	N/A	Continue to report to the Board of directors
2021/11/9	Audit report from July to September of 2021	N/A	Continue to report to the Board of directors
2022/3/17	Audit report from September to November of 2021	N/A	Continue to report to the Board of directors

e. Summary of past communications between independent directors and the independent accountants:

Dates	Communication matters	Results of execution
2021/11/9	Independent directors' meeting with certified public accountants: Ms. Hsin-I Kuo and Ms. Tzu-Hui Li and Associate Chin-Mei Li from KPMG Taiwan. Topics including: 1. Reviewer 's responsibility for reviewing mid-term financial reports 2. Scope of review, financial analysis 3. Key review matters 4. Independence report 5. 2021 Group Review poeriod-end communication matters -	Independent directors had fully communicated with accountants regarding review of the first three quarters of 2021 financial report, recent important accounting principles and updates on government acts.

	Examples of coping strategy communication for unable to audit in person	
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3.3.4 Status of Corporate Governance Operation and its Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
Does Company follow “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to establish and disclose its corporate governance practices?	V		The company has passed the "Code of Practice on Corporate Governance" by the Board of Directors on 2021/11/9, and continues to operate in accordance with the spirit of corporate governance and related norms. The corporate governance unit is set up according to actual needs, and Hsin-Pei Liao, the director of the operation management department, is responsible for corporate governance related affairs.	Same as explanation
Shareholding Structure & Shareholders’ Rights				
1. Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		1. BRTLED has designated appropriate personnels, such as spokesperson, acting spokesperson, and the legal Department...etc to handle shareholder suggestions, concerns, disputes or litigation matters.	No major differences
2. Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		2. BRTLED has designated appropriate personnels to track the shareholdings of directors, officers, and top ten shareholders through the common share transfer agent.	No major differences
3. Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V		3. BRTLED has set up internal rules in the Company’s Internal Control System and Affiliated Corporations Management.	No major differences
4. Has the Company established internal	✓		4. BRTLED has established its “Insider Trading	No major differences

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
rules prohibiting insider trading on undisclosed information?	V		policy” that applies to all employees, officers and members of the Board of Directors of the Company and to any other person having a duty of trust or confidence, with respect to transactions in the Company’s securities. This policy, which is available on the company’s official website. prohibits any insider trading and the Company regularly provides internal training on this issue.	
<p>Composition and Responsibilities of the Board of Directors</p> <p>1. Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?</p>	V		<p>1. The company's "Rules for Directors and Supervisors Election" stipulates that the members of the board of directors should have the knowledge, skills and literacy necessary to perform their duties, and be elected according to their specifications.</p> <p>Diversification Policy for the composition of the Board of directors and implementation: The company pays attention to gender equality in the composition of the board of directors, and the target ratio of female directors is more than 20%. In this term, the board contains total of 7 directors, including 3 female directors, with a ratio of 43%. The relevant implementation situation is as follows: (1) The goal of the diversification policy includes more than two seats of female directors, one or more seats with financial accounting professional background, and more than half of seats with knowledge</p>	<p>No major differences</p> <p>Same as explanation</p>

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons:																																																						
	Y	N	Explanation																																																							
<p>2. Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?</p> <p>3. Has the Company set performance assessment rules and methods for the board of directors and does it perform this evaluation every year?</p> <p>4. Does the company regularly evaluate the independence of the CPA?</p>		V	<p>and experiences in related industry fields. (2) The current (18th) board members have complied with the company's board of directors' diversification policy.</p> <table border="1"> <thead> <tr> <th colspan="2">Subject related to diversification policy</th> <th>Management</th> <th>Industrial knowledge</th> <th>Leadership</th> <th>Finance/ Accounting</th> </tr> <tr> <th>Name</th> <th>Gender</th> <th></th> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Tsung-Jen Liaw</td> <td>M</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Shu-June Wang</td> <td>F</td> <td></td> <td>v</td> <td></td> <td></td> </tr> <tr> <td>Chi-Chia Hsieh</td> <td>M</td> <td>v</td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Hsin-Pei Liao</td> <td>F</td> <td></td> <td>v</td> <td>v</td> <td>v</td> </tr> <tr> <td>Po-Yuan Lin</td> <td>M</td> <td></td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Ming-Chang Huang</td> <td>M</td> <td></td> <td>v</td> <td>v</td> <td></td> </tr> <tr> <td>Chwen-Shell Ho</td> <td>F</td> <td></td> <td>v</td> <td>v</td> <td></td> </tr> </tbody> </table> <p>2. The company established a compensation committee through the resolution from the board of directors' meeting on December 22, 2011. In addition to the above committee, the company currently has no other functional committees.</p> <p>3. The company has formulated the board of directors' performance assessment rules and methods, which was approved by the board of directors on 2019/11/12, and completed 2021 board performance assessments through internal self-evaluation. The results generated from the board of directors and compensation committee were announced in the board meeting on 2022/3/17.</p> <p>4. The company regularly conducts the evaluation report of the independence of CPA accountants based on the following evaluation items each year and asks accountants to issue an independence</p>	Subject related to diversification policy		Management	Industrial knowledge	Leadership	Finance/ Accounting	Name	Gender					Tsung-Jen Liaw	M	v	v	v		Shu-June Wang	F		v			Chi-Chia Hsieh	M	v	v	v		Hsin-Pei Liao	F		v	v	v	Po-Yuan Lin	M		v	v		Ming-Chang Huang	M		v	v		Chwen-Shell Ho	F		v	v		<p>Same as explanation</p> <p>No major differences</p>
Subject related to diversification policy		Management	Industrial knowledge	Leadership	Finance/ Accounting																																																					
Name	Gender																																																									
Tsung-Jen Liaw	M	v	v	v																																																						
Shu-June Wang	F		v																																																							
Chi-Chia Hsieh	M	v	v	v																																																						
Hsin-Pei Liao	F		v	v	v																																																					
Po-Yuan Lin	M		v	v																																																						
Ming-Chang Huang	M		v	v																																																						
Chwen-Shell Ho	F		v	v																																																						

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons:
	Y	N	Explanation	
			<p>statement.</p> <p>(1) The accountant has no direct or significant indirect financial interest relationship with the company.</p> <p>(2) The accountant has no financing or guarantee with the company or the company's directors.</p> <p>(3) The accountant has no close business relationship and potential employment relationship with the company.</p> <p>(4) Accountants and members of their audit team have not held positions as directors or managers of the company or had significant influence on audit work in past two years.</p> <p>(5) Accountants did not provide non-audit services that may directly affect the auditing.</p> <p>(6) Accountants do not intervene in stocks or other securities issued by the company.</p> <p>(7) The accountant did not act as a defender of the company or coordinate conflicts with other third parties on behalf of the company.</p> <p>(8) The accountant has no kinship relationship with the company's directors, managers or personnel who have a significant influence on the audit case.</p> <p>On 2022/3/17, the board of directors of the company passed the independent assessment of 2021 CPA accountants.</p>	

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
Does the TWSE/TPEX listed company have a dedicated unit/staff member in charge of the Company' corporate governance affairs (including but not limited to providing information required for director/supervisor's operations, convening board/shareholder meetings in compliance with the law, apply for/change company registry, and producing meeting minutes of board/shareholder meetings)?	V		Our manager from financial division and manager from operational management division are concurrently in charge of the company's corporate governance affairs.	No major differences
Does the Company establish communication channels and dedicate section for stakeholder on its website to respond to important issues of corporate social responsibility concerns?	V		The Company has set “Stakeholder Zone” and have the contact information for stakeholders to on its website to respond to major concerns regarding corporate social responsibilities from stakeholders.	No major differences
Has the company appointed a professional stock affairs agency for shareholders affairs?	V		The Company authorized “The Transfer Agency Department of Chinatrust Commercial Bank” as stock service agency to handle shareholder transactions.	No major differences
Disclosure of information 1. Does the Company set up website to disclose financial operations and corporate governance information?	V		1. The Company has placed financial and corporate governance information on its website. www.brtled.com	No major differences
2. Has the Company adopted other measures (such as English website, a	V		2. The Company has official website with both Chinese and English for the Spokesperson	No major differences

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
<p>designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information?</p> <p>3. Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation early within the prescribed time limit?</p>	V		<p>and deputy spokesperson to disclose relevant information.</p> <p>3. The company announced and declared its annual financial report within three months after the end of the fiscal year. The company also announced and declared the first, second, and third quarter financial reports and monthly operating results within the prescribed time limit.</p>	No major differences
<p>Does the Company have other important information for better understanding the Company’s corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company’s directors and supervisors)?</p>	V		<p>1. Interests and rights of employees: The Company has always treated employees in good faith to ensure their legal interests and rights in accordance with the Labor Standards Act.</p> <p>2. Care for employees: by adopting a welfare system and good education and training, a relationship of mutual trust has been established with employees. Such as: employee benefits and community cultural and recreational activities and entertainment, health clinic grants and medical advice, the Company also provides staff quarters, rented accommodations for staff, accommodation care, parking lots, etc.</p>	None

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
			<p>3. Relations with banks, customers, suppliers and other interested parties: the company has provided fluent communication channels to protect both parties’ legal rights and interests.</p> <p>4. Execution of customer policies: stable and good relations with customers are maintained with the view of creating profits.</p> <p>5. Execution of the company’s articles of association, internal auditing system to regularly or irregularly evaluate risk management policy and risk measuring standards.</p> <p>6. Continuing education of directors and supervisors: all directors and supervisors are required to take 6 hours of training. New appointed directors and supervisors are required to take 12 hours of training.</p> <p>7. The company has taken out liability insurance for directors, supervisors and managers, and in 2022, the total insured amount will be US\$2 million from Fubon Insurance.</p>	

3.3.5 Composition, Duties and Operation of the Compensation Committee:

a. Members of the Compensation Committee

Title	Criteria Name	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Criteria for independence (Note 1)										Number of other Taiwanese public companies concurrently serving as an Independent Director	Notes		
		An instructor or higher position in a Department of Commerce, Law, Finance, Accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of Commerce, Law, Finance, or Accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10				
Independent Director	Ming-Chang Huang	v			v	v	v	v	v	v	v	v	v	v	v	v	0	
Independent Director	Chwen-Shell Ho	v			v	v	v	v	v	v	v	v	v	v	v	v	0	
Other	Chin-Hui Lin		v	v	v	v	v	v	v	v	v	v	v	v	v	v	0	

Note 1 : Directors, during the two years before being elected and during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs 2 and 3.
5. Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as of its top five shareholders or appointed as a representative in accordance with the Company Act Article 27, Item 1 or Item 2. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
6. Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
7. Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent). (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. (However, if such specific company or institution holds more than 20% but less than 50% of the total issued shares of the company and its independent director who concurrently serves the company, the company's parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local national laws is not limited to this.)
9. Other than serving as a compensation committee member of the company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service which total compensation within the recent two years exceeds NTD500,000.
10. Not been a person of any conditions defined in Article 30 of the Company Act.

b. Duties:

As professionals, the committee should evaluate the salary and remuneration policies and systems of the company's directors, supervisors and managers, and make recommendations to the board of directors for their decision-making reference. However, the proposal of the supervisor's salary and remuneration shall be submitted to the board of directors for discussion. The supervisor's salary and remuneration shall be prescribed by the company's articles of association or approved by the shareholders' meeting to authorize the board to deal with:

- (1) Regularly review the regulations and propose amendments.
- (2) Set and regularly review the company's directors, supervisors and managers' performance goals and policies, systems, standards and structure of salary and remuneration.
- (3) Regularly evaluate the salaries of directors, supervisors and managers of the company.

3. Implementation status of the compensation committee

(1) The company's compensation committee consists three members and the term (the third term) is from June 12, 2019 to June 11, 2022.

(2) 2021 compensation committee meeting status in third as follow:

Title	Name	Attendance in person (B)	By proxy	Attendance rate(%) (B/A)(Note)	Notes
Convenor	Ming-Chang Huang	3	0	100%	
Member	Chwen-Shell Ho	3	0	100%	
Member	Chin-Hui Lin	3	0	100%	

Other matters for declaration :

2021 compensation committee meeting details:

Date	Term	Contents	Opinions	Suggestions on objection of Compensation committees' opinions
2021/3/18	4 th session of forth meeting	The regular review of remuneration of the directors, supervisors and managers.	Agreed	N/A
2021/7/27	4 th session of fifth meeting	Situation of stock subscription by managers in the company's first treasury stock transfer in 2021	Agreed	N/A
2021/11/9	4 th session of sixth	1. The regular review of remuneration of the directors, supervisors and managers.	Agreed	N/A

	meeting	2. 2020 compensation distribution for directors, supervisors, managers and employees.	Agreed	N/A
		3 2021 board of directors and functional committees' performance evaluation project	Agreed	N/A

1. If the board of directors does not adopt or amend the recommendations from the compensation committee, the date, the period, the content of the motion, the resolution of the board of directors' meeting, and the company's feedback to the opinions from the compensation committee shall be stated: No such situation.
2. During resolutions of the Compensation Committee meetings, if any members of the compensation committee have objections or reservations and have a record or written statement, the date, the period, the motion content, the opinions of all members and feedbacks to members' opinions shall be stated: No such situation.

3.3.6 Corporate Sustainability Performance:

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
1. Does the company establish corporate sustainability and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and the supervision of the board of directors.	V		1.The operation management division of the company is responsible for the overall development of the company's sustainability, including planning policies and formulating various rules and regulations. All departments follow their duties and report to the board of directors at least once a year.	Same as explanation
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	V		2. The company conducts risk assessment on various issues related to the company's sustainable development in accordance with the principle of corporate responsibility. On 2020/11/6, the "Risk Management Policies and Procedures" were approved by the Board of Directors, and the operation and implementation of the risk management policies were regularly reported to the Board of Directors at least once a year.	No major differences
3. Environmental issues: 1. Does the company establish proper environmental management systems based on the characteristics of their industries?	V		1. The company received the ISO 14001 environmental management system certification in 2004, and the products passed the ROHS environmental standard for toxic substances the following year.	No major differences
2. Does the company endeavor to utilize all resources more efficiently and use renewable	V		2. The company has improved the utilization efficiency of various resources through measures	No major differences

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
<p>materials which have low impact on the environment?</p> <p>3. Does the company assess the potential risks and opportunities of climate change on its present and future operation, and take measures to respond to climate-related issues?</p> <p>4. Does the company conduct assessment on greenhouse gas, water consumption and waste for the last two years, and establish company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water saving and waste management?</p>	V		<p>to save electricity and water, and give priority to the use of recycled materials with low impact on the environment</p> <p>3. The company recognizes the impact of climate change on the environment, continues to develop low-energy light source products (LED), and produces products that are integrated with the global environment, taking into account the product life cycle and green environmental protection.</p> <p>4. The company fully adopts high-efficiency LED outdoor and indoor energy-saving lighting systems. In daily life, the air conditioner is turned on when the temperature reaches 28 degrees, and the system of turning off the air conditioner for one hour during the lunch break is implemented to implement the policy of energy saving and carbon reduction.</p>	<p>No major differences</p> <p>No major differences</p>
<p>4. Social issues:</p> <p>1. Does the Company establish proper management methods and procedures in accordance with the relevant regulations and the international conventions on human rights?</p>	V		<p>1. The company has the "human rights policy" and abides labor laws and regulations to protect the rights and interests of employees, to create legal employment, to avoid sexual harassment and discrimination, and to formulate fair performance evaluation system. The company sets a dedicated mailbox fairtrade@brtled.com and dedicated mobile phone number to provide an</p>	<p>No major differences</p>

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
2. Does the company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	V		<p>employee complaint channel, and a dedicated person handles the complaint properly.</p> <p>2. The company has set up compensation committee to assist in reviewing relevant salary policies, which combined with the company’s employee reward and punishment measures and employee assessment measures. In addition, the Articles of Association of the Company stipulates that after deducting the pre-tax benefits of the current year and after deducting the benefits before the distribution of employee remuneration and directors and supervisors' remuneration, after retaining to make up for the accumulated losses, if there is still a balance, no less than 8% will be allocated as employee remuneration. Considering market changes and price index changes, the company provides a reasonable and competitive salary system to attract talents. The company has set the key measures for salary adjustment and personnel changes and conduct annual salary adjustments and personnel promotion. Based on the principle of fairness and justice, in each February and August, the performance of each unit and the individuals (ability, attitude, development potential, etc.) or special contributions of employees are regularly evaluated, and salary adjustments or promotions may be approved to allow employees to share</p>	No major differences

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
3. Does the Company provide a safe and healthy working environment for its employees and organize training on safety and health on a regular basis?	V		<p>the company's operating results and to motivate employees, and to improve employee centripetal force. There is also a method for repurchasing shares for transferring to employees, which comprehensively considers factors such as employee grades, performance appraisal, years of service, special contributions to the company and future development potential for employees to subscribe for shares, so as to make the employee reward system more diversified.</p> <p>3. The company provides a working environment that meets regulations (with access control and fire escape equipment) and cooperates with professional institutions to organize employee health inspections and safety and health education and training. The 2021 implementation situation is as follows:</p> <p>(1) Fire drills are held in June to strengthen employees' fire fighting concepts and emergency escape response capabilities.</p> <p>(2) Hold a health check in December to understand the health of employees.</p> <p>(3) No occupational disasters occurred in year 2021.</p>	No major differences
4. Does the company provide its employees with career development and training sessions?	V		4. The company has a complete education and training course every year according to the needs of employees' work, combined with training	No major differences

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
5. Does the company comply with relevant regulations and international standards on the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulates relevant policies and procedures to protect consumer rights and handling complaints?	V		and performance management systems, to help employees develop their talents and potentials. 5. The company formulates consumer (customer) rights policies and has a complete customer complaint system specification and establishes complaint channels for research and development, procurement, production, operation and service processes. The company provides a complete product after-sales customer service system and has passed relevant international safety standards and international environmental protection standards.	No major differences
6. Does the company formulated and implement supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	V		6. Before procurement, the company must go through the supplier evaluation procedure and record whether the supplier has impacted the environment and society in the past. The company has formulated the "Integrity and Integrity Transaction Commitment" and requires suppliers to sign it back. If employees or their family members claim any tangible or intangible benefits, the company will immediately notify them to permanently stop cooperation. Violation of the regulations by the company and its employees may violate relevant criminal laws.	No major differences
5. Does the company compile a corporate sustainability report? or reports that disclose the company's	V		5. The company has not yet prepared a corporate sustainability report.	

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
non-financial information based on international compiling standard or guidelines? Does the report accredited from accreditation agency or third-party verification organization?				
6. If the Company makes its own corporate sustainability principles according to the Rules of Corporate Sustainability Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: The company has not yet formulated a code of practice for sustainability, but has implemented issues related to the company's sustainable development in various rules and policies of the company's operations, and is continuing to implement.				
7. Other important information that helps understand the operation situation in terms of the corporate sustainability: The company's concept of corporate sustainability is the product LED production, with the goal of integrating products with the global environment, and considering the product life cycle together with green environmental protection. When engaging in various activities, all employees should reduce the load on the environment as much as possible, abide by the relevant national regulations, comply with the operating procedures, and strive to prevent pollution. Continuous improvement of environmental management System, make full use of the maximum resources, and pursue excellent environmental performance, with the goal of achieving ISO 14000, all products meet the environmental standards of toxic substances. The practical method is as follows : <ol style="list-style-type: none"> 1. R&D for new products is oriented towards an all-round green management model of environment, resources and products. 2. Fully adopt high-efficiency LED outdoor and indoor energy-saving lighting systems from daily life. 3. Fully communicate and coordinate with employees to strive for the whole company to recognize the concept of environmental protection and establish the concept of green is quality. 4. In daily life, the company finds ways to minimize the use of substances that may cause environmental damage. 5. The company abides by labor laws and regulations, protects the rights and interests of employees, legally hires, is free from sexual harassment and discrimination, and has a fair performance evaluation system 6. The daily implementations: when the temperature reaches 28 degrees, the air-conditioning turned on, the air-conditioning stopped for one hour during lunch break, and implement energy-saving and carbon-reduction policies. 7. The company carries out routine physical health checks every year, so that employees can grasp their own health status. 8. Reduce unnecessary travel, set up video equipment in each plant to promote energy saving and carbon reduction for employees. 				

Assessment items	Implementation status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
9. Implement protection of employees' work rights, promote high-quality employee welfare system and implement education and training.				
10. All products have obtained relevant testing and certifications:				
<ul style="list-style-type: none"> · The street lamp series passed the third-party testing and energy-saving certification of TAF laboratory · The LED light tubes passed the certification of BSMI standard by the Bureau of Standards and Inspection of the Ministry of Economic Affairs · Quality system: ISO9001 / ISO14001 / IATF16949 / AS9100. · The spotlights, tunnel lights and landscape lights series passed the third-party testing and energy-saving certification of TAF laboratory · Downlights passed the third-party testing and certification of TAF laboratory · OA lamps passed the third-party testing and certification of TAF laboratory · LED light bulbs passed CE certification, neptune planetary LED bulbs passed BSMI · Photo Coupler safety certification: CQC China/ CSA Canada/ UL United States/ VDE Germany 				

3.3.6 Status of Implementation of Ethical management:

Assessment items	Implementation Status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
Adopt ethical management policy and scheme				
1. Does the Company clarify the ethical management policy in its regulations and external documents and the commitment of board of directors and managers to active implementation?	V		1. The company has established the " Procedures for Ethical Management and Guidelines for Conduct" and " Codes of Ethical Conduct for Directors and Managers", and signed " "Ethical management and trade" with suppliers and distributors to implement the ethical management policy.	No major difference
2. Does the Company work out scheme, operation procedures and guidelines of conducts for employee education and training to prevent dishonest behaviors?	V		2. The company's "Procedures for Ethical Management and Guidelines for Conduct" has procedures for preventing dishonesty, reporting system, reward and punishment, appeal system and disciplinary action. Through internal bulletin boards, emails and department meetings, employees communicate the importance of integrity. The specification is disclosed in the corporate governance section of the company 's website for reference .	No major difference
3. Does the Company adopt preventive measures to bad faith companies with higher risks of its business activities described in article 7 item 2 of the “Integrity Operation Practice Principles for TWSE/GTSM-Listed Companies”?	V		3. The Company's "Procedures for Ethical Management and Guidelines for Conduct" sets out business activities with high risk of dishonesty behavior and related preventive measures within the business scope, which includes the seventh article of the "Listed OTC Company Integrity Management Code" Two acts of each paragraph. In addition, the employees of the company must sign an "employment	No major difference

Assessment items	Implementation Status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
			agreement" with a promise of integrity, and require dealers and suppliers to sign an "integrity and integrity transaction commitment" to strengthen compliance with integrity.	
<p>Implementing Ethical management</p> <p>1. Does the Company assess the integrity record of its business partners and set faithful conduct policies in the terms and conditions of its contracts?</p>	V		1. The Company's "Ethical management and trade" sets out the terms of integrity and integrity transaction, which clearly requires dealers and suppliers to make commitments on honesty and integrity and integrity transactions. Each year, the business and procurement unit evaluates the transactions in the past year and re-signs the commitment to "Ethical management and trade".	No major difference
<p>2. Has the Company set up exclusively (or concurrently) dedicated units to be in charge of corporate ethical management which report to and are supervised by the Board of Directors?</p>	V		2. The company's operation department is a part-time unit, responsible for promoting the operation of the company's integrity management, and reporting the actual operation to the management meeting, and reporting to the board of directors at least once a year.	No major difference
<p>3. Does the Company work out policies to prevent conflicts of interest and provide proper statement channels?</p>	V		3. The company's "Procedures for Ethical Management and Guidelines for Conduct" specifies that when the personnel who execute the company's business find that they have conflicts with themselves or the legal person they represent, they should report the relevant matters to the direct supervisor	

Assessment items	Implementation Status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
4. Has the Company established an effective accounting system, internal control system and audit by internal auditors or CPAs to put ethical management into practice?	V		and the company's special responsibility. Units and departments of the company has established an accounting system, internal control system and related management methods, and internal auditors regularly check the compliance of various systems. Direct supervisors should provide appropriate guidance. 4. The company has established an accounting system, internal control system and related management methods, and internal auditors regularly check the compliance of various systems.	No major difference
5. Does the Company organize internal or external trainings in an ethical management of business regularly?	V		5. In addition to the promotion of integrity behavior of new employees, the company's directors, supervisors, financial accounting, auditors and senior managers must participate in internal and external education and training every year. In 2021, relevant personnel participated in courses including regulations revision, director supervision and management practice, internal control fraud inspection, insider trading, professional ethics, and economic crime legal responsibility. A total of 10 participants participated in 60 hours of related education and training. The Operations Management Department also regularly conducts online courses on "Ethical Management Education Training and Case Sharing", which requires all	No major difference

Assessment items	Implementation Status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
			employees to participate. As of 2021/3/10, a total of 44 people completed 6.6 hours of online courses. In addition, the "Procedures for Ethical Management and Guidelines for Conduct" are disclosed in the corporate governance section of the company's website for internal and external personnel to refer to.	
Report System operating status				
1. Has the company set specific report and reward system to facilitate the report channel and assign appropriate specialist accepting to spot the reported object?	V		1. The company's "Procedures for Ethical Management and Guidelines for Conduct" has a reporting and reward system, and the responsible unit handles related matters. There is a fair trade dedicated mail box fairtrade@brtled.com and a dedicated mobile phone number Charge.	No major difference
2. Has the company set the standard operating procedures and related nondisclosure mechanisms to investigate reported matters?	V		2. The company's "Procedures for Ethical Management and Guidelines for Conduct" are clearly stipulated that after receiving the report, the responsible unit will be responsible for identifying the relevant facts, if necessary, by the compliance of the regulations or other relevant departments to provide assistance, and for the identity of the informant And the content of the report shall be kept confidential.	No major difference
3. Has the Company set measures to protect whistleblowers do not suffer for which he or she reported?	V		3. The company keeps the identity of the informant and the content of the report confidential, and promises to protect the informant from improper handling of the report.	No major difference

Assessment items	Implementation Status			Differences from the Law “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:
	Y	N	Explanation	
<p>Enhance information disclosure</p> <p>1. Does the company disclose the information of implementation and results of ethical management on its website and the MOPS?</p>	V		<p>1. The company disclosed the contents of the "Procedures for Ethical Management and Guidelines for Conducts" in the Corporate Governance section and public information observatories on the company's website. The relevant implementation of the promotion is also explained in the company's annual report disclosed on the above website.</p>	No major difference
<p>If the company develops its own integrity operation rules according to the Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: No difference.</p>				
<p>Other important information for better understanding of the integrity operation (such as review and revision of the regulations on ethical management):</p> <ol style="list-style-type: none"> 1. The company signed "Commitments of Honesty and Cleanliness Transaction" with suppliers and distributors to jointly combat illegal acts of commercial bribery and uphold honesty and integrity and clean transactions. 2. The company has established the "Procedures for Ethical Management and Guidelines for Conducts" to comply with relevant regulations and relevant laws and regulations on business conduct. 3. The Company has a system for avoiding directors' interests in the "Rules and Procedures of Board of Director Meetings". 				

3.3.7. Other Company-established corporate governance rules and regulations:

Please refer to the Company's website for the company's Corporate Governance Principles. Also available at the "Relevant Rules for Corporate Governance" under "Corporate Governance" on the Public Information Observatory <http://mops.twse.com.tw>.

3.3.8. Other Important Corporate Governance Information:

1. The company has established internal major information processing procedures and procedures for managing prevention of insider trading. All relevant departments handling potential major information and disclosure should comply with the relevant procedures and laws.
2. Employees of the company must abide by laws and internal regulations to avoid dishonesty.
3. The employees related to financial information transparency have obtained the relevant certificates designated by the competent authority :

Certificates	Internal Auditors
Certified Internal Auditor CIA	1
Certification in Control Self-Assessment CCSA	1

4. 2021 Directors' trainings:

Title	Name	Organizer	Course	Hours
Chairman	Tsung-Jen Liaw	Taiwan Corporate Governance Association	Insider trading prevention and countermeasures	3
		Taiwan Corporate Governance Association	Discussion on Legal Issues of Instant Messaging	3
Director	Shu-June Wang	Taiwan Corporate Governance Association	Insider trading prevention and countermeasures	3
		Taiwan Corporate Governance Association	Discussion on Legal Issues of Instant Messaging	3
Director	Chi-Chia Hsieh	Corporate Operation Association	Insider trading prevention and countermeasures	3
		Taiwan Corporate Governance Association	Discussion on Legal Issues of Instant Messaging	3
		Taiwan Corporate Governance Association	Insider trading prevention and countermeasures	
Director	Po-Yuan Lin	Taiwan Corporate Governance Association	Discussion on Legal Issues of Instant Messaging	3
		Taiwan Corporate Governance Association	Insider trading prevention and countermeasures	3
Director	Hsin-Pei Liao	Taiwan Corporate Governance Association	Discussion on Legal Issues of Instant Messaging	3
		Taiwan Corporate Governance Association	Insider trading prevention and countermeasures	3
Independent Director	Ming-Chang Huang	Taiwan Corporate Governance Association	Discussion on Legal Issues of Instant Messaging	3
		Taiwan Corporate Governance Association	Insider trading prevention and countermeasures	3
Independent Director	Chwen-Shell Ho	Taiwan Corporate Governance Association	Discussion on Legal Issues of Instant Messaging	3
		Taiwan Corporate Governance Assn	Insider trading prevention and countermeasures	3

3.3.9. Status of Implementation of Internal Control System:

1. Statement of Internal Control

Bright Led Electronics Corp.
Statement of Internal Control

March 17, 2022

About the company's internal control system for 2021, based on the results of self-assessment, would like to declare the following:

1. The company is aware that it is the board of directors and managers' responsibilities to establish, implement and maintain the internal control system. The company has already established such system with the purpose of providing reasonable assurances for the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance, and asset security, etc.), reliability, timeliness, transparency of reporting, and compliance with relevant standards and relevant laws and regulations.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; and, due to changes in the environment and circumstances, the effectiveness of the internal control system may vary. However, the company's internal control system has a self-monitoring mechanism. Once the deficiency is identified, the company will take corrective action.
3. The company determines whether the design and implementation of the internal control system is effective based on the judgment items on the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the regulation"). The internal control system judgment items described in the "the regulation" are, according to the process of management control, composed by five elements: 1. control environment, 2. Risk assessment, 3. control operations, 4. information and communication, and 5. Supervision operations. Each element contains several items. For the aforementioned items, please refer to the "the regulation".
4. The company has adopted the above internal control system to judge the project and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results of the preceding paragraph, the company believes that the company's internal control system by December 31, 2021 (including supervision and management of subsidiaries), including understanding the effectiveness of operations and the degree to which efficiency goals are achieved, reports are reliable, timely, transparent and design and implementation of the internal control system are in compliance with relevant regulations and laws and regulations, are effective and can reasonably ensure the achievements of above goals.
6. This statement will become the main content of the company's annual report and be published in public. If the contents disclosed above are false or concealed, the legal responsibilities set by Article 20, Article 32, Article 171 and Article 174 of the Securities Exchange Law will be involved.
7. This statement was approved by the board of directors of the company on March 17, 2022. Of 7 directors present, no objections take place, all directors agreed with the contents of this statement, and hereby declare.

Bright LED Electronics Corp.
Chairman: Tsung-Jen Liaw
President: Tsung-Jen Liaw

2. The person who entrusts the accountant to review the internal control system on an ad hoc basis should disclose the accountant's review report: No such situation.

3.3.10. In recent years and as of the date of publication of the annual report, the company and its internal personnel were punished according to law or the company's internal personnel were punished by violating the internal control system or major deficiencies and improvements occur: no such situation

3.3.11. In recent years and as of the date of publication of the annual report, important resolutions from the annual shareholders' meeting and the board of directors' meetings:

1. Content of resolution and implementation from the Annual Shareholders' meeting:

Date of 2021 Annual Shareholders' meeting: August 12, 2021

Important Resolution Matters	Implementation
(1) 2020 Financial statements approved	-
(2) 2020 Earnings distribution	Distributed by resolution
(3) Amendment of Article of Incorporation	Continuously abide by
(4) Re-election of one seat of supervisors	Re-elected: Hong-Chang Lin

2. Important resolutions from board of directors' meetings:

Date	Important resolution matters

2021/3/18	<ol style="list-style-type: none"> 1. New loan of funds to Kobrite Taiwan Corporation approved. 2. Passed the independent assessment of the company's certified accountants. 3. 2020 Board of directors, supervisors, managers and employees' compensation distribution approved. 4. 2020 business reports and finance statements approved. 5. 2020 profit distribution approved. 6. 2020 distribution of shareholders' cash dividends approved. 7. 2021 budget statements approved. 8. 2021 "Statement of Internal Control" approved. 9. Amendments to the "Rules of Procedure of the Board of Directors" approved. 10. Amendments to the "Rules on the Scope of Independent Directors' Responsibilities" approved. 11. Amendments to the "Organization Regulations of the Compensation Committee" approved. 12. Amendment to "Articles of incorporation" approved. 13. Amendments to the "Rules of Procedure for Shareholders' Meetings" approved. 14. Matters of convening 2021 Annual Shareholders' meeting approved <p>Opinions from Independent directors: N/A</p> <p><u>Implementation:</u> Announcement and implementation have been made in accordance with the contents of various resolutions</p>
2021/5/12	<ol style="list-style-type: none"> 1. Review of the financial statements for the first quarter of 2021 approved 2. Loans to the subsidiary Kobrite Taiwan Corporation from the company approved <p>Opinions from Independent directors: N/A</p> <p><u>Implementation:</u> Announcement and implementation have been made in accordance with the contents of various resolutions</p>
2021/6/16	<ol style="list-style-type: none"> 1. Settlement of case dividend distribution date and date of payment <p>Opinions from Independent directors: N/A</p> <p><u>Implementation:</u> Settlement of case dividend distribution date: 2021/7/10 Date of payment: 2021/7/30</p>
2021/7/27	<ol style="list-style-type: none"> 1. Revision on the date of the 2021 General Meeting of Shareholders and related matters approved. 2. Status of stock subscription by managers through the company's first treasury stock transfer in 2021 approved. 3. Confirmation on accounts receivable that are overdue more than 3 months is not a capital loan as its nature <p>Opinions from Independent directors: N/A</p> <p><u>Implementation:</u> Announcement and implementation have been made in accordance with the contents of various resolutions.</p>

2021/8/12	<p>1. Review of the financial statements for the second quarter of 2021 approved Opinions from Independent directors: N/A</p> <p><u>Implementation:</u> Announcement and implementation have been made in accordance with the contents of various resolutions.</p>
2021/11/9	<p>1. 2021 3rd quarter financial statements review approved 2. 2022 Auditing plan review approved 3. 2020 Board of directors, supervisors, managers and employees' compensation distribution review approved 4. Formulation of the company's "Code of Practice on Corporate Governance" approved. Opinions from Independent directors: N/A</p> <p><u>Implementation:</u> Announcement and implementation have been made in accordance with the contents of various resolutions</p>
2022/3/17	<p>1. New loan of funds to Kobrite Taiwan Corporation approved 2. Independence Evaluation of Certified Public Accountants approved 3. 2021 Business reports and financial statements approved 4. 2021 Employees and directors/supervisors compensation distribution approved 5. 2021 profit distribution approved 6. 2021 shareholder dividends distributed in cash approved 7. 2022 budget statement approved 8. 2021 Statement of internal control approved 9. Amendment to Procedures of Acquisition or Disposal of Assets approved 10. Amendment to Rules of Election of Directors and Supervisors approved 11. Re-election of directors (including independent directors) of the company approved. 12. The nomination of the list of candidates for directors (including independent directors) approved. 13. The case of lifting the non-compete restriction on new directors approved. 14. Amendment to Article of Incorporation approved. 15. Amendment to Rules and Procedure of the Shareholders' Meeting approved 16. Matters of convening 2022 Annual Shareholders' meeting approved 17. Amendment to Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees approved. Opinions from Independent directors: N/A</p> <p><u>Implementation:</u> Announcement and implementation have been made in accordance with the contents of various resolutions.</p>

3.3.12. In recent years and as of the date of publication of the annual report, any of directors or supervisors held objections with records or statements during the board of directors' meetings and such contents:
No such situation

3.3.13. In recent years and as of the date of publication of the annual report, summary of the resignation and dismissal of the company's chairman, CEO, accounting manager, finance manager, internal audit

manager and research and development manager: No such situation

3.4 Information of Audit fees

3.4.1. Disclosure of individual amounts of CPA audit fees

Unit: NT \$thousands

Accounting firm	Name of CPA	Audit fee	Non-Audit Fee		Audit period
			Pricing report	Other	
KPMG	Yu-Feng Hsu Tzu-Hui Li	3,850	-	-	2021/1/1~12/31
KPMG	Wei-Tun Yeh	-	280	100	2021/1/1~12/31
KPMG	Wei-Tun Yeh	-	150		2019/1/1~12/31

3.4.2. If the non-audit fees paid to CPA, the accounting firms where CPA belongs, and its affiliated enterprises, are more than a quarter of the audit public fees, the amount of audit and non-audit public fees and non-audit services shall be disclosed: No such situation

3.4.3. If the audit fee has decreased by more than 15% compared with the previous year, the amount, proportion and reason for the reduction of audit fee shall be disclosed: No such situation.

3.5 Information on Change of CPA

3.5.1 About the previous CPA:

Replacement date	April 1, 2022		
Reason and explanation	Internal personnel relocation made by the accounting firm		
Explain that the client or accountant terminated or did not accept the appointment	Party		Client
	Situation		CPA
	Voluntary termination		-
No longer accept (continue) appointment		-	-
Opinions and reasons for the issuance of verification reports other than unqualified opinions within the latest two years	N/A		
Any disagreement with the issuer	Y		Accounting principals or practices
			Disclosure of financial reports
			Scope or step of auditing
			Others
	N	V	
Explanation			

Other disclosed matters	N/A
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3.5.2 About the successor of CPA

Accounting firm	KPMG
Name of CPA	Hui-Chih Kou, Tzu-Hui Li
Appointed date	April 1, 2022
Consultation matters and results on the accounting treatment methods or accounting principles of specific transactions and possible issuance of financial reports before appointment	N/A
Successor of CPA's written opinions on accounting matters that are different from the previous CPAs'	N/A

3.5.3. Reply from the previous CPA: Not applicable

3.6 The company's chairman, president, finance or accounting managers who has worked in an accounting firm or its affiliated company within last year should disclose name, title and the period of working in the office of the visa accountant or its affiliated company: No such situation

3.7 In recent years and as of the date of publication of the annual report, directors, supervisors, managers and shareholders whose shareholding ratio exceeds 10% share transfer and share pledge changes:

3.7.1. Changes in the equity of directors, supervisors, managers and major shareholders

Unit: thousand shares

Title	Name	2021		Till April 9, 2022	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman/President/10% or above shareholders	Tsung-Jen Liaw	34	0	0	0
Director	Shu-June Wang	0	0	0	0
Director/10% or above shareholders	Wan-Hsu Investment Co., Ltd Representative- Po-Yuan Lin	0	0	0	0
Director	Chi-Chia Hsieh	0	0	0	0
Director	Hsin-Pei Liao	55	0	0	0
Independent director	Ming-Chang Huang	0	0	0	0

Independent director	Chwen-Shell Ho	0	0	0	0
Supervisor	Ju-Ching Liao	0	0	0	0
Supervisor	Chin-Lung Huang	0	0	0	0
10% or above shareholders	Yi-Run Investment Co., Ltd.	0	0	0	0
Vice president	Lin-Lin Chen	89	0	0	0
Associate VP	Ming-Kuei Yu	0	0	0	0
Associate VP	Wei-Cheng Chen	80	0	0	0
Associate VP	Hsiao-Yen Chang	82	0	0	0
Associate VP	Ying-Chen Hsiao	20	0	0	0
Finance manager	Mei-Lien Lin	66	0	0	0

3.7.2. Stock transfer information

Directors, supervisors, managers and shareholders whose shareholding ratio exceeds 10% of the shareholder's equity transfer or equity pledged equity transfer are relatives: No such situation.

3.8 Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another.

April 9, 2021

Name	Me		Spouse and minor children		Hold in the name of others		The top ten shareholders if inter-related to a party or a spouse, or kinship within second degree, etc.		Note
	Shares	Shareholding ratio	Shares	%	Shares	%	Name	Relationship	
Yi-Run Investment Co., Ltd.	31,859,212	17.54%	-	-	0	-	Shu-June Wang Tsun-Jen Liaw	Representative Director	
Wan-Hsu Investment Co., Ltd	27,378,397	15.07%	-	-	0	-	Tsun-Jen Liaw Shu-June Wang	Representative Director	
Tsun-Jen Liaw	21,062,417	11.59%	5,766,547	3.17%	0	-	Wan-Hsu Investment Co., Ltd Yi-Run Investment Co., Ltd. Shu-June Wang Hsin-Pei Liao Ju-Ching Liao	Representative Director Spouse Daughter Kinship within second degree	
Shu-June Wang	5,766,547	3.17%	21,028,417	11.57%	0	-	Yi-Run Investment Co., Ltd. Wan-Hsu Investment Co., Ltd Tsun-Jen Liaw Hsin-Pei Liao	Representative Director Spouse Daughter	

Hsin-Pei Liao	3,347,333	1.84%	34,000	0.02%	0	-	Tsung-Jen Liaw Shu-June Wang	Father Mother	
Po-Yuan Lin	2,291,596	1.26%	0	-	0	-	Ju-Ching Liao Chung-Yao Lin	Mother Father	
Ju-Ching Liao	2,240,541	1.23%	1,690,929	0.93%	0	-	Tsung-Jen Liaw Chung-Yao Lin Po-Yuan Lin	Kinship within second degree Spouse Son	
Chung-Yao Lin	1,690,929	0.93%	2,240,541	1.23%	0	-	Ju-Ching Liao Po-Yuan Lin	Spouse Son	
Ju-Hao Liao	1,404,188	0.77%	-	-	0	-	Tsung-Jen Liaw Ju-Ching Liao	Kinship within second degree Kinship within second degree	
Hsiu-Hsiang Chang	503,000	0.28%	-	-	0	-	-	-	

3.9 The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company

Comprehensive shareholding ratio

Unit: thousand shares; %

Reinvestment (Note)	Investment by the company		Directors, supervisors, managers and investments that directly or indirectly control businesses		Comprehensive investment	
	Shares	%	Shares	%	Shares	%
Wanhui Enterprise Co., Ltd.	11,460	99.65%	40	0.35%	11,500	100.00%
KoBrite Corp.	8,783,545	92.64%	-	-	8,783,545	92.64%
Lisheng International Industrial Co., Ltd.	35,740	59.57%	17,177	31.96%	44,700	91.53%
American Bright	52	15.63%	-	-	52	15.63%
Wanxu Enterprise Co., Ltd.	2,993	23.03%	3,249	25.00%	6,264	48.03%
Powertip Image Corp.	6,420	19.04%	240	0.71%	6,642	19.75%

Note : The company's long-term investment uses the equity method

4. Capital and Shares

4.1 Capitalization

Capital formation history:

Y/M	Issued Price	Approved share capital		Paid-in capital		Note		
		Shares (thousand)	Amount (NT \$thousand)	Shares (thousand)	Amount (NT \$thousand)	Source of equity	Those who use property other than cash to offset the share capital	Others
1981/06	1,000	1.13	1,130	1.13	1.13	Cash issuance of stock	N/A	—
1984/10	1,000	7	7,000	7	7,000	Cash issuance of stock	N/A	—
1987/04	1,000	20	20,000	20	20,000	Cash issuance of stock	N/A	—
1991/08	10	6,000	60,000	6,000	60,000	Cash issuance of stock	N/A	—
1995/08	10	10,000	100,000	10,000	100,000	Cash issuance of stock	N/A	—
1997/08	10	19,500	195,000	19,500	195,000	Cash issuance of stock	N/A	—
1998/12	20	75,000	750,000	35,000	350,000	Cash issuance.turnover. employee bonus	N/A	—
1999/09	10	75,000	750,000	42,700	427,000	Turnover.employee bonus	N/A	(88) Taiwan Finance Cert.(1) No.70838
2000/09	10	75,000	750,000	51,990	519,900	Surplus.employee bonus	N/A	(89) Taiwan Finance Cert.(1) No.71432
2001/09	10	100,000	1,000,000	63,000	630,000	Turnover. transfer. employee bonus	N/A	(90) Taiwan Finance Cert.(1) No.146154
2002/09	10	100,000	1,000,000	72,000	720,000	Turnover.employee bonus	N/A	Taiwan Finance Cert.(1) No. 0910148771
2003/08	10	122,000	1,220,000	82,000	820,000	Surplus.employee bonus	N/A	Taiwan Finance Cert.(1) No. 0920129544
2004/08	10	122,000	1,220,000	104,600	1,046,000	Turnover.transfer. employee bonus	N/A	SFB Cert.(1)No. 0930129606
2005/08	10	174,000	1,740,000	125,000	1,250,000	Turnover.employee bonus	N/A	FSC Cert. (1)No. 0940129144
2006/08	10	174,000	1,740,000	145,000	1,450,000	Turnover.employee bonus	N/A	FSC Cert. (1)No. 0950130503
2007/08	10	174,000	1,740,000	157,000	1,570,000	Turnover.employee bonus	N/A	FSC Cert. (1)No. 0960031969
2007/09	10	200,000	2,000,000	168,000	1,680,000	Cash issuance	N/A	FSC Cert. (1)No. 0960031777
2008/08	10	250,000	2,500,000	183,440	1,834,400	Turnover.employee bonus.	N/A	FSC Cert. (1)No. 0970032588
2009/09	10	250,000	2,500,000	194,682	1,946,824	Surplus.transfer. employee bonus	N/A	FSC Cert. (release)No. 0980036139
2010/09	10	250,000	2,500,000	196,674	1,966,742	Turnover.employee bonus	N/A	FSC Cert. (release)No. 0990033948
2017/05	10	250,000	2,500,000	186,674	1,866,742	Capital reduction by treasury stock	N/A	FSC Cert. (rules)No. 1060007749
2020/08	10	350,000	3,500,000	181,674	1,816,742	Capital reduction by treasury stock	N/A	FSC Cert. (rules)No. 1090345719

Types of shares	Approved share capital				Note
	Outstanding shares	Treasury stock	Unissued shares	Total	
Registered common stock	173,203,224	8,471,000	168,325,776	350,000,000	Listed company stock

4.2 Shareholders structure

April 9, 2021

Structure Quantity	Govt	Financial inst.	Other corporates	Foreign inst./ Foreigner	Person	Treasury stock	Total
Number	0	2	19	51	17,622	1	15,050
Number of shares held	0	12,562	60,234,519	2,767,771	110,188,372	8,471,000	181,674,224
Shareholding ratio	-	0.01%	33.16%	1.52%	60.65%	4.66%	100.00%

4.3 Distribution profile of share ownership

April 9, 2022

Shareholding grading	Number of shareholders	Number of shares held	Shareholding ratio
1-999	3,876	614,201	0.34%
1,000-5,000	11,052	22,417,325	12.34%
5,001-10,000	1,506	11,901,879	6.55%
10,001-15,000	425	5,325,872	2.93%
15,001-20,000	314	5,852,230	3.22%
20,001-30,000	191	4,814,214	2.65%
30,001-40,000	94	3,409,579	1.88%
40,001-50,000	51	2,336,242	1.29%
50,001-100,000	110	7,909,542	4.35%
100,001-200,000	47	6,436,889	3.54%
200,001-400,000	13	3,288,665	1.81%
400,001-600,000	4	1,855,426	1.02%
600,001-800,000	0	0	0.00%
800,001-1,000,000	0	0	0.00%
1,000,001 shares above	10	105,512,160	58.08%
Total	17,693	181,674,224	100.00%

4.4 List of major shareholders

Name	Shares	Number of shares held	Shareholding ratio
Yi-Run Investment Co., Ltd.		31,859,212	17.54%
Wan-Hsu Investment Co., Ltd		27,378,397	15.07%
Tsung-Jen Liaw		21,028,417	11.57%
Shu-June Wang		5,766,547	3.17%
Hsin-Pei Liao		3,347,333	1.84%

Po-Yuan Lin	2,291,596	1.26%
Ju-Ching Liao	2,240,541	1.23%
Chung-Yao Lin	1,690,929	0.93%
Ju-Hao Liao	1,341,188	0.74%
Hsiu-Hsiang Chang	503,000	0.28%

4.5 Stock price, net worth, surplus and dividend information for the past two years

Items		Year		As of the current year March 31, 2022
		2020	2021	
Stock price/ share	Highest	16.95	31.85	26.30
	Lowest	9.18	14.80	20.15
	Average	14.21	21.04	23.35
Net worth/ share	Before distribution	14.86	16.00	15.26
	After distribution	14.06	15.00	—
EPS	Weighted average number of shares	173,237,000	172,206,000	173,203,224
	Surplus per share	0.74	1.45	0.05
Dividend/ share	Cash dividend	0.80	1.00	—
	Stock granted	—	—	—
		—	—	—
	Accumulated unpaid dividend	—	—	—
ROI analysis	P/E (%)	19.20	14.51	—
	PBR (%)	17.75	21.04	—
	Dividend yield	5.63%	4.75%	—

Note 1 : The current year's surplus distribution has not been completed

Note 2 : P/E (%) = Average closing price per share of the year/ earnings per share

Note 3 : PBR (%) = Average closing price per share of the year/ cash dividend per share

Note 4 : Dividend yield = Cash dividend per share/ average closing price per share of the year

4.6 Dividend policy and implementation status

4.6.1. The company's dividend policy:

Before dividend distribution, the company shall first complete the taxation, then make up for the accumulated losses from the past years. According to regulations, the company shall also set aside proportion of earnings as legal reserves and special reserves for each fiscal year. In addition to the undistributed surplus of the previous year, after considering the funds required for operations, at least 50% of the shareholders' dividends shall be allocated, and the proportion of cash dividends shall not be less than 10%.

4.6.2. Implementation status:

On March 17, 2022, the board of directors approved 2021 surplus distribution. The company planned to distribute cash dividends of NT\$1.00 per share based on the number of outstanding shares, so the total cash dividends will be NT 173,203,224, which accounting for about 49% of the distributable surplus. The plan will be able to be executed after approval from the shareholders' general meeting.

4.7 The impact of the proposed bonus shares at the shareholders' meeting on the company's operating performance and earnings per share:

No proposal for allotment of bonus shares at 2021 shareholders' meeting.

4.8 Compensation of employees, directors and supervisors

4.8.1. The percentage or scope of compensation of employees, directors and supervisors as stated in the Articles of incorporation:

According to the Article 20 section 1 from the company's Articles of incorporation, the company shall allocate the income before tax to retain the accumulated loss from the past years before distribution of employees', directors' and supervisors' compensations. If there is a remaining, it should be allocated to employees' compensation not less than 8% and the directors and supervisors' compensations not more than 2%. The resolutions for distribution ratio of employees', directors' and supervisors' compensation distribution ratio and such compensations are based on stock or cash shall be approved by the board of directors with more than two-thirds of directors attending and half seats of the attended directors agree to during the board of directors' meeting. Such resolution shall also be reported at the annual shareholders' meeting. Employee compensation whether distributed as stock or cash shall include employees from subsidiaries that meet certain conditions.

4.8.2. The basis for estimating the amount of employees', directors' and supervisors' compensations at the current period, the basis for calculating the number of shares for employees' compensation by stock distribution and the accounting treatment when the actual distribution amount is different from the estimated amount:

- (1) The basis for estimating the amount of employees', directors' and supervisors' compensations at the current period: According to the company's Articles of incorporation, the company will allocate 8% of the income before tax that is distributable to employees' compensation in cash and 2% of the income before tax that is distributable to directors and supervisors' compensations in cash
- (2) The basis for calculating the number of shares for employees' compensation by stock distribution: If the employees' compensation is distributed by stocks from the resolution of the board of directors, the calculation of the number of issued shares is based on the closing price of the day before the board of directors decides to issue new shares and considers the effect of ex-rights and ex-dividends. The company's employee compensation for 2020 has not been resolved to be distributed by stocks.
- (3) The accounting treatment when the actual distribution amount is different from the estimated amount: After the annual consolidated financial statements are still subject to change, resulting in a difference between the actual distribution amount and the estimated amount, it is treated as a change in accounting estimates and adjusted for

accounting in next fiscal year.

4.8.3. Compensation distribution resolved by the board of directors:

The company decides to distribute the employees and directors and supervisors compensations for 2021 which resolved by the board of directors on March 17, 2022. The income before tax before the distribution for 2021 is NT\$ 330,764,85. No accumulated loss needs to be retained, so will allocate 8% of income before tax in cash as employees' compensation, which is NT\$ 26,461,189. The company will also allocate 2% of income before tax in cash as directors' and supervisors' compensation which is NT\$ 6,615,297. The above distribution complies with the company's Articles of incorporation.

4.8.4. Actual distribution of employees and directors and supervisors' compensation from the previous year:

The company allotted the 2020 surplus to employees, directors and supervisors with amounts of NT\$ 3,897,874 and NT\$ 15,591,495 respectively. The distribution was completed for directors and supervisors.

4.9 Status of share buyback:

4.9.1. The repurchase of the company's shares in the last three years (completed):

May 07, 2022

	Second	Third
Purpose of share repurchase	Transfer to employees	Maintain the company credit and shareholders' right
Type of share repurchase	Common	Common
Quantity of share repurchase	10,000,000 shares	5,000,000 shares
Repurchase period	2019/8/12~2019/10/11	2020/3/23~2020/5/22
Price range of repurchase	NT\$10.5~ NT\$17.5	NT\$7.5~ NT\$20.45
Actual quantity of share repurchase	10,000,000 shares	5,000,000 shares
Total amount of actual repurchase	NT\$149,507,225	NT\$70,903,406
The ratio of the actual quantity repurchased to the quantity scheduled to be repurchased	100%	100%
Cancellation of shares	1,529,000 shares	5,000,000 shares
Accumulated shares of the company	8,471,000 shares	8,471,000 shares
Accumulated shares held by the company accounted for the total number of issued shares	4.66%	4.66%

4.10 Issuance of corporate bonds:

No outstanding corporate bonds nor corporate bonds under processing.

4.11 Preferred shares:

No such situation.

4.12 Issuance of overseas depositary receipts:

No such situation.

4.13 Status of employee Stock Option Plan:

No outstanding employee stock options.

4.14 Status of employee restricted stock:

No such situation.

4.15 Status of M&A or transfer of new shares issued by other companies:

No such situation.

4.16 Financing plans and implementation:

No such situation.

5. Operational highlights

5.1 Business Activities

5.1.1 Scope of business

(1) The company's main business:

The company and its subsidiaries focus on producing photoelectric components. The main products include light-emitting diodes (LED), display modules, infrared component modules, surface mounted device (SMD) type of light-emitting diodes and light-emitting diode's related application modules. It is widely used in consumer electronics industry, lighting market, automotive market and other fields.

(2) Proportion of sales revenue:

Products	%
Visible LED	40 %
Invisible LED	48 %
Engineering project	6 %
Others	6 %

(3) The company's current products:

The company's main products are light-emitting diode components and its related applications, which are divided into visible light and invisible

Visible: Lamp, Display, SMD, PLCC, LED Light bar assembly, outdoor/indoor LED luminaries.

Invisible: Infrared, Motor assembly, Sensor assembly.

(4) Products under development:

The company's product development focuses on smart home application, security and safety control, aviation and transportation electronics, gaming application, and various lighting products according to the recent emerging technologies development and market needs. The company also focuses on development of multi-functional and high-efficiency light sources, automotive LEDs, ambient light sensor (ALS), UVC LED application technologies, smart street lighting and optical communication related modules.

5.1.2 LED industry overview

(1) Status and development of the industry:

Light emitting diode (LED) has the inherent advantages of small size, multi-color, good visibility, capability for mass production, etc. It is easy to make multiple light-emitting elements, and this light-emitting diode element has no filament and low power consumption. With rapid response and long lifespan, it can be widely used in consumer electronics devices, information industry, communications, automobiles, traffic signs, industrial instruments, and outdoor/indoor display and other fields.

The LED industry is inseparable from the development of technology. The innovation of technology products also synchronously drives the research and development of LED application. In addition to the LED development of consumer electronics, household appliances, and automobiles products,

LED's characteristics are also widely used with regard to smart manufacturing, optical communication, AR and VR related fields. In this regard, the company continues to study and improve in such fields of new technology and take the opportunity to promote and expand the applications of existing LEDs in the future and finally to increase sales and operate sustainably.

(2) LED industrial chain:

The LED industry is mainly formed by vertical mode, which can be divided into upstream for wafers, die, midstream for LED packaging and downstream for LED application products, and LED application is the part among others that has high added value in the entire industry chain.



(3) Product development trends and competition:

a. Advanced technology developed for current LED application product

End products such as household appliances and customer electronics products, has intellectual upgrading which increased the demand for infrared LEDs (IR LEDs) and SMD LEDs with various sensors and other components for packaging. It has also driven the improvement of related processes and machinery and equipment to greatly improve the yield. The photo coupler, applied on security, monitoring, medical, smart meters, etc areas, have been greatly improved on product manufacturing process and related packaging and testing technology. The related IC, sensors and other assembly and testing technology have also been greatly improved.

b. LED Automotive market continues to grow

Automotive LED lighting, was introduced as a high-end model, now has gradually replaced traditional automotive lighting. According to LEDinside reports, as LED prices drop and its functionalities increase, the output value and penetration of automotive LED lighting continue to grow. In 2018, the annual output value of automotive LEDs increased by 15%. Among them, the demand for headlights and automotive panels has risen rapidly. However, due to higher requirements for LED manufacturers to be in the automotive pre-installation market and more and more auto manufacturers want to integrate the sensing element with headlights, the current automotive pre-installation market is still dominated by Osram, Nichia, Lumileds...etc. The remaining LED manufacturers mainly get into automotive's aftermarket and refit market, or get into applications with relatively low thresholds applications such as interior lights and tail lights...etc.

c. UV-C LED market demand increases significantly in the future

UV-C LED applications include three major growth derivatives: still water sterilization, surface sterilization and flowing water sterilization. Still water sterilization and surface sterilization applications (such as air purification, home

appliances, etc.) have low time requirements, but because these applications are consumer home appliances, the requirements for product cost performance are quite high, resulting in short-term UV-C LED can not be widely popularized. As for the sterilization application of flowing water, rapid sterilization is required, and the power requirement of the product is high. Therefore, the UV-C LED power specification must be higher than 40-50mW. LEDinside believes that the biggest challenge for UV-C LEDs at this stage is that the technology and efficiency need to be improved, but such technical obstacles will have the opportunity to gradually overcome in the future. Since the end of 2019, the spread of pneumonia virus around the world has caused close attention and demands in public health and related areas. In particular, the added sterilization function of various products can increase the added value of their products, so UV-C LED is an indispensable key. Its future demand is expected to increase significantly.

5.1.3 Recent technology and research and development

(1) R&D expenses invested in the most recent year and up to the date of publication of the annual report:

Unit: NT \$thousand

Year	R&D expenses
2021	11,826
1 st quarter of 2022	2,767

(2) Successfully developed technology or product:

The company has been developing LED light sources and commercial lighting products over the years, including the use of its own patented technology and special manufacturing processes. Now has successfully developed a new generation of sapphire 360-degree full-period LED light sources (Filasun & Filament and other products), with a 360-degree lighting angle. The new generation of products with a coloring index above 90 and a luminous efficiency of 180lm / W not only responds to energy saving and environmental protection, but also has the advantage of an environmental light source that can completely replace the Uz bulb, giving people a new visual experience. The development of a new generation of Filasun sapphire headlights, currently used as in the car brake lights, warning lighting products, has also improved. The product has quick response, luminous efficiency to add the value of practicality to the product. The application of special light sources and the development of niche products are also quite fruitful. In addition, there are related achievements in the development of LED component products in recent years. Especially in the development of related Ambient Light Sensor products, photo coupler products, IR LED products and UV-C LED products.

a. Smart lighting product

The company developed the full range of moduled street lights series and obtained the certification of the street light energy-saving label in 2015 as the first company in Taiwan. In 2017, a series of new generation of street lights and related landscape lights, flood lights, tunnel lights and other products with high-efficiency 120lm / W have been developed. The specifications meet the road lighting requirements and complied with National Standards of the Republic of China (CNS). The price is competitive. The series can provide safe lighting

environment. The light source adopts its own patented technology and produced by special manufacturing process. Moreover, it passed the difficult LM80 test to increase lifespan and usability. For getting domestic or foreign public construction projects, the products are relatively superior than others. In 2021, product improvement for the series of street lamps and related landscape lamps, floodlights, tunnel lamps and other products carried out to increase the luminous efficiency more than 180lm / W. At the same time, the intelligent series of street lights equipped with controllers for climate environment sensing, temperature, and automatic adjustment of brightness and darkness has obtained patents at home and abroad.

b. Products for niche markets

The company's infrared and motor module products had been developed in cooperation with customers and successfully applied to smart robots and smart sweeper products. Facing the upcoming era of "Industry 4.0!" Smart manufacturing, the pace of development of photo relays (Photo Relay) is also actively keeping up. Compared with mechanical relays, photo relays have continuous overlap, low current drive and fast response. One of the indispensable components of intelligent production machinery.

c. Sterilization applications

Recently, the UV-C LED products that the company has been focusing on development have had preliminary results and the related projects are currently entering into sample stage. The products will be tested in conjunction with related industries to confirm their effectiveness. Therefore, in the future, our UV-C LED series will officially be the main focus for mass production and promotion.

d. LED modules

For the ATM module serial products, some small-scale trial production has been started and some parts have been successfully trial-produced and are continuing to advance with customers. In addition, for aerospace, the new project has begun to conduct sample certification. Follow-up progress tracking will continue.

e. LED components

For LED components with IC, multi-chip and multi-wavelength related products, a variety of such products have been verified. Whether it is Receiver module with IC, RGBW with IC, SMD with IC, Photo coupler with IC and basic PLCC with IC, there are many products with various functions for promotion and samples have been approved continuously.

(3) Future R&D plans:

In 2022, we continued to work on LED projects with special specifications, multiple chips and multiple wavelengths, which are mainly used in medical, automotive and aerospace fields. In addition, the previous development's phase of photo relay has been continuously carried out on schedule. Compared with mechanical relays, photo relays have longer life span, low current drive and fast response. They are one of the indispensable components in the field of intelligence manufacturing and mechanical manufacturing.

The relevant specifications and samples of UVC LED components used in the fields of environmental sterilization and health care have been launched.

We continue to optimize product quality and manufacturing process to meet the customization and differentiation. The miniaturization of UVC LED components brings many applications advantages and can be

used in conjunction with multiple types of application products. Finally, with regard to smart city concept, due to the popularity of street lamps in Taiwan, besides lighting, there are many additional applications can be attached. Smart street lighting are mainly designed and installed with controllers, sensors and other components so that the street lighting can have more functions services attached, at the same time reducing the original costs of building a base for these functions. For example, with wireless transmission attached, when the lamp fails, the controller can directly detect and report to the control center and call for maintenance. Various types of environmental monitoring can be attached using multiple sensors, which to detect harmful gases, noise, PM2.5, wind speed, wind direction, temperature, humidity, and etc., to report back to the control center and to alert the public. The lamp itself can also use the lighting sensors to detect ambient lights periodically and automatically adjust lamp's brightness to meet comfort for vision without wasting power. In addition to the above intelligent functions, street lighting may support connections between 4G/5G transmitters as miniature base stations in the future or can possibly support and cooperate with other fields like vehicle charging, and etc. There are unlimited possibilities could be accomplished in the future.

(4) Expected R&D expenditure in the coming year:

The company's R&D expenditures accounted for about 1% of revenue in the past two years. The company has not expanded the development of emerging products yet. It is expected that the R&D expenditures in 2022 will increase to approximately 3% of revenue.

5.1.4 Long-term and short-term business development plans

Short-term plan: For the existing application products used in including smart home appliances, security and safety control, aviation and transportation electronics, gaming applications, and various lighting fields, the company continues to improve the qualities and functions of these products and achieve customization and differentiation to fulfill customers' demands of adding more values on their final products. For emerging technological products using new application technologies, the company will accelerate the R&D development in order to grasp new market opportunities and increase revenues and profits.

Long-term plan: The company's development strategy is to constantly seek differentiated markets, avoid price competition in the expansion of production capacity, and cross-border cooperation to enhance the added value of its own or the other party's existing or future products.

5.2 Summaries of market, production and sales

5.2.1 Market analysis

(1) The sales area and market share of the company's products

Unit: NT \$thousand

Area \ Year	2021	
	Sales revenues	Ratio (%)
China (including HK)	702,339	46%
Taiwan	317,934	21%
Korea	211,356	14%
United States	130,803	9%
Others	169,654	10%
Total	1,532,086	100%

(2) Applications of main products

Products	Main applications
Visible LED	Computer and computing peripherals, communications, electrical appliances, firefighting, medical and aesthetic equipment, lighting, automotive electronics and display, ...etc.
Invisible LED	Industrial automatic control, home appliances, motor products, security, remote control for home appliances, ...etc.

(3) Applications of main products

As environmental awareness continues to rise, low-energy light source products continue to be developed and widely used in various household appliances, consumer electronics, medical and aesthetic medical, and automotive electronics. The future market demand for LED components will show a steady growth trend. However, due to the vicious price competition from manufacturers in China, the market demand has grown but the profits have shrunk.

(4) Competitiveness

a. Wide range of product applications

The LED components are indispensable parts in electronic commodities. Electrical appliances used in daily life are mostly related to them. They are irreplaceable products. Customers are widely from consumer electronics, computers and peripheral equipment, telecommunications, Fire protection, security, automotive electronics and other related industries, the market demand is still showing a growth trend.

b. Sophisticated production technology

The company has been established for more than 30 years and has sophisticated and excellent production technology. The company is one of the excellent manufacturers of LED component manufacturing industry and obtained ISO14000, ISO / TS16949 and AS9100 quality certifications. Under highly automated production, product quality is well recognized by customers.

c. Integration of upstream and downstream and stable supply of raw materials

The company has divisions from LED upstream wafers, LED brackets to LED

packaging for various manufacturing stages to ensure sufficient raw material supplies and stable quality.

(5) Advantages and disadvantages of development prospects and countermeasures

a. Favorable factors

- Market demand continues to grow: Due to the global energy exhaustion crisis, environmental awareness is on the rise. The LED components are low-energy consumption products that can be widely used in consumer electronics, computers and peripheral equipments, telecommunications, medical, fire protection, security, automotive electronics and other related industries in order to produce indispensable parts for related products. The market demand continues to be optimistic.
- Excellent technology and integration of upstream, midstream and downstream: After decades of development of LED industry in Taiwan, the integration of upstream, midstream and downstream technologies has been stable and mature. Its excellent production technology and product quality have always been highly competitive internationally, and our company is also one of the strong cornerstones of the domestic LED industry. With sophisticated production technology, the company also strengthens the competitiveness in the industry through integration of upstream, middle and downstream, so that the company can develop continuously.

b. Unfavorable factors and countermeasures

- Vicious competition from manufacturers in China: The vigorous development of LED industry in recent years has driven more manufacturers to enter the industry and Chinese manufacturers have engaged in vicious competitions under government policy subsidies. A large number of low-priced and inferior products have caused an imbalance in market supply and demand.

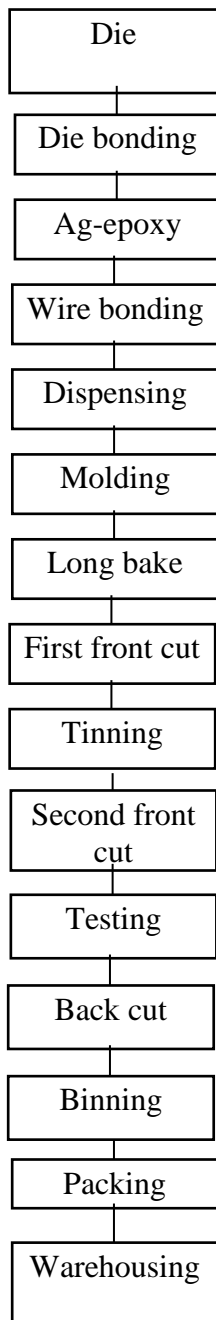
Countermeasure: To avoid falling into vicious competition, the company focuses on manufacturing differentiated and high-quality products by improving product quality, and constantly develops new product applications in order to expand markets.

- The production environment continues to deteriorate: The advantages that brought by the original internationalized tasks divide model have shrunk because of the rising labor consciousness and protectionism from various countries. The cost of production bases is increasing day by day, and the high capitalization investment makes it difficult to transfer production bases. The company has set up a production plant in Mainland China. In recent years, it has faced a continuous increase in labor costs, rising prices, cancellation of preferential taxes, and the protection policies of the local government, which has deteriorated the operating environment.

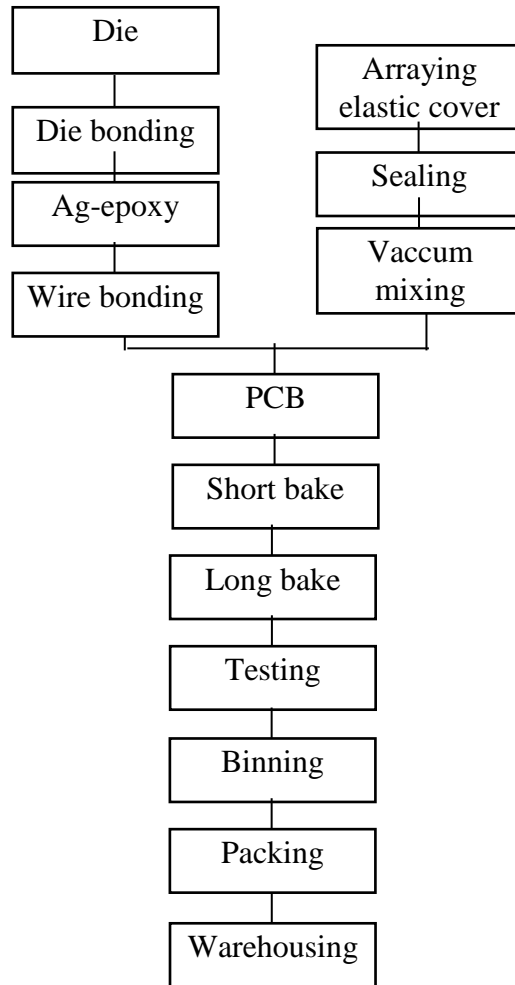
Countermeasure: The company actively increases the proportion of production automation and process improvement to reduce production costs and improves the competitiveness of products. At the same time, it adopts lean management and strictly reduces unnecessary unprofitable activities.

5.2.2 Production process of main products

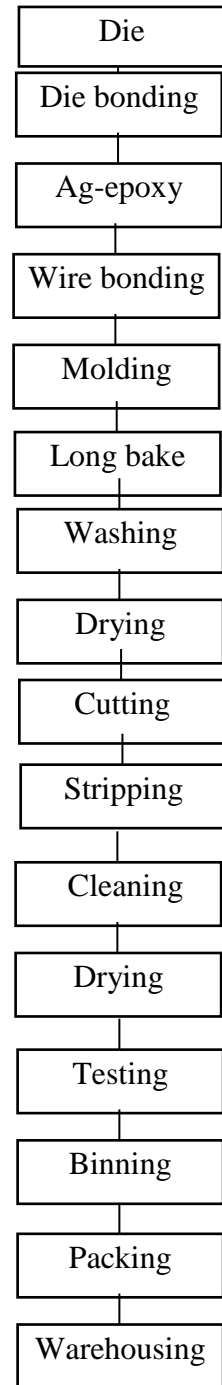
(1) Lamp



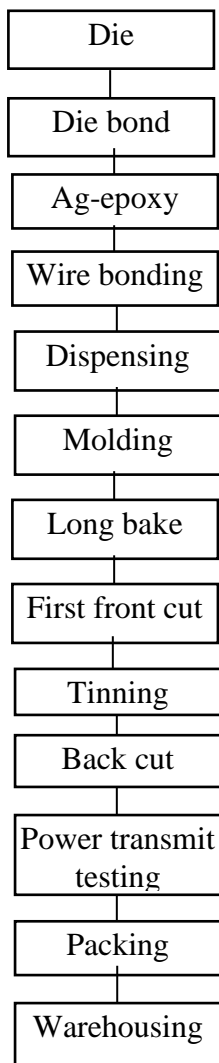
(2) Display



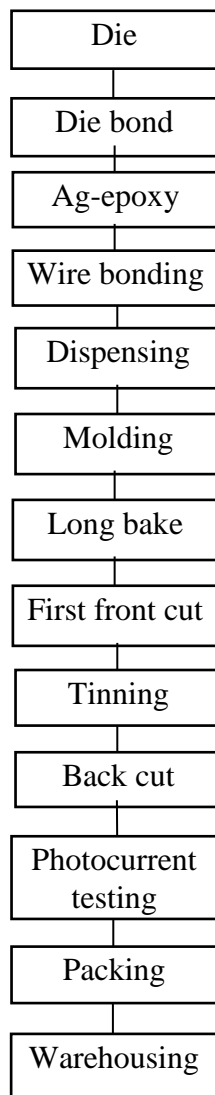
(3) Chip Led



(4) Infrared emitting modules



(5) Infrared receiving modules



5.2.3 Main raw material supply status

The main products of the company are LED components. The main raw materials are wafers, brackets and printed circuit boards (PCB). Due to the integration of upstream and downstream work within the group, the main raw materials can be supplied by external manufacturers, and also be supplied by KoBrite, Lisheng Electronics and the reinvestment company Yirun Electronics and other suppliers who have stable supply sources.

5.2.4 The name of the manufacturer (customer) and its import (sales) volume, proportion and reasons for the increase and decrease in the volume of the import (sales) volume that accounted for more than 10% of the import (sales) volume in one of the most recent two years

(1) Manufacturers that accounted for more than 10% of total purchases in any of the most recent two years

Unit: NT \$thousand; %

2020				2021				1 st quarter in 2022			
Name	Amount	% of net purchases throughout the year	Relationship	Name	Amount	% of net purchases throughout the year	Relationship	Name	Amount	% of net purchases throughout the year	Relationship
DongGuan Li-sheng	85,904	17%	Sub-subsi-dary	DongGuan KoBrite	108,913	14%	Sub-subsi-dary	DongGuan KoBrite	22,804	12%	Sub-subsi-dary
OptoTech Corporation	71,017	13%	N/A	DongGuan Li-sheng	97,909	13%	Sub-subsi-dary	DongGuan Li-sheng	20,131	11%	Sub-subsi-dary
DongGuan KoBrite	61,873	11%	Sub-subsi-dary	OptoTech Corporation	35,913	5%	N/A	OptoTech Corporation	4,921	3%	N/A
Others	322,124	60%	-	Others	516,047	68%	-	Others	138,541	75%	-
Net purchases	540,918	100%		Net purchases	758,782	100%		Net purchases	184,397	100%	

OptoTech Corporation is one of the company's wafer suppliers. The company has comprehensively considered the quality, price and delivery situation of the raw material in procurement system. In order to avoid excessive concentration, it maintains good relations with multiple suppliers.

(2) Customers who accounted for more than 10% of total sales in any of the most recent two years

Unit: NT \$thousand; %

2020				2021				1 st quarter in 2022			
Name	Amount	% of net sales throughout the year	Relationship	Name	Amount	% of net sales throughout the year	Relationship	Name	Amount	% of net sales throughout the year	Relationship
K	179,332	13%	N/A	K	179,538	12%	N/A	K	35,249	11%	N/A
Others	1,196,355	87%	-	Other	1,352,548	88%	-	Other	292,793	89%	-
Net sales	1,375,687	100%		Net sales	1,532,086	100%		Net sales	328,042	100%	

5.2.5 Production and sales value table of the last two years

(1) Production value of major products in the last two years

Unit: Kpcs/NT \$thousand

Production Value Major products	Year	2020			2021		
		Production capacity	Yield	Output value	Production capacity	Yield	Output value
Visible LED products		1,500,000	1,197,569	533,387	1,500,000	1,355,421	603,693
Invisible LED products		1,000,000	646,790	666,042	1,000,000	718,867	740,264
Total		2,500,000	1,844,359	1,199,429	2,500,000	2,074,288	1,343,957

The above capacity and output are calculated based on the number of wafers

(2) Sales volumes for the last two years

Unit: Kpcs / NT \$thousand

Sales Value Major products (or departments)	year	2020				2021			
		Domestic sales		Overseas sales		Domestic sales		Overseas sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Visible LED products		133,950	131,062	1,063,619	402,325	189,412	167,460	1,166,005	462,056
Invisible LED products		22,757	22,303	624,033	643,739	25,920	26,726	692,947	687,715
Construction projects			82,835		0		95,052		0
Others			34,265		59,158		16,725		76,346
Total		156,707	270,465	1,687,652	1,105,222	215,332	305,967	1,858,952	1,226,119

The above quantity is the sales quantity.

5.3 Overview of employees in the past two years

Year		2020	2021	2022/4/30
Number of employees	Director employees	0	0	0
	Indirector employees	77	78	78
	Total	77	78	78
Average age		41	46	45
Average years of service		10	13	12
Education distribution ratio	PhD	2	2	2
	Master degree	8	6	6
	Bachelor degree	54	57	57
	High school	10	10	10
	Below	3	3	3

Note: The above information is from parent company Bright LED Electronics Corporation only not including directors who are not employees.

5.4 Expenditures for environmental protection

- 5.4.1 The company aims to produce products that are integrated into the global environment, and implements an important mission for environmental protection. The company is mainly engaged in the packaging business of light-emitting devices and sensing devices. The Group's environmental management philosophy is that there is no environmental pollution in the production process, and it complies with the local government's environmental protection policies
- 5.4.2 Regarding investment in major equipments for the prevention and control of environmental pollution, usages and potential benefits: Not applicable.
- 5.4.3 In the past three years, the company was in the course of improving environmental pollution. If there are incidents of pollution disputes, it shall indicate its handling: N/A.
- 5.4.4 In the past three years, the total amount of damages (including compensation) suffered by the company due to pollution of the environment, its future countermeasures (including improvement measures) and possible expenditures: N/A
- 5.4.5 The impact of the current pollution situation and its improvement on the company's earnings, competitive position and capital expenditures and any expected major environmental capital expenditures in the next three years: N/A
- 5.4.6 In response to the impact of RoHS on the company's financial and business situation: all of the company's products have complied with RoHS regulations, so there is no impact on business and financial aspects.

5.5 Labor relation

5.5.1 Employee welfare measures:

The company was established in 1981. In order to ensure that employees work with peace of mind and have no worries about life, they have formulated work rules for employees in accordance with the labor-based laws, and established a Labor Retirement Reserve Supervision Committee, which is responsible for the supervision and use of retirement reserves. An employee welfare committee is set up to coordinate the planning of employee benefits and the management of the income and expenditure of benefits throughout the year.

1. All employees of the company enjoy labor insurance and national health insurance according to law.
2. All employees of the company enjoy special leave according to law.
3. The overtime pay of employees of the company is paid according to law.
4. The employees of the company all enjoy the rights to buy the company stocks.
5. The company's employees can enjoy some course subsidies and scholarships for courses related to work.

2021 Employee trainings:

Categories	Number of courses	Total visits	Total hours
Professional	12	6	72
General	1	1	6
Management skills	0	0	0
New employee orientation	8	8	16
Total	21	15	94

6. The employees of the company are given leave in accordance with the provisions of the Labour Fundamental Law during the wedding and funeral, and enjoy the subsidy of welfare.
7. The employees of the company can receive gift (coupon) during the three major festivals every year; In addition to the rights, senior personnel may receive souvenirs.
8. The company's employees can receive the birthday gift (coupon).
9. The employees of the company have the right to participate in domestic and foreign tourism organized by the employee welfare committee.
10. The employees of the company have the right to participate in the company's arrangement for employee health checks.

5.5.2 Retirement system and implementation:

The company has labor retirement regulations and in accordance with (76) New Taipei City No. 41057, set up a labor retirement fund supervision committee, which is responsible for the custody and use of retirement funds. In addition, the company allocates a certain percentage of the retirement reserve according to the salary of the employee every month, and stores it in the special account of the "Brigh LED Electronics Co., Ltd. Labor Retirement Reserve Supervision Committee" in the Bank of Taiwan. As of December 31, 2021, the amount of the retirement reserve fund, provided by the Company, in the Bank of Taiwan was NT \$15,507,000. Since July 1, 2005, in conjunction with the implementation of the Labor Pension Regulations (hereinafter referred to as the "new system"), existing employees who originally applicable to

old regulation, if they choose to apply the new system, or new employees who join after the new system adopted determine their years of service by the definite appropriation system. The pension payment is paid by the company at a monthly rate of 6% of the monthly salary, which is stored in the individual account of the labor pension.

5.5.3 Labor management situation:

The company has always upheld the spirit of independent management. Each department or each member has effective communication channels and spaces to understand each other, and to discuss with each other through business meetings to effectively communicate, so the labor-management relationship is extremely harmonious.

5.5.4 In the most recent year and up to the date of publication of the annual report, losses suffered due to labor disputes: N/A

5.5.5 Any disputes or need for coordination between labor and management: N/A.

5.5.6 Human Right Policy declaration:

Bright LED Electronics Corp.
Human Rights Policy

1. General purpose

This is a human rights protection policy stated by the company to support and follow the spirit of human rights conventions from international organizations such as the United Nations Universal Declaration of Human Rights, the Global Covenant, and the United Nations Guiding Principles on Business and Human Rights in order to provide such comfortable working environment with secured human rights.

2. Scope of application

All relevant companies affiliated to the company are informed in accordance with this policy statement.

3. Declaration

We abide by relevant international human rights conventions and comply with the spirit of localization, provide equal employment conditions for local labor and employ diversity.

1. We care employee health and safety-physical examination, workplace safety.
2. No Child labor
3. Prohibition of any form of forced labor
4. No unfair treatment given due to discriminations based on race, gender, religion, age, political preferences...etc.
5. No extension of working hours in violation of the law.
6. We provide impartial opportunity of promotion and compensation increase.
7. Smooth communication among employees
8. We value right of privacy- legal us of personal data collection
9. We respect employees' freedom of association and assembly and protection of right to organize.

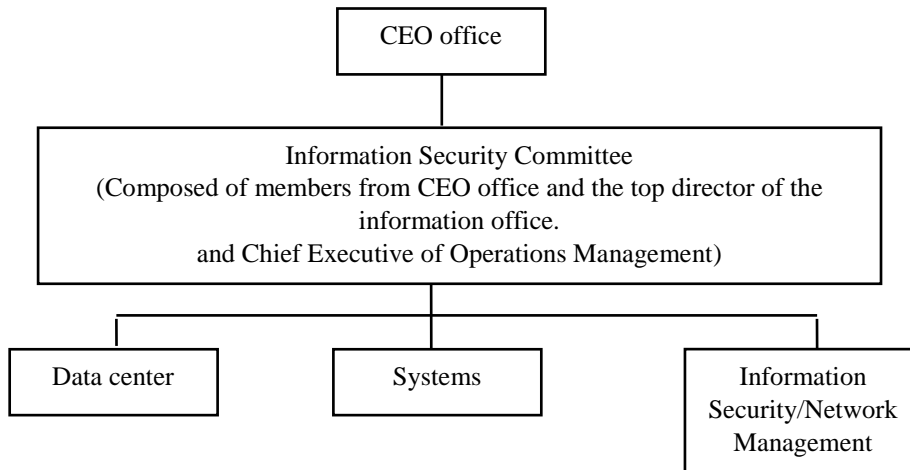
4. This policy statement had been submitted to the general manager for approval. Same shall apply to amendments and abolitions.

5.6 Information security management:

- 5.6.1. Information security risk management structure, information security policy, specific management plan and resources invested in information security management, etc.
 - a. The company formulated the information security risk management policy

and structure on 2020/11/6. The information security policy is formulated based on the actual management needs of the company.

b. The security risk management structure of the Company is as below:



5.6.2. List the losses, possible impacts and countermeasures caused by major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated.: No such situation.

5.7 Important contracts: N/A

6. Financial highlights

6.1 Condensed balance sheet and consolidated income statement information for the last five years

6.1.1 Condensed balance sheet

Consolidated Balance Sheet-International Financial Reporting Standards

Unit: NT \$thousand

Year		Year					2022/3/31 (after auditing)
		2017	2018	2019	2020	2021	
Items							
Current assets		2,107,446	2,027,895	2,018,295	2,007,328	2,100,048	2163,568
Property, plant and equipment		718,481	634,949	557,937	488,697	455,169	455,162
Intangible assets		-	-	-	-	-	-
Other assets		686,342	691,402	957,355	984,039	1,109,043	1,058,460
Total assets		3,512,269	3,354,246	3,533,587	3,480,064	3,665,160	3,677,190
Current liabilities	Before distribution	569,460	516,441	556,064	542,254	519,305	677,367
	After distribution	728,133	675,114	697,404	679,593	692,508	-
Noncurrent liabilities		80,077	53,650	130,511	118,246	117,157	102,142
Total liabilities	Before distribution	649,537	570,091	686,575	660,500	636,462	779,509
	After distribution	808,210	728,764	827,915	797,839	809,665	
Equity attributable to owners of parent company		2,719,236	2,664,610	2,731,434	2,699,256	2,906,554	2,772,854
Share capital		1,866,742	1,866,742	1,866,742	1,816,742	1,816,742	1,816,742
Capital reserve		441,559	441,608	441,683	421,959	429,633	430,215
Retained earnings	Before distribution	490,517	440,642	573,929	558,413	672,830	508,940
	After distribution	331,844	281,969	342,589	421,074	499,627	
Other equity		(79,582)	(84,382)	(1,413)	51,649	113,698	143,606
Treasury stock		-	-	(149,507)	(149,507)	(126,649)	(126,649)
Noncontrolling equity		143,496	119,545	115,578	120,308	122,444	124,827
Total equity	Before distribution	2,862,732	2,784,155	2,847,012	2,819,564	3,028,698	2,897,681
	After distribution	2,704,059	2,625,482	2,705,672	2,682,225	2,855,495	-

Note 1: Each annual financial report has been reviewed and certified by the certified accountant and the financial report on March 31, 2022 has been reviewed and certified by the accountant.

Note 2: 2021 cash dividend has been approved by the board of directors.

Individual Balance Sheet-International Financial Reporting Standards

Unit: NT \$thousand

Items		Year				
		2017	2018	2019	2020	2021
Current assets		1,153,108	1,113,113	1,132,096	1,080,065	1,174,943
Property, plant and equipment		54,132	52,343	50,917	58,726	55,992
Intangible assets		-	-	-	-	-
Other assets		3,079,843	3,101,878	3,101,878	3,339,890	3,449,859
Total assets		4,287,083	4,267,334	4,523,682	4,478,681	4,680,794
Current liabilities	Before distribution	1,500,504	1,556,365	1,733,790	1,727,716	1,717,828
	After distribution	1,659,177	1,715,038	1,875,130	1,865,055	1,544,625
Noncurrent liabilities		67,343	46,359	38,458	51,709	56,712
Total liabilities	Before distribution	1,567,847	1,602,724	1,792,248	1,779,425	1,774,540
	After distribution	1,726,520	1,761,397	1,933,588	1,916,764	1,601,337
Share capital		1,866,742	1,866,742	1,866,742	1,816,742	1,816,742
Capital reserve		441,559	441,608	441,683	421,959	429,633
Retained earning	Before distribution	490,517	440,642	573,929	558,413	672,830
	After distribution	331,844	281,969	342,589	421,074	499,627
Other equity		(79,582)	(84,382)	(1,413)	51,649	113,698
Treasury stock		-	-	(149,507)	(149,507)	(126,649)
Total equity	Before distribution	2,719,236	2,664,610	2,731,434	2,699,256	2,906,254
	After distribution	2,560,563	2,505,937	2,590,094	2,561,917	2,733,051

Note 1: Each annual financial report has been reviewed and certified by the certified accountant.

Note 2: 2021 cash dividend has been approved by the board of directors.

6.1.2 Condensed Income Statements

Consolidated Income Statement-International Financial Reporting Standards

Unit: NT \$thousand

Items	Year					
	2017	2018	2019	2020	2021	March 31, 2022 (Reviewed)
Operating income	1,972,727	1,650,740	1,763,659	1,375,687	1,532,086	328,042
Operating Margin	470,029	347,114	424,542	377,486	439,572	86,201
Operating (loss) profit	125,093	24,271	139,731	107,740	158,518	28,976
Non-operating income and expenses	77,931	86,990	119,816	74,349	145,684	(25,766)
Income before tax	203,024	111,261	259,547	182,089	304,202	3,210
Business unit net profit for the period	184,551	86,910	233,879	133,115	252,796	7,444
Loss of closed business	-	-	-	-	-	-
Net profit (loss) for the period	184,551	86,910	233,879	133,115	252,796	7,444
Other comprehensive income in the current period (Income after tax)	(33,970)	(6,863)	82,182	50,501	63,145	34,160
Total consolidated profit and loss for the period	150,581	80,047	316,061	183,616	315,941	41,604
Net profit attributable to owner of parent company	209,660	109,022	234,486	128,125	249,233	9,313
Net profit attributable to noncontrolling equity	(25,109)	(22,112)	(607)	4,990	3,563	(1,869)
Total comprehensive profit and loss belongs to the owner of the parent company	177,838	103,998	318,874	178,886	313,805	39,221
Total consolidated profit and loss attributable to non-controlling equity	(27,257)	(23,951)	(2,813)	4,730	2,136	2,383
EPS (NT \$)	1.12	0.58	1.28	0.74	1.45	0.05

Note: 2017-2021 reviewed and certified by CPA and for 2022 reviewed by accountants as of March 31, 2022.

Individual Income Statement-International Financial Reporting Standards

Unit: NT \$thousand

Items \ Year	2017	2018	2019	2020	2021
Operating income	1,446,760	1,183,219	1,126,907	885,128	1,074,469
Operating Margin	202,686	177,949	148,597	224,970	252,628
Operating (loss) profit	68,864	67,224	31,597	111,398	117,355
Non-operating income and expenses	153,027	64,305	220,115	64,007	180,333
Income before tax	221,891	131,529	251,712	175,405	297,688
Net profit (loss) for the period	209,660	109,022	234,486	128,125	249,233
Other comprehensive income in the current period (Income after tax)	(31,822)	(5,024)	(5,024)	50,761	98,846
Total consolidated profit and loss for the period	177,838	103,998	84,388	178,886	313,805
EPS (NT \$)	1.12	0.58	1.28	0.74	1.45

Note 1: 2017-2021 reviewed and certified by CPA.

6.1.3 Names and audit opinions of CPAs in the last five years

Year	Accounting firms	CPAs	Opinions
2017	KPMG	Hui-Chih Kou Hsin-Yi Kuo	Unqualified opinion
2018	KPMG	Hui-Chih Kou Hsin-Yi Kuo	Unqualified opinion
2019	KPMG	Hsin-Yi Kuo Tzu-Hui Li	Unqualified opinion
2020	KPMG	Hsin-Yi Kuo Tzu-Hui Li	Unqualified opinion
2021	KPMG	Yu-Feng Hsu Tzu-Hui Li	Unqualified opinion

6.2 Financial analysis for the most recent 5 years

6.2.1 Consolidated Financial Analysis-International Financial Reporting Standards

Analyzed items		Year	Financial analysis in latest five years					As of March 31, 2022
		2017	2018	2019	2020	2021		
Financial structure (%)	Debt-to-asset ratio	18.49	17.00	19.43	18.98	17.37	21.20	
	Long-term funds as a percentage of Property, plant and equipment	409.59	446.93	416.70	601.15	691.14	659.07	
Liquidity (%)	Current ratio	370.08	392.67	362.96	370.18	404.40	319.41	
	Quick ratio	294.68	325.45	306.15	313.95	340.61	264.26	
	Interest coverage multiples	74.85	65.24	51.96	57.32	70.40	4.04	
Operating performance	Receivable turnover ratio (times)	3.36	3.10	3.69	2.63	2.74	2.62	
	Average cash collection days	108.63	117.74	98.92	138.78	133.21	139.31	
	Inventory turnover (times)	4.64	4.67	5.91	4.59	4.54	3.37	
	Average inventory turnover days	78.66	78.15	61.75	79.52	80.57	108.30	
	Payable turnover ratio (times)	4.40	4.70	4.90	3.32	3.78	3.73	
	PPE turnover ratio (times)	2.56	2.44	2.61	2.68	3.25	2.88	
	Total assets turnover (times)	0.54	0.48	0.51	0.39	0.43	0.09	
Profitability	Return on assets(%)	5.15	2.57	6.91	3.87	7.17	0.23	
	Return on shareholders' equity(%)	6.38	3.08	8.31	4.70	8.65	0.25	
	Ratio of net profit before tax to paid-in capital (%)	10.88	5.96	13.90	10.02	16.74	0.18	
	Net profit rate(%)	9.36	5.26	13.26	9.68	16.5	2.27	
	EPS (NT \$)- after retrospective adjustment	1.12	0.58	1.28	0.74	1.45	0.05	
Cash flow	Cash flow ratio(%)	16.29	57.82	48.80	58.09	31.47	-	
	Net Cash Flow Allowance Ratio(%)	110.05	117.36	153.00	166.80	140.34	-	
	Cash reinvestment ratio(%)	(0.96)	2.42	3.22	2.98	0.48	-	
Leverage	Operating leverage	1.94	4.97	1.86	2.01	1.46	1.59	
	Financial leverage	1.02	1.08	1.04	1.03	1.03	1.04	
<p>Reasons for changes in various financial ratios in last two years (increased or decreased changes of more than 20%):</p> <ol style="list-style-type: none"> In 2021, the recoveries of revenue and profit are significant compared with the previous year, and the financial ratio related to profitability and the interest coverage ratio increased by more than 20% compared with the previous year. In 2021, due to the continued spread of the global epidemic and regional wars and conflicts, the imbalance between supply and demand of raw materials intensified, resulting in a longer raw material preparation period and conservative capital expenditures. 								

Note 1: 2017-2021 reviewed and certified by CPA and for 2022 reviewed by accountants as of March 31, 2022.

Note 2: The formula for the financial analysis is as follows:

1. Financial structure

(1) Debt-to-asset ratio = Total liabilities / Total assets

(2) Long-term funds as a percentage of property, plant and equipment = (Total equity + noncurrent liabilities) / Net value of property, plant and equipment

2. Liquidity

(1) Current ratio = Current assets / Current liabilities

- (2) Quick ratio = (Current assets – Inventories – Prepaid expenses) / Current liabilities
 (3) Interest coverage multiples = Net income before income tax and interest expenses / Current interest expense

3. Operating performance

- (1) Receivables (including account receivables and notes receivable from operation) turnover ratio = Net sales revenue / Balance of average receivables (including accounts receivable and notes receivable from operation) in each period
 (2) Average days for each collection = 365 / Receivable turnover ratio
 (3) Inventory turnover ratio = Cost of goods sold / Average inventory
 (4) Payable (including account payables and notes payable from operation) turnover ratio = Cost of goods sold / Balance of average payables (including account payables and notes payable from operation) in each period
 (5) Average days for sale of goods = 365 / Inventory turnover ratio
 (6) PPE turnover ratio = Net sales revenue / Average net value of property, plant and equipment
 (7) Total assets turnover ratio = Net sales revenue / Average total assets

4. Profitability

- (1) Return on assets = [Profit/loss after tax + Interest expenses × (1-tax rate)] / Average total assets
 (2) Return on shareholders' equity = Profit/loss after tax / Average total equity
 (3) Net profit rate = Profit/loss after tax / Net sales revenue
 (4) EPS = (Profit/loss attributable to owners of parent company-preferred stock dividends) / Weighted average number of issued shares

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
 (2) Net Cash Flow Allowance Ratio = Net cash flow from operating activities in latest five years / (Capital expenditures + Increase in inventory + Cash dividends) in latest five years
 (3) Cash reinvestment ratio = (Net cash flow from operating activities – Cash dividends) / (Gross value of property, plant and equipment + long term investment + other noncurrent assets + Working capital)

6. Leverage

- (1) Operating leverage = (Net operating income-variable operating costs and expenses) / Operating margin
 (2) Financial leverage = Operating margin / (Operating margin – Interest expenses)

Note 3: The above formula for calculating the EPS shall pay special attention to the following when measuring:

- Shall based on the weighted average number of common stocks rather than the number of issued shares at the end of the year
- Anyone who has a capital increase or treasury stock shall consider the period of circulation and calculate the weighted average number of shares
- Anyone who capitalizing retained earning or capitalizing capital reserves, when calculating the EPS for past years and half a year, shall adjust retrospectively according to the capital increase ratio and there is no need to consider the issue period of the capital increase.
- If the preferred stocks are non-convertible accumulated preferred stocks, the current year 's dividends (whether or not distributed) shall be deducted from the net profit after tax or increase the net loss after tax. If the preferred stocks are of non-cumulative nature, in case of net profit after tax occurs, the dividend of preferred stocks shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 4: When analyzing cash flow, shall pay special attention to the following matters:

- Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
- Capital expenditure refers to the annual cash outflow of capital investment.
- The increase in inventory is counted only when the ending balance is greater than the beginning balance. If inventory decreases at the end of the year, it is calculated as zero.
- Cash dividends include common stock's and preferred stock's.
- Gross value of property, plant and equipment refers to the total amount of property, plant and equipment before deduction of accumulated depreciation.

6.2.2 Individual Financial Analysis-International Financial Reporting Standards

Analyzed items		Financial analysis in latest five years				
		Year	2017	2018	2019	2020
Financial structure (%)	Debt-to-asset ratio	36.57	37.56	39.62	39.73	37.91
	Long-term funds as a percentage of property, plant and equipment	5,147.75	5,179.24	5,440.01	4,684.41	5,291.96
Liquidity (%)	Current ratio	76.85	71.52	64.55	62.51	68.40
	Quick ratio	75.53	70.47	63.77	61.63	66.98
	Interest coverage multiples	313.08	277.32	675.83	1,415.56	6616.69
Operating performance	Receivable turnover ratio (times)	2.46	2.43	3.17	2.65	3.28
	Average days for cash collection	148.37	150.21	115.14	137.74	111.28
	Inventory turnover ratio(times)	84.66	66.71	69.00	47.53	47.04
	Average days for sale of goods	0.96	0.69	0.61	0.40	0.51
	Payable turnover ratio (times)	4.31	5.47	5.28	7.67	7.75
	PPE turnover ratio (times)	26.31	22.23	21.83	16.15	18.73
	Total assets turnover (times)	0.35	0.28	0.26	0.20	0.23
Profitability	Return on assets(%)	5.05	2.56	5.34	2.85	5.44
	Return on shareholders' equity(%)	7.71	4.05	8.69	4.72	8.89
	Ratio of net profit before tax to paid-in capital (%)	11.89	7.05	13.48	9.65	16.39
	Net profit rate(%)	14.49	9.21	20.81	14.48	23.20
	EPS (NT \$)- after retrospective adjustment	1.12	0.58	1.28	0.74	1.45
Cash flow	Cash flow ratio(%)	17.70	10.91	17.31	14.12	2.88
	Net Cash Flow Allowance Ratio(%)	568.45	445.48	272.26	230.11	182.96
	Cash reinvestment ratio(%)	4.98	0.51	9.60	4.96	(4.03)
Leverage	Operating leverage	1.03	1.04	1.14	1.05	1.04
	Financial leverage	1.01	1.01	1.01	1.00	1.00
Reasons for changes in various financial ratios in last two years (increased or decreased changes of more than 20%):						
1. In 2021, the recoveries of revenue and profit are significant compared with the previous year, and the financial ratio related to profitability and the interest coverage ratio increased by more than 20% compared with the previous year.						
2. In 2021, due to the continued spread of the global epidemic and regional wars and conflicts, the imbalance between supply and demand of raw materials intensified, resulting in a longer raw material preparation period and conservative capital expenditures.						

Note 1: Each year has been reviewed and certified by CPA.

Note 2: Calculation formula of financial analysis: as listed on the previous page of consolidated financial analysis.

6.3 Supervisors' review report from the most recent financial report.

Supervisors' Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements, and proposal for allocation of earnings. The independent auditors, Ms. Hsin-I Kuo and Ms. Tzu-Hui Li from the accounting firm of KPMG was retained to audit Bright LED's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Supervisors of Bright LED Electronics Corp. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Bright LED Electronics Corp.

Supervisors: Ju-Ching Liao

Chin-Lung Huang

Hung-Chang Lin

March 17, 2022

6.4 The most recent consolidated financial statements including independent auditors' report, a two-year comparative balance sheet and income statement, statement of changes in shareholders' equity, cash flow statement, and any attached notes or appendices

Representation Letter

The entities that are required to be included in the consolidated financial statements of Bright LED Electronics Corp. as of and for the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements.", which is recognized by Financial Supervisory Commission. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Bright LED Electronics Corp. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Yours Sincerely,

Bright LED Electronics Corp.

by

Tsung-Jen Liaw

Chairman

March 22, 2022

INDEPENDENT AUDITORS' REPORT

(Consolidated Financial Statements)

The Board of Directors and Shareholders
Bright LED Electronics Corp.

Opinion

We have audited the accompanying consolidated financial statements of Bright LED Electronics Corp and subsidiaries. (the “BRTLED group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Inventory valuation

For details of accounting policies, accounting estimations and assumptions, and related disclosures of inventory valuation, please refer to Notes 4 (8), 5 (2) and 6 (4) of the

Company's consolidated financial statements.

The description of key audit matter:

The BRTLED group's amount of inventories is shown as the lower of cost and net realizable value. Because determining the slow moving inventory loss involves subjective judgment on individual assessment of each category of inventory and its idle days, inventory valuation is one of the key audit matters that we conducted.

The main audit procedures of the accountant for the above key audit items include obtaining the inventory depreciation and inventory aging data at the end of the year, comparing the difference between the actual net realizable value and the book value, and evaluating the reasonableness of the management level for the ratio of the inventory aging report which includes the implementation of the audit sampling, procedure tests for correctness of the inventory aging report, and comparison of the difference between the amount of allowance made in the previous year and the actual write-off for evaluating whether the policy of setting aside the allowance for inventory depreciation and losses of idle inventory is appropriate.

Revenue Recognition

For details of accounting policies and related disclosures of revenue recognition, please refer to Notes 4 (13) and 6 (16) of the Company's consolidated financial statements.

The description of key audit matter:

The sources of the major operating revenue of the BRTLED group are research and development, productions, and sales of light-emitting diodes indicators and display...etc and contracts of LED display, LED lighting and related operating applications/systems' constructions. Where the BRTLED group's revenues generated from is the concerned factor for this report users or recipients. Hence, revenue recognition is considered as one of the key audit matters.

The main audit procedures for the above-mentioned key audit matters include complying with the requirements of the standards, understanding of operations and industry characteristics, evaluating the appropriateness of BRTLED Group's accounting policy selection; testing the design and implementation for the effectiveness of internal control systems related to revenue; understanding The form and transaction conditions of BRTLED Group's operating income, etc. The accountants evaluated whether the accounting policies for revenue recognition (including sales returns and discounts) are handled in accordance with the relevant official announcements and analyzed the income by examining major customers and new customers in order to assess whether there is any major abnormality. Also, we reviewed the new major contracts in the current period and tested the sales samples for a period before and after the end of the year according to their delivery conditions to assess the correctness of the revenue recognition period. The accounting project revenue is recognized according to the degree of completion of the performance obligations whether the ratio is reasonable. Through examining the list of the top ten customers and new customers, to find out the similarities and differences between their

trading conditions compared to general customers. Selecting an appropriate sample size of sales invoices to confirm that all payments have been received and correct and pay attention to whether the remitter is consistent with the sales target in order to evaluate the authenticity of the income.

Account Receivables Valuation

For details of accounting policies of account receivables valuation, please refer to Notes 4 (7) financial instruments of the BRTLED group's consolidated financial statements; for details of accounting estimates and accounting assumption of uncertainty of account receivables valuation, please refer to Notes 5 (1) of the BRTLED group's consolidated financial statements; for details of explanation on account receivables valuation, please refer to 6 (3) of the BRTLED group's consolidated financial statements.

The description of key audit matter:

Account receivables of BRTLED group are distributed among customers. The account receivables valuation allowance is calculated according to the expected percentage of credit losses which takes each time interval of overdue of account receivables and adjustments on prospective factors into consideration when estimating expected credit losses of account receivables. The management will, according to the report date, re-update new expected losses within each time interval of overdue and perform individual assessments on major overdue and payment disputes; hence, it involves subjective judgment from the managers and it is considered as one of the key audit matters.

The main audit procedures for the above-mentioned key audit matters include evaluating reasonableness of the percentage of expected credit losses and determining whether there is a major irregularity by comparing the turnover rate and turnover days of accounts receivables with the company's credit policy and other related information; obtaining the aging schedule, verifying total amount from the aging schedule with general ledger and confirming integrity and accuracy of the aging schedule. Finally, ascertaining whether the bills and accounts receivables in dispute or involved in litigation have been properly handled and checking whether the customers' receivables dues more than three months have been properly evaluated and checking whether there is a risk of transferring to other receivables.

Other Matter

We have also audited the consolidated financial statements of Bright LED Electronics Corp. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the

Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements; if such disclosures are inadequate, we are responsible to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Mr. Yu-Feng Hsu and Ms. Tzu-Hui Li.

KPMG TAIWAN
Republic of China

March 22, 2022

Notice to Readers

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

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

BrightLED Electronics Corp. and Subsidiaries[↗]
Consolidated Balance Sheets[↗] [↗]
December 31, 2021 and 2020[↗]
(In Thousands of New Taiwan Dollars)[↗]

	Dec 31, 2021 [↗]		Dec 31, 2020 [↗]			Dec 31, 2021 [↗]		Dec 31, 2020 [↗]	
	Amount [↗]	% [↗]	Amount [↗]	% [↗]		Amount [↗]	% [↗]	Amount [↗]	% [↗]
ASSETS[↗]					LIABILITIES[↗]				
CURRENT ASSETS : [↗]					CURRENT LIABILITIES : [↗]				
1100 Cash and cash equivalents (Note 6 (1)) [↗]	\$ 762,775	21	857,309	25	2100 Short-term loans (Note 6(9)) [↗]	\$ 60,000	2	60,000	2
1140 Contract assets – current (Note 6 (17)) [↗]	176,783	5	107,420	3	2170 Accounts and notes payable [↗]	250,955	7	298,610	9
1170 Accounts and notes receivable, net (Note 6(3)) [↗]	468,087	13	546,444	16	2180 Accounts payable – due to related parties (Note 7) [↗]	12,160	-	16,715	-
1180 Accounts receivable – due from related parties, net (Note 6(3)&7) [↗]	62,402	2	40,071	1	2200 Other payables and other current liabilities (Note 6(10)) [↗]	127,993	3	121,716	3
130X Inventories (Note 6(4)) [↗]	266,664	7	215,374	6	2230 Income tax liabilities [↗]	52,897	1	30,781	2
1470 Other current assets [↗]	64,564	2	89,554	3	2280 [↗] Lease liabilities- current (Note 6(11)) [↗]	15,300	-	14,432	-
1476 Other financial assets – current (Note 6(8)&8) [↗]	298,773	7	151,156	4	Total current liabilities[↗]	519,305	13	542,254	16
Total current assets[↗]	2,100,048	57	2,007,328	58	NONCURRENT LIABILITIES : [↗]				
NONCURRENT ASSETS : [↗]					2570 Deferred tax liabilities (Note 6(13)) [↗]	20,470	1	21,558	-
1517 Financial assets at fair value through other comprehensive income – noncurrent (Note 6(2)) [↗]	805,735	22	710,995	21	2580 [↗] Lease liabilities- noncurrent (Note 6(11)) [↗]	49,232	1	57,128	2
1550 Investments accounted for using equity method (Note 6(5)) [↗]	142,525	4	119,988	3	2640 Defined benefit liabilities – noncurrent (Note 6(12)) [↗]	22,594	1	25,355	1
1600 Property, plant and equipment (Note 6(6)&8) [↗]	455,169	12	488,697	14	2600 Other noncurrent liabilities [↗]	24,861	1	14,205	-
1755 [↗] Right of use assets (Note 6(7)) [↗]	110,787	3	120,277	3	Total noncurrent liabilities[↗]	117,157	4	118,246	3
1840 Deferred tax assets (Note 6(13)) [↗]	21,075	1	20,969	1	Total liabilities[↗]	636,462	17	660,500	19
1900 Other noncurrent assets [↗]	7,054	-	11,713	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS (Note 6(14))[↗]				
1920 Refundable deposits [↗]	22,767	1	97	-	3100 Capital stock [↗]	1,816,742	50	1,816,742	52
Total noncurrent assets[↗]	1,565,112	43	1,472,736	42	3200 Capital surplus [↗]	429,633	12	421,959	12
					3300 Retained earnings [↗]	672,830	18	558,413	16
					3400 Other equity interests [↗]	113,698	3	51,649	2
					3500 [↗] Treasury stock [↗]	(126,649)	(3)	(149,507)	(4)
					[↗] Total equity attributable to shareholders of the parent [↗]	2,906,254	80	2,699,256	78
					36XX [↗] Noncontrolling interests [↗]	122,444	3	120,308	3
					Total equity[↗]	3,028,698	83	2,819,564	81
TOTAL[↗]	\$ 3,665,160	100	3,480,064	100	TOTAL[↗]	\$ 3,665,160	100	3,480,064	100

Chairman : Tsung-Jen Liaw[↗]

CEO : Tsung-Jen Liaw[↗]

Accounting Manager : Mei-Lien Lin[↗]

Bright LED Electronics Corp. and Subsidiaries[↗]
Consolidated Statements of Comprehensive Income[↗]
From January 1 to December 31, 2021 and 2020.
(In Thousands of New Taiwan Dollars, Except Earnings Per Share).

	2021 [↗]		2020 [↗]	
	Amount [↗]	% [↗]	Amount [↗]	% [↗]
4000 ◀Operating revenues (Note 6(16)&7) [↗]	\$ 1,532,086	100	1,375,687	100
5000 ◀Operating costs (Note 6(4)(6)(7)(12)(17)&7) [↗]	(1,092,514)	(71)	(998,201)	(72)
5900 ◀Gross profit from operations [↗]	439,572	29	377,486	28
6000 ◀Operating expenses (Note 6(3)(6)(7)(12)(17)(18)&7) : ◀				
6100 ◀ Marketing ◀	(53,172)	4	(48,538)	4
6200 ◀ Management [↗]	(213,167)	14	(206,748)	15
6300 ◀ Research & development [↗]	(11,826)	1	(13,778)	1
6450 ◀ Expected credit impairment loss (or gain) [↗]	(2,889)	-	(682)	-
◀ Total operating expenses [↗]	281,054	19	269,746	20
6900 ◀Operating income [↗]	158,518	10	107,740	8
7000 ◀Non-operating income & expenses (Note 6(5)(11)(19)) : ◀				
7010 ◀ Other revenues [↗]	90,381	6	52,819	3
7100 [↗] Interest revenues [↗]	5,310	-	11,918	1
7020 ◀ Other gains & losses [↗]	22,587	1	(9,013)	(1)
7050 ◀ Finance costs [↗]	(4,383)	-	(3,233)	-
7370 ◀ Share of profit (loss) of associates using equity method (Note 6(6)) [↗]	31,789	2	21,858	2
◀ Total non-operating income & expenses [↗]	145,684	9	74,349	5
7900 ◀Profit before tax [↗]	304,202	19	182,089	13
7951 ◀Deduct : income tax expenses (Note 6(13)) [↗]	(51,406)	(3)	(48,974)	(4)
◀Net income [↗]	252,796	16	133,115	9
8300 ◀Other comprehensive income (Note 6(12)(13)(14)) : ◀				
8311 ◀ Re-measurement of defined benefit plans [↗]	2,772	-	(2,805)	-
8316 ◀ Unrealized gain or loss on financial instrument at fair value through other comprehensive income [↗]	96,628	6	68,818	5
8349 ◀ Income tax related to items that will not be reclassified subsequently [↗]	554	-	(561)	-
◀ Total of Items that will not be reclassified subsequently to profit or loss [↗]	98,846	6	66,574	5
8360 ◀ Items that may be reclassified subsequently to profit or loss : ◀				
8361 ◀ Exchange differences arising on translation of foreign operations [↗]	(35,701)	(2)	(16,073)	(1)
8399 ◀ Income tax related to items that may be reclassified subsequently [↗]	-	-	-	-
◀ Total of Items that may be reclassified subsequently to profit or loss [↗]	(35,701)	(2)	(16,073)	(1)
8300 ◀Other comprehensive loss for the year, net of income tax [↗]	63,145	4	50,501	4
8500 ◀Total comprehensive income for the year [↗]	\$ 315,941	20	183,616	13
◀Net income attributable to : ◀				
8610 ◀ Shareholders of the parent [↗]	\$ 249,233	16	128,125	9
8620 ◀ Noncontrolling interests [↗]	3,563	-	4,990	-
◀ Total comprehensive income attributable to : ◀	\$ 252,796	16	133,115	9
8710 ◀ Shareholders of the parent [↗]	\$ 313,805	20	178,886	13
8720 ◀ Noncontrolling interests [↗]	2,136	-	4,730	-
◀ Total comprehensive income attributable to : ◀	\$ 315,941	20	183,616	13
◀Earnings per share (Note 6(15)) [↗]				
9750 ◀ Basic earnings per share (NT\$) [↗]	\$ 1.45 [↗]		0.74 [↗]	
9850 ◀ Diluted earnings per share (NT\$) [↗]	\$ 1.44 [↗]		0.73 [↗]	

Chairman : Tsung-Jen Liaw[↗]

CEO : Tsung-Jen Liaw[↗]

Accounting Manager : Mei-Lien Lin[↗]

Bright LED Electronics Corp. and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Shares)

Equity Attributable to Shareholders of the Parent

	Retained earnings					Others					Total attributable to shareholders of the parent	Non-controlling interests	Total Equity
	Capital Stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange Differences on translations	Unrealized gain/loss on assets at fair value through other comprehensive		Treasury Stock			
								income	Total				
Balance, January 1, 2020	\$ 1,866,441,683	259,088	84,381	230,460	573,929	(178,989)	177,576	(1,413)	(149,507)	2,731,434	115,578	2,847,012	
Net income	-	-	-	128,125	128,125	-	-	-	-	128,125	4,990	133,115	
Other comprehensive income	-	-	-	(2,244)	(2,244)	(15,813)	68,818	53,005	-	50,761	(260)	50,501	
Total comprehensive income	-	-	-	125,881	125,881	(15,813)	68,818	53,005	-	178,886	4,730	183,616	
Legal reserve	-	-	23,035	(23,035)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	(82,968)	82,968	-	-	-	-	-	-	-	
Cash dividend	-	-	-	(141,340)	(141,340)	-	-	-	-	(141,340)	-	(141,340)	
Changes in other capital reserves:													
Changes in net equity of related companies and joint ventures	-	343	-	-	-	-	-	-	-	343	-	343	
Changes in related companies recognized using the equity method	-	836	-	-	-	-	-	-	-	836	-	836	
Treasury stock buyback	-	-	-	-	-	-	-	-	(70,903)	(70,903)	-	(70,903)	
Treasury stock reduction	(50,000)	(20,903)	-	-	-	-	-	-	70,903	-	-	-	
Unrealized gains (loss) from equity investment instruments measured at fair value through other comprehensive income	-	-	-	(57)	(57)	-	57	57	-	-	-	-	
Balance, December 31, 2020	1,816,742	421,959	282,123	1,413	274,877	558,413	(194,802)	246,451	51,649	(149,507)	2,699,256	120,308	2,819,564
Net income	-	-	-	-	249,233	249,233	-	-	-	249,233	3,563	252,796	
Other comprehensive income	-	-	-	-	2,218	2,218	(34,274)	96,628	62,354	64,572	(1,427)	63,145	
Total comprehensive income	-	-	-	-	251,451	251,451	(34,274)	96,628	62,354	313,805	2,136	315,941	
Legal reserve	-	-	12,582	-	(12,582)	-	-	-	-	-	-	-	
Special reserve	-	-	-	(1,413)	1,413	-	-	-	-	-	-	-	
Cash dividend	-	-	-	-	(137,339)	(137,339)	-	-	-	(137,339)	-	(137,339)	
Gain/loss on sales of equity instruments at fair value through other comprehensive income	-	-	-	-	305	305	-	(305)	(305)	-	-	-	
Overdue dividend	-	21	-	-	-	-	-	-	-	21	-	21	
Treasury stock transferred to employees	-	7,653	-	-	-	-	-	-	22,858	30,511	-	30,511	
Balance, December 31, 2021	\$ 1,816,429,633	294,705	-	378,125	672,830	(229,076)	342,774	113,698	(126,649)	2,906,254	122,444	3,028,698	

Chairman : Tsung-Jen Liaw

CEO : Tsung-Jen Liaw

Accounting Manager : Mei-Lien Lin

Bright LED Electronics Corp. and Subsidiaries
Consolidated Statements of Cash Flows
From January 1 to December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES :		
Income before tax	\$ 304,202	182,089
Adjustments :		
Depreciation and amortization expenses	73,617	108,836
Expected credit impairment losses	2,889	682
Interest expenses	4,383	3,233
Interest income	(5,310)	(11,918)
Dividend income	(64,569)	(3,691)
Share-based payment	7,721	-
Share of profit/loss of associates accounted for using equity method	(31,789)	(21,858)
Loss on disposal or retirement of property, plant and equipment (profit)	(171)	(1,385)
Loss on modification of lease	-	2,689
Total adjustments	(13,229)	76,588
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets	(69,363)	164,497
Decrease in notes and accounts receivable (including related parties) (increase)	53,137	(125,731)
Decrease (increase) in inventories	(51,290)	3,974
Decrease in other current assets	24,990	7,028
Decrease in other financial assets-current (increase)	(8,620)	8,504
Increase in notes and accounts payable (including related parties) (decrease)	(52,210)	28,732
Increase in other payables and other current liabilities (decrease)	6,298	(45,555)
Increase in defined benefit liabilities (decrease)	11	(1,575)
Total	(110,276)	116,462
Cash generated from operations	193,926	298,551
Interest received	5,310	11,918
Interest paid	(4,383)	(3,233)
Income tax paid	(31,411)	(5,335)
Net cash generated by operating activities	163,442	301,901
CASH FLOWS FROM INVESTING ACTIVITIES :		
Acquisition of financial assets at fair value through other comprehensive income	(933)	(470)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,821	4,100
Proceeds from disposal of investments using equity method	-	605
Acquisition of property, plant and equipment	(26,993)	(8,488)
Proceeds from disposal of property, plant and equipment	834	1,385
Decrease in refundable deposits	4,659	2,622
Decrease in other financial assets—current (increase)	(152,098)	26,234
Increase in other assets—noncurrent	(9,616)	(1,053)
Dividends received	77,568	8,774
Net cash used in investing activities	(103,758)	33,709
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term loans	-	10,000
Repayment of long-term borrowings	-	(9,784)
Principal repayment of lease	(14,342)	(37,656)
Increase (decrease) in other noncurrent liabilities	10,656	544
Cash dividends paid	(137,339)	(141,340)
Costs of treasury stock buyback	-	(70,903)
Treasury stock transferred to employees	22,790	-
Net cash used in financing activities	(118,235)	(249,139)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	(35,983)	(12,250)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(94,534)	74,221
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	857,309	783,088
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 762,775	857,309

Chairman : Tsung-Jen Liaw

CEO : Tsung-Jen Liaw

Accounting Manager : Mei-Lien Lin

Bright LED Electronics Corp. and Subsidiaries
Notes from consolidated financial statements
Year 2021 and 2020

(Unless otherwise specified, all amounts are in units of NT \$thousand)

1. Company history

Bright LED Electronics Corp. (hereinafter referred to as the "Company") was established in June 1981. The company and its subsidiaries (hereinafter also referred to as "consolidated company") are principally engaged in the manufacturing and sales of light-emitting diode, indicator lights, displays and other extended products and undertaking engineering projects that provide indicator lights, displays and related supporting engineering projects.

2. The date and procedure for the approval of the financial statements

This consolidated financial statement was approved by the board of directors on March 17, 2022.

3. Application of newly issued and revised standards and explanations

(1) The impact of the newly issued and revised standards and interpretations approved by the Financial Regulatory Commission has been adopted

The consolidated company has applied the following newly revised International Financial Reporting Standards since January 1, 2021 and has no significant impact on the consolidated financial report.

- Amendment to International Financial Reporting Standards (IFRS) No. 4 "Temporary Exemption from Application of IFRS No. 9 Extension"
- Amendments to International Financial Reporting Standards No. 9, International Accounting Standards No. 39, International Financial Reporting Standards No. 7, International Financial Reporting Standards No. 4, and International Financial Reporting Standards No. 16 "Changes in Interest Rate Indicators-Second stage".

The consolidated company has applied the following newly revised International Financial Reporting Standards since April 1, 2021 and has no significant impact on consolidated financial report.

- Amendments to International Financial Reporting Standards No. 16 "New Coronavirus Pneumonia Related Rent Concessions"

(2) The impact of the International Financial Reporting Standards that have not adopted nor recognized by the Financial Supervisory Commission yet.

The consolidated company assesses that the following newly revised international financial reporting standards that have been effective from January 1, 2022 will not have significant impacts on the consolidated financial report.

- Amendment to International Accounting Standards No. 16 "Property, Plant and Equipment: Proceeds before Intended Use"
- Amendment to International Accounting Standards No. 37 "Onerous Contracts- Cost of Fulfilling a Contract"
- Annual Improvements to International Financial Reporting Standards 2018–2020
- Amendment to International Financial Reporting Standards (IFRS) No. 3 "Reference to the Conceptual Framework"

(3) Newly issued or revised standards and interpretations not yet endorsed by Financial Supervisory Commission.

The standards and interpretations that have been newly issued or amended by the International

Accounting Standards Board, but have not yet been approved by Financial Supervisory Commission are as follows:

Newly issued/ revised standards	Main content	Effective date
Amendment to International Accounting Standard No. 1 "Classification of Liabilities as Current or Non-current"	<p>The amendments are intended to improve the consistency of the application of the standards to assist companies in determining whether debts or other liabilities that are uncertain on the settlement date should be classified as current (or may be due within one year) or non-current on the balance sheet.</p> <p>The revised provisions also clarify the classification requirements for debts that companies may convert into equity to pay off.</p>	2023.1.1
Amendment to International Accounting Standard No. 1 "Disclosure of Accounting Policies"	<p>The major amendments of International Accounting Standard No. 1 include:</p> <ul style="list-style-type: none"> • Require companies to disclose their material accounting policies instead of their important accounting policies; • Clarified that accounting policy information related to non-significant transactions, other matters or circumstances is non-significant, and there is no need to disclose such information; and • Clarified that all accounting policy information that is not related to material transactions, other events or circumstances is material to the company's financial statements. 	2023.1.1
Amendment to International Accounting Standard No. 8 "Definition of Accounting Estimates"	<p>The amendment introduces a new definition of accounting estimates, clarifying that accounting estimates are monetary amounts in financial statements that are affected by measurement uncertainty. The amendment also stipulates that the company must establish accounting estimates to achieve the purpose of its applicable accounting policies, thereby clarifying the relationship between accounting policies and accounting estimates.</p>	2023.1.1

The consolidated company continuously evaluates the impact of the above standards and interpretations on the company's financial status and operating results. The relevant impact will be disclosed when the evaluation is completed.

(4) The consolidated company expects that the following other newly issued or revised standards that have not yet been approved will not have a significant impact on the consolidated financial reports

- Amendments to International Financial Reporting Standards No. 10 and International Accounting Standards No. 28 "Sales or investment of assets between investors and their affiliates or joint ventures"
- Amendments to International Financial Reporting Standards (IFRS) No. 17 "Insurance Contracts" and its revision"

- Amendments to International Accounting Standards No. 12 “Deferred tax related to assets and liabilities arising from a single transaction”

4. Summary of material accounting policies

A summary of the material accounting policies adopted in this consolidated financial report is as follows. The following accounting policies have been consistently applied to all presentation periods in this consolidated financial report.

- (1) Compliance statement: This consolidated financial report is prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the Financial Regulatory Commission approved and issued effective International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Notice (hereinafter referred to as "International Financial Reporting Standards Recognized by the Financial Regulatory Commission").
- (2) Preparation basis:
 1. Basis of measurement: Except for the following important items in the balance sheet, the rest items in consolidated financial report is prepared on the basis of historical cost:
 1. Financial assets measured at fair value through profit and loss measured at fair value;
 2. Financial assets at fair value measured by fair value through other comprehensive gains and losses
 3. The net defined benefit liability is measured by subtracting the present value of defined benefit obligations from the fair value of pension plan assets.
 2. Functional currency and presentation currency: Each entity of the consolidated company uses the currency of their main economic environment in which its operations are located as its functional currency. This consolidated financial report is expressed in the company's functional currency, New Taiwan Dollar. All financial information expressed in New Taiwan Dollars is in thousands of New Taiwan Dollars.
- (3) Consolidation basis:
 1. Principles for preparing consolidated financial reports

The preparation of the consolidated financial report includes the company and entities controlled by the company (ie, subsidiaries).

Starting from the day when control of the subsidiary is obtained, its financial report shall be included in the consolidated financial report until the day when control is lost. The transactions, balances, and any unrealized gains and expenses between the merged companies have been completely eliminated when preparing the consolidated financial report. The total consolidated profit and loss of the subsidiary is attributable to the owners and non-controlling interests of the company, even if the non-controlling interests become the loss balance.

The financial report of the subsidiary company has been adjusted appropriately to make its accounting policy consistent with the accounting policy used by the consolidated company.

Changes in the ownership and equity of the subsidiary by the consolidated company that did not result in the loss of control of the subsidiary are treated as an equity transaction with the owner. The difference between the adjustment amount of the non-controlling equity and the fair value of the consideration paid or received is directly recognized in the equity and attributed to the owner of the company.
 2. Subsidiaries included in this consolidated financial statement

Investment company name	Subsidiaries' company name	Nature of businesses	% of equity held	
			2021/12/31	2020/12/31
The company	Wanhui Enterprise Co., Ltd.	Investment holding and trading and selling of LED components,	100%	100%

	(HK)	displays and electronic parts		
The company	KoBrite Corp. (KoBrite)	Investment holding	93%	93%
The company	Lisheng International Industrial Co., Ltd. (Lisheng International)	Investment holding	60%	60%
Wanhui Enterprise Co., Ltd. (HK)	DongGuan Bright LED Electronics	Manufacturing and assembling LED components and extended products	100%	100%
KoBrite	KoBrite DongGuan corporation (DongGuan)	producing and processing LED die	100%	100%
KoBrite	KoBrite Taiwan corporation (Taiwan)	producing and processing LED die	100%	100%
KoBrite	Bright Crystal Company Limited (HK)	Investment holding	80%	80%
HK Bright Crystal	HeNan Bright Crystal Company (HeNan Bright Crystal)	Production and sales of high-quality artificial crystals and finished LED lighting and import and export business	100%	100%
Lisheng International	DongGuan Bright Rise Electronic Co. Ltd. (DongGuan Bright Rise Electronics)	PCB processing	100%	- 100%

3. Subsidiaries not included in the consolidated financial statement: N/A

(4) Foreign currency

1. Foreign currency transaction

Foreign currency transactions are converted into functional currencies at the exchange rate on the transaction date. At the end of each subsequent reporting period (hereinafter referred to as the reporting day), foreign currency monetary items are converted into functional currencies at the exchange rate on that day. Foreign currency non-monetary items measured at fair value are converted to functional currency at the exchange rate on the day when the fair value is measured, and foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the transaction date. Foreign currency exchange differences are usually recognized in income, but the following situations are recognized in other comprehensive gain and loss:

1. Designated as equity instruments measured at fair value through other comprehensive gains and losses;
2. Financial liabilities designated as net investment hedging by foreign operating institutions are within the effective scope of hedging; or
3. Qualified cash flow hedging is within the effective range of hedging.

2. Foreign operating institution

The assets and liabilities of foreign operating institutions, including the goodwill and fair value adjustments generated during the acquisition, are converted into New Taiwan dollars based on the exchange rate on the reporting date; income and expense items are converted into New Taiwan dollars based on the current average exchange rate. The resulting exchange differences are recognized as other comprehensive gains and losses. When disposing a foreign operating institution which results in loss of control,

joint control or significant influence, the accumulated exchange differences related to the foreign operating institution are fully reclassified as gains or loss. When partly disposing investments in affiliated companies or joint ventures involving foreign operating institution, the relevant accumulated exchange differences will be reclassified to other comprehensive gains and loss on a pro rata basis.

For monetary receivables or payables from foreign operating institutions, if there is no settlement plan and it is impossible to repay them in the foreseeable future, the foreign currency exchange gains and losses shall be regarded as the net investment of the foreign operating institution and is classified in other comprehensive gains and losses.

(5) Classification criteria for distinguishing between current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets, and all others are classified as non-current assets:

1. Expect to realize the asset in its normal business cycle, or intend to sell or consume;
2. Hold the asset primarily for trading purposes;
3. Expected to be realized within twelve months after the reporting period; or
4. Asset is cash or cash equivalents unless there are other restrictions on the asset being exchanged or used to settle a liability at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, and all others are classified as non-current liabilities:

1. Expect to settle the liability during the normal operating cycle;
2. Hold the liability primarily for trading purposes;
3. Expect to repay the liability that is due within twelve months after the reporting period; or
4. Liability that does not have the right to unconditionally defer the settlement period to at least twelve months after the reporting period. The terms of the liability, which may be settled by the issuance of equity instruments based on the choice of the counterparty, does not affect its classification.

(6) Cash and cash equivalent

Cash includes cash on hand and demand deposits. Cash equivalent refers to a short-term and highly liquid investment that can be converted into fixed cash at any time with little risk of value changes. Term deposits that meet the aforementioned definition and whose holding purpose is to meet short-term cash commitments rather than investment or other purposes are listed in cash equivalents.

(7) Financial instrument

1. Financial assets:

Financial assets at initial recognition are classified as: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gain or loss, and financial assets measured at fair value through profit or loss. The company only reclassifies all affected financial assets from the first day of the next reporting period when changing the business model for managing financial assets.

1. Financial assets measured at amortized cost

When financial assets meet the following conditions at the same time and are not designated to be measured at fair value through profit and loss, they are measured at amortized cost:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

These assets are subsequently measured by adding or subtracting the accumulative amortization amount calculated using the effective interest method to the originally

recognized amount, and adjusting the amortized cost of any allowance loss. Interest income, foreign currency exchange gains and losses, and impairment losses are recognized in profit and loss. When delisting, the profit or loss is included into income.

2. Financial assets measured at fair value through other comprehensive gains and losses

When debt instrument for investment meets the following conditions at the same time and is not designated as measured at fair value through income, it is measured at fair value through other comprehensive gains and losses:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow and selling.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

At the time of initial recognition, the company can make an irrevocable choice which is to report subsequent changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income. The aforementioned choices are made on a tool-by-tool basis.

Investments, which are equity instruments, are subsequently measured at fair value.

Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in income. The remaining net gains or losses are recognized as other comprehensive gains and losses and are not reclassified to income.

Dividend income from equity investments is recognized on the date when the company has the right to receive dividends (usually the ex-dividend date).

3. Financial assets measured at fair value through income.

Financial assets other than those measured at amortized cost or at fair value through other comprehensive gains and losses are measured at fair value through income, including derivative financial assets. The company intends to sell accounts receivable immediately or in the near future, which is measured at fair value through profit and loss, but is included under accounts receivable. At the time of initial recognition, in order to eliminate or significantly reduce the improper accounting ratio, the company has to irrevocably designate financial assets that could meet the criteria for measuring at amortized cost or at fair value through other comprehensive gains and losses as at fair value through income.

These assets are subsequently measured at fair value, and their net profit or loss (including any dividends and interest income) is recognized as profit or loss.

4. Impairment of financial assets

The company focuses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, deposit deposits and other financial assets). Assets, etc.), debt instrument investments measured at fair value through other comprehensive gains and losses, and expected credit losses of contract assets to recognize allowance losses.

The following financial assets are measured by the amount of expected credit losses for twelve months, and the rest are measured by the amount of expected credit losses during the duration:

- The credit risk of the judgment debt securities at the reporting date is low; and
- The credit risk of other debt securities and bank deposits (that is, the risk of default in the expected lifetime of financial instruments) has not increased significantly since initial recognition.

The allowance for losses on accounts receivable and contract assets is measured by the amount of expected credit losses during the duration.

When determining whether the credit risk has increased significantly since the initial recognition or not, the company considers reasonable and verifiable information

(which can be obtained without excessive cost or investment), including qualitative and quantitative information, and based on the company's historical experience, credit assessment and forward-looking information for analysis.

If the contract payment is overdue, the company assumes that the credit risk of financial assets has increased significantly.

If the borrower is unlikely to perform its credit obligations and pay the full amount to the company, the company considers that the financial asset has breached the contract. Expected credit loss during the lifetime refers to the expected credit loss arising from all possible defaults during the expected lifetime of a financial instrument.

Twelve-month expected credit losses refer to expected credit losses arising from possible defaults of financial instruments within twelve months after the reporting date (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months).

The company's longest period for expected credit losses is the company's longest contract period during which the company is exposed to credit risk.

Expected credit loss is the probability-weighted estimate of the credit loss during the expected life of the financial instrument. Credit loss is measured by the present value of all short-term cash receipts, that is, the difference between the cash flow that the company can receive in accordance with the contract and the cash flow that the company expects to receive. Expected credit losses are discounted at the effective interest rate of financial assets.

On each reporting date, the company evaluate whether there is credit impairment for financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive gains and losses. When one or more events that have an adverse effect on the estimated future cash flow of a financial asset have occurred, the financial asset has been credit-impaired. Evidence that financial assets have been credit-impaired includes observable information about the following matters:

- Major financial difficulties of the borrower or issuer
- Breach of contract, such as delay or overdue
- Due to economic or contractual reasons related to the borrower's financial difficulties, the company gives the borrower a concession which the company wouldn't considered;
- The borrower is likely to file for bankruptcy or other financial reorganization; or
- Due to financial difficulties, the active market for this financial asset disappears.

The allowance loss for financial assets measured at amortized cost is deducted from the asset's book value. Through other comprehensive gains and losses, the fair value of the debt instrument for investment is measured by adjusting the income and recognized in other comprehensive gains and losses (without reducing the asset's book value).

When the company cannot reasonably expect the recovery of financial assets as a whole or part of it, the company directly reduces the total book value of its financial assets. For corporate accounts, the company individually analyzes the timing and amount of write-off based on whether it is reasonably expected to be recoverable. The company expects that the amount of written-off will not be materially reversed. However, financial assets that have been written off can still be enforced to comply with the company's procedures for recovering overdue amounts.

5. Delisting of financial assets

The company only terminates the contractual rights from the cash flow of the asset, or the financial asset has been transferred and almost all the risks and rewards of the asset ownership have been transferred to other companies, or almost no ownership has been transferred or retained and not kept under the control of the financial asset, the financial asset is delisted.

If the company signs a transaction to transfer financial assets that still retains all or

almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments:

1. Classification of liabilities or equity

The debt and equity instruments issued by the company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

2. Equity transaction

An equity instrument refers to any contract that recognizes the remaining equity of the consolidated company after deducting all its liabilities from its assets. The equity instruments issued by the company are recognized at the amount obtained after deducting the cost of direct issuance.

3. Treasury stock

When repurchasing the equity instruments recognized by the company, the consideration paid (including directly attributable costs) is recognized as a reduction in equity. The repurchased shares are classified as treasury stock. The received amount of subsequent sales or re-issuance of treasury stocks is recognized as an increase in equity and the surplus or loss incurred by the transaction will be recognized as capital reserve or retained surplus (if the capital reserve is insufficient to offset).

4. Financial liabilities

Financial liabilities are classified as amortized cost or measured at fair value through profit and loss. If financial liabilities are held for trading, derivatives, or designated at the time of initial recognition, they are classified as measured at fair value through income. Financial liabilities measured at fair value through income are measured at fair value, and its related net profits and losses, including any interest expenses, are recognized in income.

Other financial liabilities are subsequently measured at the cost after amortization using the effective interest method. Interest expenses and gains and losses from exchange are recognized in income. Any profit or loss at the time of exclusion is also recognized in income.

5. Delisting of financial liabilities

The company delists financial liabilities when contractual obligations have been fulfilled, cancelled or expired. When the financial liability terms are modified and there is a significant difference in the cash flow of the liabilities after the modification, the original financial liabilities will be delisted and the new financial liabilities will be recognized at fair value based on the modified terms.

When delisting financial liabilities, the difference between its book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized as income.

6. Offset between financial assets and liabilities

Financial assets and financial liabilities are only offset when the company currently has legally enforceable rights to offset and intends to settle on a net amount or realize assets and liquidate liabilities at the same time. Such offset will be expressed on the balance sheet as a net amount.

(8) Inventory

Inventory is measured by the lower of cost and net realizable value. Cost includes the acquisition, production or processing costs and other costs incurred to bring inventory to the available location and status. Such inventory is calculated by the weighted average method. The cost of finished goods and work-in-progress inventory includes manufacturing expenses that are amortized in proportion to normal production capacity.

Net realizable value refers to the estimated selling price under normal operations minus the

estimated costs required to complete the project and the estimated costs required to complete the sale.

(9) Investment-related enterprises

Affiliated companies are those companies that have significant influence over their financial and operating policies but are not controlled or jointly controlled.

The consolidated company shall adopt the equity method to deal with the equity of the related companies. Under the equity method, the original acquisition is recognized based on cost, and the investment cost includes the cost of the transaction. The carrying amount of an investment-related enterprise includes the goodwill identified at the time of the original investment, less any accumulated impairment losses.

The consolidated financial statement includes from the date of significant influence to the date of loss of significant influence. After adjustments to the consistency of the consolidated company's accounting policies, the consolidated company recognizes the profit and loss of the investment-related enterprise and other amount of comprehensive profit and loss. When the related company's equity changes in non-profit and loss and other comprehensive profit and loss do not affect the shareholding ratio of the consolidated company, the consolidated company will be recognized as a capital reserve according to the shareholding ratio.

The unrealized benefits and losses arising from the exchange between the consolidated company and the affiliated company shall be recognized in the enterprise's financial statements only within the scope of the non-related investor's interest in the affiliated enterprise.

When the consolidated company should recognise the proportion of the affiliated company's loss equal to or exceeds its equity in the affiliated company, it will stop recognizing its loss, but only when statutory obligations, deductions or payments have been made on behalf of the invested company within the scope, recognize additional losses and related liabilities.

(10) Property, plant, and equipment

1. Recognition and measurement

Property, plant and equipment items are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the major components of property, plant and equipment have different durability, they are treated as separate items (main components) of property, plant and equipment.

The property, plant and equipment gains or loss by disposal is recognized in income.

2. Follow-up costs

Subsequent expenditures are only capitalized when their future economic benefits are likely to flow into the consolidated company.

3. Amortization

Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is recognized in profit or loss within the estimated useful life of each component.

The land is not subject to depreciation.

The estimated service life of the current period and the comparative period is as follows:

(1) Housing and construction: 2 ~ 55 years

(2) Machine equipment: 2 ~ 8 years

(3) Others: Except that lease improvements are listed according to the lease term, the rest are 2 to 8 years.

The consolidated company reviews the depreciation method, durability, and residual value on each reporting day and makes appropriate adjustments when necessary.

(11) Lease

1. Lease judgment

The consolidated company evaluates whether the contract is a lease or contains a lease on the establishment date. If the contract transfers control over the use of the identified asset for a period of time in exchange for consideration, the contract is a lease or contains a lease. In order to evaluate whether the contract is a lease, the company evaluates the following items:

- (1) The contract involves the use of an identified asset. The identified asset is specified in the contract or implied by the time when it is available for use. Its entity can distinguish or represent substantially all of its production capacity. If the supplier has substantive rights to replace the asset, the asset is not an identified asset; and
- (2) The customer has the right to obtain almost all economic benefits from the use of the identified assets throughout the period of use; and
- (3) The client obtains the right to lead the use of identified assets when one of the following conditions is met:
 - The customer has the right to lead the use and purpose of the identified assets throughout the use period; or
 - The relevant decisions about the use method and purpose of the asset are determined in advance, and:
 - The customer has the right to operate the asset during the entire use period, and the supplier does not have the right to change the operation instructions; or
 - The way the customer designs the asset has pre-determined the way and purpose of use for the entire period of use.

2. Lessee

The company recognizes the right-of-use asset and lease liability on the lease start date. The right-of-use asset is originally measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments paid on or before the lease start date, and adds the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis between the start of the lease and the end of the end-of-life of the right-of-use asset or the end of the lease period. In addition, the consolidated company periodically assesses whether the right-of-use asset is impaired and processes any impairment loss that has occurred, and cooperates to adjust the right-of-use asset when the lease liability is re-measured.

Lease liabilities are originally measured by the present value of the lease payments that have not been paid on the lease start date. If the implied interest rate of the lease is easy to determine, the discount rate is that rate. If it is not easy to determine, the incremental borrowing rate of the consolidated company is used. Generally speaking, the consolidated company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

- (1) Fixed payment, including substantial fixed payment;
- (2) The lease payment depends on the change of an index or fee rate, the original measurement is based on the index or rate of the lease start date;
- (3) The guaranteed amount of residual value expected to be paid; and
- (4) When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability is subsequently accrued by the effective interest method, and its amount is measured when the following occurs:

- (1) Changes in the index or rate used to determine lease payments result in changes in the future lease payments;
- (2) The guaranteed amount of residual value expected to be paid has changed;
- (3) The evaluation of the underlying asset purchase option has changed;
- (4) The estimate of whether to exercise the extension or termination option has changed,

and the assessment of the lease period has been changed;

(5) Modification of lease subject, scope or other terms.

When the lease liability is re-measured due to changes in the aforementioned index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the book value of the right-of-use asset should be adjusted accordingly, and When the carrying amount of the right-of-use asset is reduced to zero, the remaining re-measured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the lease and the re-measured amount of the lease liability is recognized in profit or loss.

The consolidated company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

3. Lessor

The transaction of the company as the lessor is to classify the lease contract according to whether it transfers almost all the risks and rewards attached to the ownership of the underlying asset on the date of the lease establishment. If it is classified as a financial lease, otherwise it is classified as an operating lease. At the time of evaluation, the consolidated company considers whether it covers the relevant specific indicators such as whether it covers the main part of the economic life of the underlying asset during the lease period.

If the agreement includes lease and non-lease components, the consolidated company uses IFRS 15 to distribute the consideration in the contract.

(12) Impairment of non-financial assets

The company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventory, contract assets, deferred income tax assets) may be impaired. .

For the purpose of impairment testing, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is used as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of individual assets or cash-generating units minus the cost of sales and its use value. When assessing value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks of the asset or cash-generating unit. If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Impairment losses are recognized immediately in the current profit and loss.

(13) Revenue recognition

1. Revenue from customer contracts

Revenue is measured by the consideration expected to be obtained for the transfer of goods or services. The consolidated company recognizes revenue when the control of goods or services is transferred to the customer and the performance obligations are met.

The company is explained as follows according to the main income items:

(1) Selling goods

The company recognizes revenue when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, the customer can fully determine the sales channel and price and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery occurs when the product is shipped to a specific location, its obsolescence

and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, the acceptance terms have lapsed, or the company has objective evidence that all acceptance conditions have been met.

The company's average credit period is 90 days, which is consistent with the industry's practice, so it does not include financing elements.

The company recognizes the accounts receivable when delivering the goods, because the company has the right to receive the consideration unconditionally at that time.

(2) Construction contract

The company is engaged in public construction business. Since the assets are controlled by customers at the time of construction, the revenue is gradually recognized over time based on the proportion of the engineering costs incurred so far to the estimated total contract costs. The contract includes fixed and variable consideration. The customer pays a fixed amount according to the agreed time. Some changes in the consideration are estimated using the accumulated experience in the past as the expected value; other changes in the consideration are estimated based on the most likely amount. Considering that the construction progress of public works is influenced by factors that are not under the control of the consolidated company, the rewards for early completion are usually limited. The consolidated company only recognizes revenue within the scope of the cumulative income height that is unlikely to undergo a major turnaround. If the amount of the recognized income has not been requested, it is recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset is transferred to the accounts receivable.

If it is not possible to reasonably measure the degree of completion of the performance obligations of the engineering contract, contract revenue is recognized only within the range of expected recoverable costs.

When the company anticipates that the inevitable cost of fulfilling the obligations of a construction contract exceeds the expected gains from the contract, the liability provision for the lossy contract is recognized.

If the situation changes, the estimates of income, cost, and degree of completion will be revised, and during the period when the management is informed of the change in the situation, the resulting changes will be reflected in income.

The company provides standard warranty for public construction that conforms to the agreed specifications and has recognized warranty liability for this obligation.

(3) Financial components

The company expects that the time between the transfer of all customer contracts for goods or services to the customer and the time for the customer to pay for the goods or services will not exceed one year. Therefore, the company does not adjust the monetary time value of the transaction price.

(14) Cost of customer contract

1. The incremental cost of obtaining a contract

If the company expects to recover the incremental cost of obtaining a customer contract, the cost is recognized as an asset. The incremental cost of obtaining a contract is the cost incurred in obtaining a customer contract and not incurred if the contract is not obtained. The cost of obtaining a contract that will occur regardless of whether the contract is obtained is recognized as an expense when incurred, unless such cost is clearly chargeable to the customer regardless of whether the contract has been obtained.

The company adopts the standard practical expedient method. If the incremental cost of obtaining a contract is recognized as an asset and the amortization period of the asset is within one year, it is recognized as an expense when the incremental cost occurs.

2. The cost of fulfilling the contract

If the costs incurred in fulfilling the customer's contract are not within the scope of other

standards (International Accounting Standard No. 2 "Inventory", International Accounting Standard No. 16 "Real Estate, Plant and Equipment" or International Accounting Standard No. 38 "Intangible Assets"), The consolidated company will only begin when these costs are directly related to the contract or clearly identifiable expected contract, will generate or strengthen resources that will be used to meet (or continue to meet) performance obligations in the future, and are expected to be recovered. Such costs are recognized as assets.

General and administrative costs, wasted raw materials used to fulfill the contract but are not reflected in the contract price, labor or other resource costs, costs related to fulfilled (or partially fulfilled) performance obligations, and inability to distinguish between unsatisfied and unsatisfied performance. Costs related to obligations or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(15) Government subsidy

When the consolidated company can receive government subsidies related to salary expenditures, the unconditional subsidies are recognized as other income. For other asset-related subsidies, when the company can reasonably be sure that it will comply with the conditions attached to the government subsidy and will receive the subsidy, such subsidies will be recognized as deferred income at fair value and recognize the deferred income as other income on a systematic basis within the useful life of the asset. For compensating the consolidated company's expenses or losses, such subsidies are recognized in income on a systematic basis and its related expenses as well are recognized in income.

(16) Employee benefits

1. Determine the withdrawal plan

The obligation to determine the pension plan is recognized as an expense during the service period of the employee.

2. Determine the welfare plan

The company's net obligation to determine the benefit plan is calculated for each benefit plan based on the present value of the employee's future benefits earned during the current or previous period of service, and the fair value of any plan assets is deducted.

The determination of welfare obligations is carried out annually by a qualified actuary based on the expected unit welfare method. When the calculation result may be beneficial to the company, the recognized asset is limited to the present value of any economic benefits that may be obtained in the form of refunding the withdrawal from the plan or reducing the future withdrawal from the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The re-measured amount of net-determined welfare liabilities, including actuarial gains and losses, planned asset compensation (excluding interest), and any changes in the asset ceiling effect (excluding interest) are immediately recognized in other comprehensive profit and loss and accumulated in retained earnings . The company determines the net interest expense (income) of the net determined benefit liability (asset), using the net determined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses that determine the benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the number of changes in welfare related to previous service costs or reduced benefits or losses is immediately recognized as profit or loss. When liquidation occurs, the company recognizes and determines the liquidation profit and loss of the welfare plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are provided. If the company has current statutory or presumptive payment obligations due to employees providing services in the past, and the obligation can be reliably estimated, the

amount is recognized as a liability.

(17) Share-based payment transaction

The share-based payment agreement for equity settlement is based on the fair value of the payment date. During the vesting period of the reward, the expense is recognized and the relative equity is increased. The recognized expense is adjusted according to the expected amount of rewards that meet the service conditions and non-market-priced vested conditions; and the final recognized amount is measured on the basis of the amount of rewards that meet the service requirements and non-market-priced vested conditions on the vesting day.

The non-vested conditions for the share-based payment of rewards have been reflected in the measurement of the daily fair value of the share-based payment and the difference between the expected and actual results does not need to be verified and adjusted.

The fair value of amount payable to employees for cash-delivered share appreciation rights is to recognize expenses and increase relative liabilities during the period when employees can obtain unconditional remuneration. The liability is remeasured on the basis of the fair value of the share appreciation rights on each reporting date and settlement date, and any changes in it are recognized as income.

(18) Income tax

Income tax includes current and deferred income tax. Except for those related to business consolidations or related items recognized directly in equity or other comprehensive gains or loss, current income tax and deferred income tax should be recognized in income.

Current income tax includes the estimated income tax payable or tax receivable payable based on the taxable income (loss) of the current year and any adjustments to income tax payable or tax receivable receivable in the previous year. The amount is based on the statutory tax rate on the reporting date or the tax rate of substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred income tax measures and recognizes the temporary difference between the book value of assets and liabilities for financial statementing purposes and their tax base. Temporary differences arising from the following circumstances are not recognized as deferred income tax:

1. Assets or liabilities originally recognized in a transaction that is not a business consolidation and does not affect accounting profits and taxable income (loss) at the time of the transaction;
2. Due to temporary differences arising from investment in subsidiaries, affiliated companies and joint venture interests, the company can control the timing of the temporary difference reversal and is likely to not revert in the foreseeable future.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to reverse, and is based on the legal tax rate or substantive legislative tax rate on the reporting date.

The company will only offset the deferred income tax assets and deferred income tax liabilities when it meets the following conditions at the same time:

1. Have statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers subject to income tax levied by the same tax authority;
 1. The same taxpayer; or
 2. Different taxpayers, but each entity intends to pay off the current income tax liabilities and assets on a net basis for each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled, or at the same time Assets and liquidation of liabilities.

For the unused taxable losses and unused income tax credits at the later stage of transfer and deduction, the temporary difference can be recognized as deferred income tax assets in the range where there is a possibility that future taxable income will be available. It will be

reassessed on each reporting day to reduce the relevant income tax benefits to the extent that it is not likely to be realized; or to revert the amount that has been reduced to the extent that it is likely to have sufficient taxable income.

(19) Earnings per share

The consolidated company lists the basic and diluted earnings per share attributable to the holders of the company's common equity. The basic earnings per share of the consolidated company is calculated by dividing the profit and loss attributable to the holders of the common stock equity of the company by the current weighted average number of common shares outstanding. Diluted earnings per share is calculated by adjusting the impact of all potential diluted common shares by dividing the profit and loss attributable to the common equity holders of the company and the weighted average number of common shares outstanding. The potential dilutive common stock of the consolidated company includes the employee's stock options and estimated employee compensation.

(20) Department Information

The operating department is an integral part of the consolidated company and is engaged in business activities that may earn income and incur expenses (including income and expenses related to transactions between other components in the consolidated company). The operating results of all operating departments are regularly reviewed by the chief operating decision maker of the consolidated company to make decisions on the allocation of resources to that department and evaluate its performance. Each operating department has separate financial information.

5. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

When the management team prepares this consolidated financial statement in accordance with the International Financial Reporting Standards recognized by the Financial Supervisory Commission, it must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Management team continues to review estimates and basic assumptions, and changes in accounting estimates are recognized during the period of change and future periods affected.

The accounting policy involves significant judgments and has no significant impact on the amount recognized in this consolidated financial statement.

Among uncertainties in assumptions and estimates, the existence of significant risks that will not cause major adjustments for the following year will be as follows:

(1) Allowance loss for accounts receivable

The allowance loss for the accounts receivable of the consolidated company is estimated based on the assumption of default risk and expected loss rate. The company considers historical experience, current market conditions and forward-looking estimates on each reporting day to determine the assumptions and input values that must be used when calculating impairments.

Please refer to Note 6 (3) for detailed explanations of relevant assumptions and input values.

(2) Evaluation of inventory

Since inventory must be measured at the lower of cost and net realizable value, the consolidated company assesses the amount of inventory due to normal wear and tear, obsolescence or no market sales value on the reporting date, and writes down the cost of inventory to net realizable value. This inventory evaluation is mainly based on the product demand in a specific period in the future as the basis for estimation, so it may cause significant changes due to rapid industrial changes. Please refer to Note 6 (4) for details of inventory evaluation and estimation.

6. Explanation of important accounting items

(1) Cash and Cash equivalent:

2021.12.31

2020.12.31

Petty cash, cheques and demand deposits	\$	762,775	777,565
Fixed deposits		<u>-</u>	<u>79,744</u>
	\$	<u>762,775</u>	<u>857,309</u>

Please refer to Note 6 (20) for the disclosure of interest rate risk and sensitivity analysis of the consolidated company's financial assets and liabilities.

The consolidated company's fixed deposits, which is for more than three months, as of December 31, 2021, was \$131,180 thousands NT dollars. Because they were not used as the consolidated company's short-term assets, the accounts were recognized under other financial assets-current items. Please refer to note 6 (8) for details.

(2) Financial assets measured at fair value through other comprehensive gains and losses:

		<u>2021.12.31</u>	<u>2020.12.31</u>
Equity instruments measured at fair value through other comprehensive gains and losses :			
Domestic listed (counter) company stocks-Powertip	\$	313,832	152,542
Domestic unlisted (counter) company stocks-WK 9 ASSOCIATES LTD		310,771	342,008
Domestic unlisted (counter) company stocks – Other		180,168	213,563
U.S. listed company stocks		<u>964</u>	<u>2,882</u>
TOTAL	\$	<u>805,735</u>	<u>710,995</u>

1. Investment in equity instruments measured at fair value through other comprehensive gains and losses

Due to the above-mentioned designation as an equity instrument investment measured at fair value through other comprehensive gains and losses, the dividend income recognized in 2021 and 2020 were \$64,569,000 and \$3,691,000, respectively.

2. For credit risk and market risk information, please refer to Note 6 (20).

3. None of the consolidated company's financial assets measured at fair value through other comprehensive gains and losses have been provided as pledge and guarantees as of December 31, 2021 and 2020.

(3) Notes receivable, accounts receivable and collections

		<u>2021.12.31</u>	<u>2020.12.31</u>
Notes receivable – Occurs due to business	\$	42,609	69,695
Accounts receivable		432,218	480,657
Accounts receivable – Related parties		62,402	40,071
Collection		311,510	311,540
Deduct : Allowance for bad debts		<u>(318,250)</u>	<u>(315,448)</u>
	\$	<u>530,489</u>	<u>586,515</u>

The consolidated company adopts a simplified method to estimate expected credit losses for all notes receivable and accounts receivable, that is, using lifetime expected credit losses to measure. For the purpose of measurement, these notes and accounts receivable are based on the basis of representing customers' common credit risk characteristics of the contractual terms and ability to pay all due amounts are grouped and forward-looking information has been incorporated, including general economic and related industry information. The expected credit loss of the consolidated company's notes and accounts receivable analysis is as follow:

	2021.12.31		
	Accounts receivable Book value	Weighted avg. expected credit loss ratio	Expected credit loss during the allowance period
Not overdue	\$ 509,394	0.01%	(37)
Less than 90 days overdue	19,527	5.15%	(1,005)
91~365 days overdue	4,408	40.77%	(1,798)
More than 366 days overdue	<u>315,410</u>	100%	<u>(315,410)</u>
	<u>\$ 848,739</u>		<u>(318,250)</u>

	2020.12.31		
	Accounts receivable Book value	Weighted avg. expected credit loss ratio	Expected credit loss during the allowance period
Not overdue	\$ 572,447	0.01%	(39)
Less than 90 days overdue	14,797	5.33%	(788)
More than 366 days overdue	424	76.89%	(326)
	<u>314,295</u>	100%	<u>(314,295)</u>
	<u>\$ 901,963</u>		<u>(315,448)</u>

The consolidated company's notes receivables, accounts receivable and collections of the allowance loss's statement of changes are as follows:

	2021	2020
Beginning balance	\$ 315,448	548,308
Recognized impairment loss	2,889	682
Reversal of impairment loss	(30)	-
Annual amount written off due to uncollectible	-	(233,553)
Foreign exchange gains or losses	<u>(57)</u>	<u>11</u>
Ending balance	<u>\$ 318,250</u>	<u>315,448</u>

None of the consolidated company's notes and accounts receivables have been provided as pledge and guarantees as of December 31, 2021 and 2020.

(4) Inventory

1. The inventory details are as follows:

	2021.12.31	2020.12.31
Raw materials and consumables	\$ 90,188	63,467
Semi-finished goods	357	5
WIP	64,489	76,598
Finished goods	106,583	72,621
Raw materials in transit	<u>5,047</u>	<u>2,683</u>
	<u>\$ 266,664</u>	<u>215,374</u>

2. The consolidated company recognizes the loss of inventory depreciation due to inventory write-down to the net realizable value, or the increase in the net realizable value due to the improvement of economic conditions and the reduction of the recognized cost of goods sold are as follows:

	<u>2021</u>	<u>2020</u>
Loss for market price decline and obsolescence.		
(Gain from recovery)	<u>\$ 3,397</u>	<u>6,813</u>

3. None of the consolidated company's inventories have been provided as pledge and guarantees as of December 31, 2021 and 2020.

(5) Investment using the equity method

The consolidated company's investments using the equity method on the reporting date are listed below:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Associated companies	<u>\$ 142,525</u>	<u>119,988</u>

1. The associated companies from the consolidated company that adopt the equity method are individually insignificant, and their summary financial information is as follows. Such financial information is the amount included in the company's individual financial report:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Period-end summary of the equity of individual insignificant associated companies		
Book value	<u>\$ 733,750</u>	<u>629,229</u>
	<u>2021</u>	<u>2020</u>
Share attributable to the consolidated company :		
Continuing business unit's current net profit	\$ 31,789	21,858
Other comprehensive gain and loss	<u>3,747</u>	<u>1,702</u>
Total comprehensive gain and loss	<u>\$ 35,536</u>	<u>23,560</u>

2. Guarantee

None of the consolidated company's investment using the equity method has been provided as pledge and guarantees as of December 31, 2021 and 2020.

(6) Property, plant and equipment

The cost and depreciation changes of the consolidated company's property, plant and equipment are as follows:

	<u>Property</u>	<u>Plant</u>	<u>Equipment</u>	<u>Other</u>	<u>Total</u>
Cost :					
Balance as of January 1, 2021	\$ 41,360	600,862	2,828,150	333,673	3,804,045
Add	-	11,949	5,800	9,244	26,993

Dispose	-	(1,087)	(73,895)	(53,193)	(128,175)
Reclassify	-	(51,023)	-	51,023	-
Impact of exchange rate	-	(2,798)	(20,303)	(2,697)	(25,798)
Balance as of December 31, 2021	<u>\$ 41,360</u>	<u>557,903</u>	<u>2,739,752</u>	<u>338,050</u>	<u>3,677,065</u>
Balance as of January 1, 2020	\$ 41,360	591,929	2,861,380	336,066	3,830,735
Add	-	1,987	3,539	2,962	8,488
Depose	-	-	(90,088)	(10,150)	(100,238)
Delist	-	-	9,542	-	9,542
Impact of exchange rate	-	6,946	43,777	4,795	55,518
Balance as of December 31, 2020	<u>\$ 41,360</u>	<u>600,862</u>	<u>2,828,150</u>	<u>333,673</u>	<u>3,804,045</u>

Amortization :

Balance as of January 1, 2021	\$ -	355,914	2,648,665	310,769	3,315,348
Amortize	-	15,228	26,313	15,611	57,152
Dispose	-	(1,087)	(73,895)	(52,530)	(127,512)
Reclassification	-	(49,982)	-	49,982	-
Impact of exchange rate	-	(1,855)	(19,019)	(2,218)	(23,092)
Balance as of December 31, 2021	<u>\$ -</u>	<u>318,218</u>	<u>2,582,064</u>	<u>321,614</u>	<u>3,221,896</u>
Balance as of January 1, 2020	\$ -	335,574	2,666,557	290,667	3,292,798
Amortize	-	15,927	31,087	25,206	72,220
Dispose	-	-	(90,088)	(10,150)	(100,238)
Impact of exchange rate	-	4,413	41,109	5,046	50,568
Balance as of December 31, 2020	<u>\$ -</u>	<u>355,914</u>	<u>2,648,665</u>	<u>310,769</u>	<u>3,315,348</u>

Book value :

Balance as of December 31, 2021	<u>\$ 41,360</u>	<u>239,685</u>	<u>157,688</u>	<u>16,436</u>	<u>455,169</u>
Balance as of December 31, 2020	<u>\$ 41,360</u>	<u>244,948</u>	<u>179,485</u>	<u>22,904</u>	<u>488,697</u>

(7) Right-of-use asset

The cost and depreciation of the consolidated company's leased land, houses and buildings, etc., are detailed as follows:

	Property	Plant	Total
Cost of right-of use asset :			
Balance as of January 1, 2021	\$ 57,707	135,309	193,016
Increase	1,342	6,460	7,802
Decrease	-	(53,574)	(53,574)
Impact of exchange rate	(386)	(555)	(941)
Balance as of December 31, 2021	<u>\$ 58,663</u>	<u>87,640</u>	<u>146,303</u>
Balance as of January 1, 2020	\$ 56,755	156,566	213,321
Increase	111	63,109	63,220

Decrease	-	(83,191)	(83,191)
Impact of exchange rate	841	(1,175)	(334)
Balance as of December 31, 2020	\$ 57,707	135,309	193,016
Amortization of right-of use asset:			
Balance as of January 1, 2021	\$ 4,810	67,929	72,739
Current amortization	2,374	14,044	16,418
Decrease	-	(53,574)	(53,574)
Impact of exchange rate	2	(69)	(67)
Balance as of December 31, 2021	\$ 7,186	28,330	35,516
Balance as of January 1, 2020	\$ 2,391	34,313	36,704
Current amortization	2,378	33,894	36,272
Decrease	-	(1,490)	(1,490)
Impact of exchange rate	41	1,212	1,253
Balance as of December 31, 2020	\$ 4,810	67,929	72,739
Book value :			
Balance as of December 31, 2021	\$ 51,477	59,310	110,787
Balance as of December 31, 2020	\$ 52,897	67,380	120,277

1. The increase in right-of-use assets in 2021 and 2020 is due to the change in the lease period of the consolidated company's retail store and the extension of the lease period of land and plant. Please refer to Note 6 (11) for details on the related changes in lease liabilities.

2. The decrease of right-of-use assets in 2021 and 2020 is due to the expiry of the lease agreement for part of the leased plant of the consolidated company. The result of the rent negotiation is not as expected and it is not planned to renew the lease according to the original plan. For detailed explanations about the changes in the lease liability, please refer to Note 6 (11).

(8) Other financial assets-current

	<u>2021.12.31</u>	<u>2020.12.31</u>
Other receivables	\$ 65,479	87,663
Restricted assets-fixed deposits	102,114	63,493
Other	131,180	-
	<u>\$ 298,773</u>	<u>151,156</u>

None of the consolidated company's other receivable have been impaired as of December 31, 2021 and 2020.

(9) Short-term loans

	<u>2021.12.31</u>	<u>2020.12.31</u>
Bank Guaranteed Loan	<u>\$ 60,000</u>	<u>60,000</u>
Unused quota	<u>\$ -</u>	<u>-</u>

Interest rate range	<u>1.44%</u>	<u>1.43%</u>
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1. For the risk information of the interest rate and liquidity risk of the consolidated company, please refer to Note 6 (20).
2. Please refer to note 8 for details of the circumstances in which the consolidated company uses assets to set mortgages for short-term borrowings.

(10) Other payables and other current liabilities

	<u>2021.12.31</u>	<u>2020.12.31</u>
Payable expenses	\$ 31,868	32,670
Salaries and bonuses payable	41,760	40,718
Payable employee dividends and remuneration to directors and supervisors	34,806	26,864
Pension payable	10,967	11,011
Other	<u>8,592</u>	<u>10,453</u>
	<u>\$ 127,993</u>	<u>121,716</u>

(11) Lease liability

The book values of the consolidated company's lease liabilities are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	<u>\$ 15,300</u>	<u>14,432</u>
Non-current	<u>\$ 49,232</u>	<u>57,128</u>

For maturity analysis, please refer to Note 6 (20) Financial Instruments.

The consolidated company's lease liabilities decreased in 2021 due to the change in the lease term of the consolidated company and the expiration of part of the plant leases. The result of the rent negotiation was not as expected and so the lease was not renewed as planned; please refer to Note 6 (7) for the description of the related changes in the right-of-use assets.

The amounts recognized in income are as follows:

	<u>2021</u>	<u>2020</u>
Interest expense on lease liability	<u>\$ 2,090</u>	<u>1,004</u>
Changes in lease payments that are not included in the measurement of lease liabilities and Costs for short-term leases and low-value leased assets	<u>\$ 57</u>	<u>13</u>

The amounts recognized in the cash flow statement are as follows:

	<u>2021</u>	<u>2020</u>
Total cash outflow from lease	<u>\$ 16,489</u>	<u>38,673</u>

The consolidated company's renews period for the lease term of land, houses and buildings as office premises and factory plants is usually three to five years. In addition, the land's right-of-use in China usually lasts for 50 years. Part of the lease includes the option to extend the same period as the original contract when the lease term expires. The lease payments of some contracts depend on changes in the local price index.

Part of the contract also stipulates that the consolidated company advance the tax and insurance expenses related to the real estate to the lessor. Such expenses are usually incurred once a year.

(12) Employee benefits

1. Determine the benefit plan

The consolidated company determines the adjustment between the present value of welfare

obligations and the fair value of project assets as follows

	<u>2021.12.31</u>	<u>2020.12.31</u>
Determine the present value of welfare obligations	\$ (38,101)	(41,072)
Fair value of project assets	<u>15,507</u>	<u>15,717</u>
Net Definite Benefits Net Liabilities	<u>\$ (22,594)</u>	<u>(25,355)</u>

The consolidated company's definite benefit plan is transferred to the special labor retirement reserve account of the Bank of Taiwan. The retirement payment of each employee which is subject to the Labor Standards Act is calculated based on the base number of years of service and the average salary of the six months before retirement.

(1) Project asset composition

The retirement fund allocated by the consolidated company in accordance with the Labor Standards Act is coordinated and managed by Bureau of labor funds under Ministry of Labor (hereinafter referred to as the Labor Fund Bureau). The minimum income allocated shall not be lower than the income calculated based on the two-year fixed deposit interest rate of the local bank.

As of the end of the reporting period, the balance of the consolidated company's Labor Retirement Reserve Special Account in Bank of Taiwan was NT\$15,717,000. The information on the use of labor pension funds includes fund return rate and fund asset allocation. Please refer to the information published on the website of Bureau of labor funds under Ministry of Labor.

(2) Determination of changes in the present value of welfare obligations

The consolidated company's determination of the changes of the present value of welfare obligations in 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Confirmation of welfare obligations on January 1	\$ (41,072)	(39,132)
Current service cost and interest	(281)	(420)
Remeasurement of net defined benefit liabilities		
— Profit (loss) of project asset return	1,163	(1,747)
— Actuarial losses due to changes in demographic assumptions	(35)	-
— Actuarial losses due to changes in financial assumptions	1,412	(1,573)
Project Benefits paid	<u>712</u>	<u>1,800</u>
Confirmation of welfare obligations on December 31	<u>\$ (38,101)</u>	<u>(41,072)</u>

(3) Changes in the fair value of project assets

The consolidated company's changes in the fair value of the assets of the determined benefit plan in 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Fair value of project assets on January 1	\$ 15,717	15,007
Interest income	46	96
Remeasurement of net defined benefit liabilities		
— Benefits of project asset remuneration (excluding current interest)	232	515
Amount allocated to the project	224	99

Project Benefits paid	<u>(712)</u>	<u>-</u>
Fair value of project assets on December 31	<u>\$ 15,507</u>	<u>15,717</u>

(4) Expenses recognized as profit and loss

List of recognized expenses in 2021 and 2020 is as follow:

	<u>2021</u>	<u>2020</u>
Current service cost	\$ 160	157
Net interest on net confirmed benefit liabilities	<u>75</u>	<u>167</u>
	<u>\$ 235</u>	<u>324</u>

	<u>2021</u>	<u>2020</u>
Management fees	<u>\$ 235</u>	<u>324</u>

(5) Re-measured amount of net confirmed benefit liabilities recognized as other comprehensive gains and losses

The consolidated company's accumulated remeasured amount of net defined benefit liabilities recognized in other comprehensive income is as follows:

	<u>2021</u>	<u>2020</u>
Accumulated balance on January 1	\$ (6,713)	(9,518)
Recognized loss (profit) in the current period	<u>(2,772)</u>	<u>2,805</u>
Accumulated balance on December 31	<u>\$ (9,485)</u>	<u>(6,713)</u>

(6) Actuarial assumption

The major actuarial assumptions used by the consolidated company to determine the present value of welfare obligations at the end of the financial report are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Discount rate	0.70%	0.30%
Future salary increase	2.00%	2.00%

The consolidated company expects to pay NT\$434,000 to the definite benefit plan within one year after the reporting date in 2021.

The weighted average duration of the defined benefit plan is 9 years.

(7) Sensitivity analysis

When calculating and determining the present value of welfare obligations, the consolidated company must use judgments and estimates to determine relevant actuarial assumptions on the balance sheet, including discount rates, employee turnover rates, and future salary changes, etc. Any change in actuarial assumptions may materially affect the amount of the company's determined welfare obligations.

When adopting the main actuarial assumptions, the impact of changes in determining the present value of welfare obligations in 2022 and as of December 31, 2020 is as follows:

	<u>Impact on determined welfare obligations</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2021		
Discount rate	\$ (849)	881
Future salary increase	867	(840)

December 31, 2020

Discount rate	(994)	1,034
Future salary increase	1,014	(980)

The sensitivity analysis above is based on the analysis of the impact of a single assumption change while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities in the balance sheet.

The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those in the previous period.

2. Determine the allocation plan

The consolidated company's defined allocation plan is based on the labor pension regulations and is allocated to Bureau of labor insurance's labor pension individual account at a rate of 6% of the labor's monthly salary. Under this plan, after the consolidated company allocates a fixed amount to Bureau of labor insurance, there is no statutory or constructive obligation to pay additional amounts. The pension expenses under the method for determining the appropriation of pensions in 2021 and 2020 are NT\$3,332,000 and NT\$3,296,000 respectively, which have been allocated to Bureau of labor insurance.

In 2021 and 2020, the overseas subsidiaries of the consolidated company will recognize retirement pension expenses of NT\$12,336,000 and NT\$3,785,000 respectively in accordance with local government regulations.

(13) Income tax

1. Income tax expense

(1) The consolidated company's income tax expenses are as follows:

	<u>2021</u>	<u>2020</u>
Current income tax expense		
Occurred in the current period	\$ 51,255	30,139
Finance and tax difference	1,899	(71)
Income tax assessment difference	<u>-</u>	<u>2,721</u>
	<u>53,154</u>	<u>32,789</u>
Deferred income tax expense		
The occurrence and reversal of temporary differences	<u>(1,748)</u>	<u>16,185</u>
Income tax expense	<u>\$ 51,406</u>	<u>48,974</u>

(2) The details of income tax (benefits) expenses recognized by the consolidated company under other comprehensive gains and losses are as follows:

The consolidated company's details of income tax (benefits) expenses recognized under other comprehensive gains and losses in 2020 and 2019 are as follows:

	<u>2021</u>	<u>2020</u>
Items not reclassified to profit or loss :		
The actuarial profit (loss) of the defined benefit welfare plan	<u>\$ 554</u>	<u>(561)</u>

(3) The reconciliation between the consolidated company's income tax expenses and pre-tax net profit is adjusted as follows:

	<u>2021</u>	<u>2020</u>
Net profit before tax	<u>\$ 304,202</u>	<u>182,089</u>

Income tax calculated based on the domestic tax rate of the consolidated company's location	60,840	36,418
Impact of tax rate differences in foreign jurisdictions	(5,937)	357
Recognize the net investment interest using the equity method	(9,189)	4,783
Tax adjustment	3,793	(773)
Undistributed surplus levied 5%	-	5,539
Differences between income tax assessment estimation	<u>1,899</u>	<u>2,650</u>
	<u>\$ 51,406</u>	<u>48,974</u>

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

The items that the consolidated company's overseas investee companies have not recognized as deferred income tax liabilities are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Accumulated unrealized profit share with overseas investee companies	<u>\$ 324,969</u>	<u>328,937</u>

(2) Unrecognized deferred income tax assets

The items that the consolidated company's overseas investee companies have not recognized as deferred income tax assets are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Accumulated unrealized loss share with overseas investee companies	<u>\$ 187,572</u>	<u>186,948</u>

The temporary differences related to overseas investee companies are not recognized as deferred income tax assets and liabilities because the consolidated company can control the timing of the reversal of the temporary differences, and it is likely that they will not revert in the foreseeable future in 2021 and as of December 31, 2020.

Other items not recognized as deferred income tax assets of KoBrite Taiwanese, a subsidiary of the consolidated company, are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Temporary differences can be reduced	\$ 163	70
Taxable loss	<u>62,618</u>	<u>79,514</u>
	<u>\$ 62,781</u>	<u>79,584</u>

Taxable losses are in accordance with the Income Tax Act. The losses in the previous ten years are deducted from the net profit of the current year as approved by Revenue Service Office, and then the income tax is re-assessed. Such item was not recognized as deferred income tax assets because it is unlikely that KoBrite Taiwan, a subsidiary of the company, will have sufficient taxable income for the temporary difference in the future.

As of December 31, 2021, the company's subsidiary KoBrite Taiwan's undeducted losses and deduction periods are as follows:

<u>Year of deficit</u>	<u>Undeducted loss</u>	<u>The last year for deduction</u>
------------------------	------------------------	------------------------------------

2012 (Approved number)	\$	62,757	2022
2013 (Approved number)		54,151	2023
2014 (Approved number)		58,855	2024
2015 (Approved number)		48,221	2025
2016 (Approved number)		22,832	2026
2017 (Approved number)		15,574	2027
2018 (Approved number)		26,451	2028
2019 (Approved number)		19,307	2029
2020 (Estimated number)		<u>4,940</u>	2030
	\$	<u>313,088</u>	

(3) Recognized deferred tax assets and liabilities

The changes in the consolidated company's deferred income tax assets and liabilities are as follows:

	Defined benefit plan	Other	Total
Deferred income tax asset :			
Balance as of January 1, 2021	\$ 7,455	13,514	20,969
(Debit)/Credit Income Statement	<u>2</u>	<u>104</u>	<u>106</u>
Balance as of December 31, 2021	<u>\$ 7,457</u>	<u>13,618</u>	<u>21,075</u>
Balance as of January 1, 2020	\$ 7,770	9,168	16,938
(Debit)/Credit Income Statement	<u>(315)</u>	<u>4,346</u>	<u>4,031</u>
Balance as of December 31, 2020	<u>\$ 7,455</u>	<u>13,514</u>	<u>20,969</u>
Deferred income tax liability :			
Balance as of January 1, 2021	\$ 1,341	20,217	21,558
(Debit)/Credit Income Statement	<u>-</u>	<u>(1,642)</u>	<u>(1,642)</u>
(Debit)/Credit other comprehensive gain/loss	<u>554</u>	<u>-</u>	<u>554</u>
Balance as of December 31, 2021	<u>\$ 1,895</u>	<u>18,575</u>	<u>20,470</u>
Balance as of January 1, 2020	\$ 1,902	1	1,903
(Debit)/Credit Income Statement	<u>-</u>	<u>20,216</u>	<u>20,216</u>
(Debit)/Credit other comprehensive gain/loss	<u>(561)</u>	<u>-</u>	<u>(561)</u>
Balance as of December 31, 2020	<u>\$ 1,341</u>	<u>20,217</u>	<u>21,558</u>

3. In accordance with the laws of each country of incorporation, the income tax of profitable businesses of the consolidated company shall be declared separately by each

individual company and shall not be declared in a consolidated manner.

4. The income tax settlement declarations of the company and its subsidiary KoBrite Taiwan's profitable business have been approved by the auditing agency till year of 2018 and 2019.

(14) Capital and other equity

1. Equity

The company's authorized total capital stock is \$3,500,000 thousands. A par value of \$10 per share with total of 350,000 thousand shares. The aforesaid total authorized share capital is all common stock. The issued shares are 181,674 thousand shares and 186,674 thousand shares respectively and the payment for all issued shares has been received.

2. Capital reserve

The content of the company's capital reserve balance is as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Premium of issued stock	\$ 308,780	308,780
Convertible corporate bonds during the redemption period are classified as other items in capital reserve	88,350	88,350
Capital reserve arising from share-based payment transactions	30,753	23,100
Adopting the equity method to recognize the changes in the net value of the equity of affiliated companies and joint venture	-	343
Changes in affiliated companies recognized using the equity method	1,179	836
Other	<u>571</u>	<u>550</u>
	<u>\$ 429,633</u>	<u>421,959</u>

According to the Company Act, the capital reserve must be given priority to make up for the losses before it can be issued to new shares or cash in proportion to the shareholders' original shares based on the realized capital reserve. The "realized capital reserve" mentioned in the preceding paragraph includes the excess of the issuance of stocks in excess of the par value and the income received from donations. In accordance with "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the total amount of the capital reserve that can be allocated for replenishment each year shall not exceed 10% of the paid-in capital.

3. Retained earning

According to the company's articles of association, if there is a surplus in the annual final accounts, the tax should be paid first and make up for the accumulated losses over the years, then 10% of legal reserve shall be set aside and the special reserve shall be set aside or converted according to the law or the competent authority. If there is still a surplus after, the balance shall be added to the undistributed reserve accumulated in the previous year and the board of directors shall draft a distribution proposal and submit it to the shareholders meeting for a resolution.

In accordance with the Company Act, the company authorizes the board of directors to have more than two-thirds of the directors present and the resolution of more than half of the directors present shall distribute dividends and bonuses or legal reserve stipulated in Article 241, Paragraph 1 of the Company Act and all or part of the paid-in capital. The above all shall be distributed in cash and reported to the board of directors.

Shareholder dividends and employee dividends are issued in two types: stock dividends and cash dividends, of which the ratio of cash dividends shall not be less than 10%.

The company's board of directors resolved to distribute cash dividends for 2020 earnings on March 18, 2021, and in the shareholders' meeting resolved cash dividends for 2020 earnings on June 10, 2020. The dividends distributed to owners are as follows:

	2020		2019	
	Dividend rate	Amount	Dividend rate	Amount
Dividends distributed to owners of common stock :				
Cash	\$ 0.80	<u>137,339</u> \$	0.82	<u>141,340</u>

On March 22, 2022, the board of directors proposed a profit distribution proposal for 2021. The amount of dividends distributed to owners is as follows:

	2021	
	Dividend rate	Amount
Dividends distributed to owners of common stock :		
Cash	\$ 1.00	<u>173,203</u>

4. Treasury stock

The company passed a resolution of the board of directors on March 20, 2020 to buy back 5,000 thousand common stock as necessary to maintain the company's credit and shareholders' equity. Since the company's original issued common stock were 186,674 thousand shares, the proposed purchase of shares this time are accounted for 2.68% of the issued common stock, which did not have a significant impact on the company's financial status.

The treasury stock's buyback plan was completed on May 22, 2020. A total of 5,000 thousand shares were bought back with total amount of \$70,903 thousands.

The company's board of directors resolved on August 7, 2020 to cancel the 5,000 thousand treasury shares bought back for the purpose of maintaining the company's credit and shareholders' equity. The base date for capital reduction is August 10, 2020, and the change registration has been completed.

In 2021, the company subscribed treasury shares to employees at a subscription price of \$20 per share, totaling 1,529,000 shares. After deducting various tax expenses, the recognized capital reserve was \$7,653,000, and the treasury shares were adjusted to \$22,858,000.

As of December 31, 2020 and 2021, the number of shares repurchased as treasury stock were 10,000 thousand shares and 8,471 thousand shares.

5. Other equity (net after tax)

	Difference arising from the exchange of net assets of foreign operating institutions	Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses	Other
Balance as of January 1, 2021	\$(194,802)	246,451	51,649
difference arising from the exchange of net assets of foreign operating institutions	(34,274)	-	(34,274)
Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses	-	96,628	96,628
Dispose of equity instruments measured at fair value through other comprehensive gains and losses	-	(305)	(305)
Balance as of December 31, 2021	<u>\$(229,076)</u>	<u>342,774</u>	<u>113,698</u>

Balance as of January 1, 2020	\$(178,989)	177,576	(1,413)
difference arising from the exchange of net assets of foreign operating institutions	(15,813)	-	(15,813)
Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses	-	68,818	68,818
Dispose of equity instruments measured at fair value through other comprehensive gains and losses	—	57	57
Balance as of December 31, 2020	<u>\$(194,802)</u>	<u>246,451</u>	<u>51,649</u>

(15) Earnings per share

1. Basic earnings per share

The basic earnings per share of the consolidated company for 2021 and 2020 are calculated on the basis of the net profit attributable to common equity holders of the company and the weighted average number of outstanding shares of common stocks. The relevant calculations are as follows:

(1) Net profit attributable to holders of the company's common stocks

	<u>2021</u>	<u>2020</u>
Net profit attributable to holders of the company's common stock	<u>\$ 249,233</u>	<u>128,125</u>

(2) The weighted average number of common shares outstanding

	<u>2021</u>	<u>2020</u>
Common shares outstanding on January 1	171,674	176,674
Impact of treasury stocks	532	(3,437)
The weighted average number of common shares outstanding on December 31	<u>172,206</u>	<u>173,237</u>

	<u>2021</u>	<u>2020</u>
(3) Basic earnings per share (NT \$)	<u>\$ 1.45</u>	<u>0.74</u>

2. Diluted earnings per share

The diluted earnings per share for 2021 and 2020 are calculated on the basis of the net profit attributable to common equity holders of the company and the weighted average number of common stocks outstanding after adjusting the dilution effect of all potential common stocks. The relevant calculations are as follow:

(1) Net profit attributable to the company's common stock holders (diluted)

	<u>2021</u>	<u>2020</u>
Net profit attributable to holders of the company's common stocks (Basically diluted)	<u>\$ 249,233</u>	<u>128,125</u>

(2) Weighted average number of shares outstanding (diluted) of common stocks (thousand shares)

	<u>2021</u>	<u>2020</u>
Weighted average number of shares outstanding (basic)	172,206	173,237
The impact of employee stock dividends	1,256	1,621
The weighted average number of common stocks outstanding on December 31 (diluted)	<u>173,462</u>	<u>174,858</u>

(3) Diluted earnings per share (NT\$)

	<u>2021</u>	<u>2020</u>
Diluted earnings per share	<u>\$ 1.44</u>	<u>0.73</u>

(16) Revenue from customer contracts

1. Revenue breakdown

	<u>2021</u>				
	<u>Dept. A</u>	<u>Dept. B</u>	<u>Dept. C</u>	<u>Other</u>	<u>Total</u>
Major regional markets :					
China and HK	\$ 256,689	425,679	18,752	1,219	702,339
Taiwan	305,967	-	11,967	-	317,934
United States	130,803	-	-	-	130,803
Korea	211,356	-	-	-	211,356
Other	169,654	-	-	-	169,654
Total	<u>\$ 1,074,469</u>	<u>425,679</u>	<u>30,719</u>	<u>1,219</u>	<u>1,532,086</u>
Main product/service line :					
LED components and product manufacturing and sales	\$ 963,541	383,963	-	-	1,347,504
Construction	83,226	-	11,826	-	95,052
Other	27,702	41,716	18,893	1,219	89,530
Total	<u>\$ 1,074,469</u>	<u>425,679</u>	<u>30,719</u>	<u>1,219</u>	<u>1,532,086</u>

	<u>2020</u>				
	<u>Dept. A</u>	<u>Dept. B</u>	<u>Dept. C</u>	<u>Other</u>	<u>Total</u>
Major regional markets :					
China and HK	\$ 242,426	387,122	27,156	1,346	658,050
Taiwan	195,530	-	74,935	-	270,465
United States	120,875	-	-	-	120,875
Korea	207,763	-	-	-	207,763
Other	118,534	-	-	-	118,534
Total	<u>\$ 885,128</u>	<u>387,122</u>	<u>102,091</u>	<u>1,346</u>	<u>1,375,687</u>
Main product/service line :					
LED components and product manufacturing and sales	\$ 838,674	360,754	-	-	1,199,428

Construction	7,900	-	74,935	-	82,835
Other	38,554	26,368	27,156	1,346	93,424
Total	<u>\$ 885,128</u>	<u>387,122</u>	<u>102,091</u>	<u>1,346</u>	<u>1,375,687</u>

2. Contract balance

	<u>2021.12.31</u>	<u>2020.12.31</u>	<u>2020.1.1</u>
Contract assets- construction	<u>\$ 176,783</u>	<u>107,420</u>	<u>271,917</u>

Please refer to Note 6 (3) for the disclosure of accounts receivable and its impairment. Changes in contract assets are mainly due to the difference between the time when the company transfers goods or services to the customer to meet the performance obligations and the time when the customer pays.

(17) Construction contracts

The details of the contract revenue of the merged company's recognition of construction contracts in 2021 and 2020 based on the percentage of completion method are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
The amount of contract revenue recognized as revenue in the current period	<u>\$ 95,052</u>	<u>82,835</u>
Cumulative costs incurred (including contract costs related to future activities)	\$ 437,412	363,502
Add: accumulative total recognized project benefits	54,900	44,841
Cumulative incurred costs and recognized profits	492,312	408,343
Less: accumulative project progress request amount	315,529	300,923
Net	<u>\$ 176,783</u>	<u>107,420</u>
Contractual job reported as the total amount of customer accounts receivable for assets	<u>\$ 492,312</u>	<u>408,343</u>
Contractual job reported as the total amount of accounts payable to customers for liabilities	<u>\$ 315,529</u>	<u>300,923</u>
Retained amount of construction contract	<u>\$ 15,610</u>	<u>34,347</u>

Please refer to Note 6 (16) for the disclosure of the contract balance and the amount of income.

(18) Remuneration of employees, directors and supervisors

According to the company's articles of association, the current year's pre-tax benefits shall be used to deduct the benefits before the distribution of employee compensation and directors' remuneration. After retaining the amount of accumulated losses, if there is a balance, the employee's remuneration shall not be less than 8% and the director and supervisors' remuneration shall not be more than 2%. The aforementioned employee remuneration which may be issued by stock or cash, includes employees from affiliated companies who meet certain conditions.

The company's remuneration for employees in 2021 and 2020 is NT\$26,461,000 and NT\$15,592,000 respectively and the remuneration for directors and supervisors is NT\$6,615,000 and NT\$3,898,000, which are based on the company's pre-tax net profit for each period. The amount before deduction of employees, directors and supervisors' remuneration multiplied by the number of employees' remuneration and directors' and supervisors' remuneration as stipulated in the company's articles of association is the basis for estimation, and is reported as operating costs or operating expenses for 2021

and 2020. If difference between the actual distribution amount in the next year and the estimated amount occurs, such occurrence will be dealt with accordance to the change in accounting estimates and the difference will be recognized as the profit and loss of the next year.

(19) Non-operating income and expenses

1. Interest income

The detail of the consolidated company's interest income is as follow:

	<u>2021</u>	<u>2020</u>
Interest from bank deposits	<u>\$ 5,310</u>	<u>11,918</u>

2. Other income

The detail of the consolidated company's other income for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Rental income	\$ 12,763	22,337
Dividend income	64,569	3,691
Government subsidy income	-	4,693
Other	<u>13,049</u>	<u>22,098</u>
	<u>\$ 90,381</u>	<u>52,819</u>

3. Other gains and losses

The detail of the consolidated company's other gains and losses for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Net foreign currency exchange gains	\$ 26,173	(7,868)
Gains from disposal of fixed assets	171	1,385
Other	<u>(3,757)</u>	<u>(2,530)</u>
	<u>\$ 22,587</u>	<u>(9,013)</u>

(20) Financial instruments

1. Credit risk

(1) Exposure of credit risk

The book value of financial assets and contract assets represents the maximum amount of credit risk.

(2) Concentration of credit risk

Since the company has a broad customer base and does not significantly concentrate on transactions with a single customer and the sales area is scattered, there is no significant concentration of the credit risk of accounts receivable. In order to reduce credit risk, the company also regularly and continuously evaluates the financial situation of customers, but usually does not require customers to provide collateral.

(3) Credit risk of accounts receivable

Please refer to Note 6 (3) for the credit risk exposure information of notes and accounts receivable.

Other financial assets measured at amortized cost include other receivables and certificates of deposit, etc. Please refer to Note 6 (8) for details of the impairment provision status on December 31, 2020 and 2021.

All the financial assets listed above are with low credit risk. Therefore, the amount of

expected credit losses in twelve months is used to measure the allowance for loss during the period (for the explanation of how the company determines that the credit risk is low, please refer to Note 4 (7)).

2. Liquidity risk

The following table shows the contractual maturity dates of financial liabilities, excluding the effect of estimated interest.

	Book value	Contractual cash flow	within 1 yr	1-2yr	above 2yrs
December 31,2021					
Non-derivative financial liabilities					
Bank loan	\$ 60,000	(60,864)	(60,864)	-	-
Notes and Accounts Payable(Including related parties)	263,115	(263,115)	(263,115)	-	-
Lease liabilities (including non-current)	117,715	(117,715)	(117,715)	-	-
Other payables	64,532	(68,749)	(17,086)	(31,109)	(20,554)
	\$ 505,362	(510,443)	(458,780)	(31,109)	(20,554)
December 31,2020					
Non-derivative financial liabilities					
Bank loans	\$ 60,000	(60,858)	(60,858)	-	-
Notes and Accounts Payable(Including related parties)	315,325	(315,325)	(315,325)	-	-
Other payable	111,263	(111,263)	(111,263)	-	-
Lease liabilities (including non-current)	71,560	(77,770)	(16,494)	(31,618)	(29,658)
	\$ 558,148	(565,216)	(503,940)	(31,618)	(29,658)

The consolidated company does not expect the cash flow analysis on the due date to occur significantly earlier, or the actual amount will be significantly different.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The company's financial assets and liabilities exposed to significant foreign currency exchange rate risks are as follows:

	2021.12.31			2020.12.31		
	Foreign currency	Exange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary item</u>						
RMB	\$ 204	4.344	886	242	4.377	1,059
USD	11,092	27.680	307,027	13,403	28.480	381,707
HKD	58,647	3.549	208,138	49,037	3.673	180,113
<u>Financial liabilities</u>						
<u>Monetary item</u>						
RMB	\$ -	-	-	181	4.377	792
USD	185	27.680	5,121	208	28.480	5,924

HKD	27	3,549	96	24,740	3,673	90,870
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(2) Sensitivity analysis

The consolidated company's exchange rate risk mainly comes from cash denominated in foreign currencies, cash equivalents and accounts receivable, etc., resulting in foreign currency exchange gains and losses during conversion. In 2021 and 2020, when the NTD depreciates 5% against the USD, RMB and HKD, under all other factors remain unchanged, the net profit before tax for 2021 and 2020 increased by NT\$25,542,000 and NT\$23,265,000 respectively.

(3) Exchange gains and losses of monetary items

Due to the wide variety of functional currencies that the consolidated company uses, the exchange gain and loss information of monetary items is disclosed in summary. The foreign currency exchange gains and losses (including realized and unrealized) for 2020 and 2021 are gain of NT\$26,173 thousands and loss of NT\$7,868 thousands respectively.

4. Interest rate analysis

The details of the consolidated company's financial assets and financial liabilities interest rate risk exposure are as follows:

	Book value	
	2021.12.31	2020.12.31
Fixed interest rate instruments :		
Financial assets	<u>\$ 232,434</u>	<u>75,206</u>
Variable interest rate instruments :		
Financial assets	<u>(60,000)</u>	<u>(60,000)</u>
Financial liabilities	<u>\$ 699,479</u>	<u>794,650</u>

The consolidated company's financial assets and financial liabilities interest rate risk exposure are described in the liquidity risk management of this note.

The following sensitivity analysis is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating rate liabilities, the analysis method is based on the assumption that the amount of liabilities outstanding on the reporting date will be circulated throughout the year. The rate of change used by the company when reporting interest rates internally to management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases or decreases by 1% and all other variables remain unchanged, the company's net profit before tax for 2021 and 2020 increases or decreases NT\$6,995 thousands and NT\$7,947 thousands respectively. The main reason is this consolidated company's demand deposits and long-term loans with variable interest rates.

5. Other price risk

If the price of equity securities changes on the reporting date (the two-period analysis adopts the same basis and assumes that other changing factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

Stock price on reporting day	2021		2020	
	Other comprehensive profit and loss after-tax amount	After-tax profit and loss	Other comprehensive profit and loss after-tax amount	After-tax profit and loss
Increase 5%	<u>\$ 15,692</u>	<u>-</u>	<u>7,627</u>	<u>-</u>
Decrease 5%	<u>\$ (15,692)</u>	<u>-</u>	<u>(7,627)</u>	<u>-</u>

6. Fair value information

(1) Types and fair value of financial instruments

The consolidated company's financial assets and liabilities measured at fair value through profit and loss, financial assets and liabilities for hedging, and financial assets measured at fair value through other comprehensive gains and losses are measured at fair value on the basis of repeatability. For the book value of financial instruments that are not measured by fair value is a reasonable approximation of fair value and lease liabilities, there is no need to disclose fair value information according to regulations) are listed as follows:

	2021.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through other comprehensive gains and losses					
Domestic and foreign listed (counter) stocks	\$ 314,796	314,796	-	-	314,796
Domestic and foreign unlisted (counter) stocks	490,939	-	-	490,939	490,939
Total	\$ 805,735	314,796	-	490,939	805,735
Financial assets measured at amortized cost					
Cash and case equivalent	\$ 762,775	-	-	-	-
Notes and accounts receivable (Including related parties)	530,489	-	-	-	-
Other financial assets- current	298,773	-	-	-	-
Refundable deposits	7,054	-	-	-	-
Total	\$ 1,599,091	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loan	\$ 60,000	-	-	-	-
Notes and accounts payable (Including related parties)	263,115	-	-	-	-
Other payables	117,715	-	-	-	-
Lease liabilities (including non-current)	64,532	-	-	-	-
Total	\$ 505,362	-	-	-	-

2020.12.31

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through other comprehensive gains and losses					
Domestic and foreign listed (counter) stocks	\$ 155,424	155,424	-	-	155,424
Domestic and foreign unlisted (counter) stocks	555,571	-	-	555,571	555,571
Total	\$ 710,995	155,424	-	555,571	710,995
Financial assets measured at amortized cost					
Cash and case equivalent	\$ 857,309	-	-	-	-
Notes and accounts receivable (Including related parties)	586,515	-	-	-	-
Other financial assets- current	151,156	-	-	-	-
Refundable deposits	11,713	-	-	-	-
Total	\$ 1,606,693	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loan	\$ 60,000	-	-	-	-
Other payables	315,325	-	-	-	-
Notes and accounts payable (Including related parties)	111,263	-	-	-	-
Lease liabilities (including non-current)	71,560	-	-	-	-
Total	\$ 558,148	-	-	-	-

(2) Fair value evaluation technique for measuring financial instruments by fair value

If a financial instrument has a public quotation in the active market, the public quotation in the active market shall be the fair value. The market prices announced by major exchanges and central government bond over-the-counter trading centers judged to be popular bonds are the basis for the fair value of listed (counter) equity instruments and debt instruments with publicly quoted prices on the active market.

If public quotations of financial instruments can be obtained from exchanges, brokers, underwriters, industry associations, pricing service agencies or competent authorities in a timely and frequent manner and the prices represent actual and frequent fair market transactions, then the financial instruments have an active market public quotation. If the above conditions are not met, the market is deemed inactive. In general, large bid-ask spreads, significant increase in bid-ask spreads, or very little trading volume are indicators

of inactive markets.

If the financial instruments held by the consolidated company have an active market, their fair values are listed as follows according to their categories and attributes: When financial assets and liabilities measured at fair value through profit and loss are quoted in an active market, the market price is the fair value. Except for the above-mentioned financial instruments within active markets, the fair values of other financial instruments are obtained through evaluation techniques or with reference to the quotations from counterparties. The fair value obtained through evaluation technique can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other evaluation techniques, including the use of market information available on the date of the consolidated balance sheet calculated.

If the financial instruments held by the consolidated company have an inactive market, their fair values are listed as follows according to their categories and attributes: Equity instruments without public quotation: If there is no market for reference, the evaluation method is used to estimate. The estimates and assumptions used are consistent with the information used by market participants as estimates and assumptions when pricing financial products. The information is available to the consolidated company.

The interest rate of bank borrowing is mostly close to the market interest rate, so the borrowing amount is taken as the fair value. Please refer to Note 6 (9) for the interest rate.

(3) Transfer between level 1 and level 2

No such transfer in 2021 and 2020.

(4) List of changes in level 3

	Measured at fair value through other comprehensive gains and losses
	<u>Equity instruments without public quotation</u>
January 1, 2021	\$ 555,571
Total profit or loss	
Recognized in other comprehensive income	<u>(64,632)</u>
December 31, 2021	<u>\$ 490,939</u>
January 1, 2020	\$ 490,901
Total profit or loss	
Recognized in other comprehensive income	<u>64,670</u>
December 31, 2020	<u>\$ 555,571</u>

The above-mentioned total profit or loss is reported in the series of "unrealized appraised profit (loss) of financial assets measured at fair value through other comprehensive gains and losses".

Among them, those related to assets still held as of December 31, 2020 and 2021 are as follows:

	<u>2020</u>	<u>2019</u>
Total profit or loss		
Recognized in other comprehensive income (Listed in "Unrealized Appraisal Profits and Losses of Financial Assets Measured at Fair Value through Other Comprehensive income")	<u>\$ (64,632)</u>	<u>64,670</u>

(5) Quantitative information on the fair value measurement of significant unobservable inputs (level 3)

The consolidated company's fair value measurement is classified as the third level mainly for financial assets measured at fair value through other comprehensive gains and losses-equity instrument investment without an active market.

Most of the company's fair value is classified as the third level with only a single significant unobservable input and only equity instrument investments without an active market have multiple significant unobservable inputs. The significant unobservable input values of equity instrument investment without an active market are independent to each other, so there is no interrelationship.

The quantitative information list of significant unobservable input values is as follows:

Item	Evaluation technique	Significant unobservable input value	Significant unobservable input value and fair value relationship
Financial assets measured at fair value through other comprehensive gains and losses-equity instrument investment without an active market	Net asset value method	• Net asset value	Not applicable

(23) Financial risk management

1. Summary

The consolidated company is exposed to the following risks due to the use of financial instruments

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

This note expresses the consolidated company's risk information on the above-mentioned risks, the consolidated company's objectives, policies and procedures for measuring and managing risks. For further quantitative disclosure, please refer to the respective notes of the individual financial report.

2. Risk management structure

The consolidated company's financial division provides services for each business, analyzes the internal risk report of risk insurance according to the degree and breadth of risk, supervises and manages the financial risks related to the company's operations.

The consolidated company establishes appropriate internal policies and systems to control credit risk and liquidity risk. As for market risks, we collect information from various parties, hoping to accurately predict the future trends of exchange rates, interest rates, etc., and use financial instruments to avoid risky risks when necessary to reduce the impact of these risks. The use of financial instruments is regulated by the consolidated company's relevant policies, and internal auditors continue to review compliance with policies and risk limits. The consolidated company does not trade financial instruments for speculative purposes.

3. Credit risk

Credit risk is the risk of the consolidated company's financial loss due to the inability of its customers or financial instrument counterparties to fulfill contractual obligations. It mainly comes from the company's accounts receivable from customers and securities investments.

- (1) Accounts receivable and other receivables

The consolidated company's accounts receivable covers many customers, scattered in different industries and geographic regions, and there is no significant concentration of transactions with a single customer and the sales area is scattered, so the credit risk of accounts receivable is not likely to be significantly concentrated. The company has established a credit policy. According to this policy, before standard payment and shipping conditions are given, it is necessary to analyze the credit rating of each new customer individually before the transaction begins.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the consolidated company's financial division. Since the transaction partner and the performing party are all creditworthy banks and financial institutions, corporate organizations and government agencies with investment level and above, there is no significant credit risk.

4. Liquidity risk

Liquidity risk refers to the risk that the consolidated company cannot deliver cash or other financial assets to pay off financial liabilities and fail to perform related obligations. The consolidated company manages and maintains sufficient cash and cash equivalents to support the company's operations and reduce the impact of cash flow fluctuations. The management of the consolidated company supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument prices, affect the consolidated company's earnings or the value of financial instruments held. The goal of market risk management is to control the risk of market risk within an acceptable range and minimize the risk.

(1) Exchange rate risk

The consolidated company is exposed to sales and purchase transactions that are not denominated in functional currencies, which causes the consolidated company to generate exchange rate fluctuation risks. The consolidated company's functional currency is mainly NTD. The main denomination currencies for these transactions are USD, RMB and HKD.

(2) Other market price risk

The consolidated company incurs equity price risk insurance due to equity securities and open fund investments in listed counters.

(22) Capital management

The consolidated company plans its capital management based on the characteristics of the current industry and the future development of the company, taking changes in the external environment and other factors into account, to ensure that the company has the necessary financial resources and operating plans to support the future working capital and capital expenditures, research and development expenses, debt repayment and dividend expenses, etc. The management authority uses an appropriate total debt/equity ratio to determine the company's optimal capital structure. In order to maintain a sound capital base, the company optimizes the balance of debt and equity so to increase shareholder compensation. The consolidated company's debt-to-equity ratio at the reporting date is as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Total liabilities	\$ 636,462	660,500
Total equity	3,028,698	2,819,564
Debt-to-equity ratio	21%	23%

As of December 31, 2020 and 2021, the consolidated company's capital management method has not changed significantly.

7. Related party transactions

(1) Name and relationship of related parties

The related parties involved in transactions with the consolidated company during the period covered in this consolidated financial report are as follows:

<u>Name of related parties</u>	<u>Relationship with the company</u>
AB Corp.	Affiliated company of the consolidated company
DongGuan E-run electronics co.,ltd.	Subsidiary of the consolidated company

(2) Major transactions with related parties

1. Operating income

The consolidated company's major sales amounts to related parties are as follows:

	<u>2021</u>	<u>2020</u>
Affiliated company— AB Corp.	\$ 123,940	101,388
Affiliated company— DongGuan E-run	-	50
	<u>\$ 123,940</u>	<u>101,438</u>

The consolidated company's sales price to the above-mentioned related parties is based on the company's various product price lists, and the payment to the above-mentioned related parties is collected from 90 to 135 days after the month end.

2. Purchase

The consolidated company's purchase amount from related parties is as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries:		
Affiliated company— DongGuan E-run	\$ 33,451	32,579
Affiliated company— AB Corp.	2,313	288
	<u>\$ 35,764</u>	<u>32,867</u>

The consolidated company's purchase terms and conditions from the above-mentioned related parties are from 85 days to 115 days of monthly settlement, and the price is no different from other manufacturers.

3. Amounts due from related parties

The details of the company's accounts receivable from related parties are as follows:

<u>Account item</u>	<u>Type of related parties</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Accounts receivable-related party	Affiliated company— AB Corp	\$ 62,402	40,033
Accounts receivable-related party	Affiliated company— DonGuan E-run	-	38
		<u>\$ 62,402</u>	<u>40,071</u>

4. Amounts due to related parties

The details of the company's accounts payable to related parties are as follows:

<u>Account item</u>	<u>Type of related parties</u>	<u>2021.12.31</u>	<u>2020.12.31</u>
Accounts payable-related party	Affiliated company— AB Corp	\$ 813	26
Accounts payable-related party	Affiliated company— DonGuan E-run	11,347	16,689
		<u>\$ 12,160</u>	<u>16,715</u>

(3) Key management personnel transactions

Remuneration of key management personnel

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 10,095	9,921
Post-employment benefits	85	91
	<u><u>\$ 10,180</u></u>	<u><u>10,012</u></u>

8. Pledged assets

Asset name	Subject to pledge	<u>2021.12.31</u>	<u>2020.12.31</u>
Other financial assets-current(pledged fixed deposit)	Contract bond and warranty deposit	\$ 102,114	63,493
Real estate	Short-term/ long-term loan	70,932	73,527
		<u><u>\$ 173,046</u></u>	<u><u>137,020</u></u>

9. Significant contingent liabilities and unrecognized contractual commitments: N/A

10. Loss from major disaster: N/A

11. Significant post-period matters: N/A

12. Other

(1) The functions of employee benefits, depreciation and amortization expenses are summarized as follows:

Function Category	2021			2020		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit						
Salary expense	193,616	160,283	353,899	172,952	113,454	286,406
Labor and health insurance expense	8,125	8,379	16,504	4,356	6,742	11,098
Pension expense	10,497	5,406	15,903	3,793	3,612	7,405
Directors' remuneration	-	5,711	5,711	-	3,499	3,499
Other employee benefits	4,431	4,176	8,607	4,150	3,977	8,127
Depreciation expense	36,865	36,705	73,570	49,394	59,098	108,492
Amortization fee	-	47	47	-	344	344

(2) The coronavirus pneumonia epidemic had a minor impact on the production and sales of the consolidated company and its subsidiaries. All production systems have fully resumed to work and production lines have returned to normal. The consolidated company will continue to pay attention to the development of the incident and related impacts.

13. Disclosure of Matters in Notes

(1) Information with regard to major transactions

In 2021, in accordance with the requirements of the securities issuer's financial report preparation standards, the relevant information about major transactions that should be disclosed again by the company is as follows:

1. Loans to others

Unit: NTD thousand

#	Companies that lend loans	Prospective borrowers	Accounting subjects	The highest amount of the current period	Ending balance	Actual lending amount	Interest rate range	Loan by nature (note 1)	Transaction amount with regard to business	Reasons for short-term financing	Allowance for loss amount	Collateral	Limited amount of loans for each	Limited amount of total loans
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												entity (Note 2)		(Note 3)	
												Name	Value		
1	Bright LED electronics	KoBrite Taiwan	Other receivables	80,000	80,000	78,000	2%	2	-	Operating turnover	-	N	-	290,625	1,162,502
2	DongGuan BRTLED	Henan Bright Crystal	Other receivables	37,619 (RMB\$8,660)	37,619 (RMB\$8,660)	23,892 (RMB\$5,500)	2%	2	-	Operating turnover	-	N	-	211,170	844,679
3	DongGuan BRTLED	DongGuan KoBrite	Other receivables	26,064 (RMB\$6,000)	26,064 (RMB\$6,000)	21,720 (RMB\$5,000)	2%	2	-	Operating turnover	-	N	-	211,170	844,679

Note 1: 1. means have business contacts. 2. means has the need for short-term financing.

Note 2: The limit for total amount of lending loans does not exceed 10% of the net worth of the enterprise. Foreign companies in which the company directly or indirectly hold 100% of the voting shares are not subject to the 10% limit on loans to the company's net worth, but the respective limits for capital loans should still not exceed 100% of the company's net worth.

Note 3: The limit for total amount of capital loans shall not exceed 40% of the net worth of the enterprise. Foreign companies in which the company directly or indirectly hold 100% of the voting shares are not subject to the 40% limit on total amount of loans to the company's net worth, but the respective limits for capital loans should still not exceed 60% of the company's net worth.

Note 4: The above transactions have been reversed in the preparation of the consolidated report.

Note 5: It is converted to NTD at the RMB exchange rate of 4.344 at the end of the period

2. Endorsement for others: N/A

3. The situation of holding marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Unit: thousand shares

Holding Company	Types and names of securities	Relationship with the securities issuer	Accounting items	End of term				Note
				Unit/share	Book value	Holding ratio	Fair value	
The company	Powertip	Corporate director	Financial assets measured at fair value through other comprehensive gains and losses-non-current	19,020	313,832	12%	Price per share market = 16.50	
"	DS	N/A	"	764	-	3%	Price per stock market = -	
"	Assurant, Inc. 5.25% Subordinated (AIZN)	"	"	0.5	374	-%	Price per share market = USD 27.02	
"	Qwest Corp (CTBB)	"	"	0.2	142	-%	Price per share market = USD 25.65	
"	AT&T Inc. 5.35% GLB NTS 66 (TBB)	"	"	0.1	73	-%	Price per share market = USD 26.21	
"	United States Cellular Corporation (UZD)	"	"	0.5	375	-%	Price per share market = USD 27.10	
The company	WK 9	Corporate director	Financial assets measured at fair value through other comprehensive gains and losses-non-current	15,380	310,771	15%	310,771	
"	Foxfortune Technology Ventures Ltd.	"	"	2,000	82,474	12%	82,474	
"	New fund capital	"	"	10,000	97,694	16%	97,694	
					805,735			

4. The cumulative amount of buying or selling the same securities reaches NTD\$300 million or

more than 20% of the paid-in capital: N/A

5. Acquired real estate with an amount of NTD\$300 million or more than 20% of the paid-in capital: N/A

6. Disposal of real estate with an amount of NTD\$300 million or more than 20% of the paid-in capital: N/A

7. The amount of purchases and sales with related parties reaches NTD\$100 million or more than 20% of the paid-in capital:

Import (sell) company	Trading partner Name	Relations	Transaction				Circumstances and reasons for trading condition which are different from regular trading		Notes and accounts receivable (paid)		Note
			Import (sell)	Amount	% of total import (sales)	Credit period	Price	Credit period	Balance	% of total notes and accounts receivable (paid)	
The company	AB Corp.	Affiliated company	(Sell)	(123,940)	(12) %	OA 135 days	Price agreement according to the company	No significant differences	62,402	20%	Note
The company	WanHui (HK)	Subsidiary	Import	682,936	86 %	Ajust according to its funding needs	Price agreement according to the company	No significant differences	(1,565,200)	(98)%	Note
WanHui (HK)	The company	100% owned parent company	(Sell)	(682,936)	(76) %	Ajust according to its funding needs	Price agreement according to the company	No significant differences	1,565,200	100%	Note
WanHui (HK)	DongGuan BRTLED	Subsidiary	Import	718,445	81 %	Ajust according to its funding needs	Price agreement according to the company	No significant differences	(859,690)	(98)%	Note
DongGuan BRTLED	WanHui (HK)	100% owned parent company	(Sell)	(718,445)	(63) %	Ajust according to its funding needs	Price agreement according to the company	No significant differences	859,690	89%	Note

Note: The transactions listed on the left column have been written off during the preparation of the consolidated statement.

8. Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital:

Company with account receivables	Trading partner Name	Relations	Balance of accounts receivable from related parties	Turnover	Overdue amounts from related parties		Amounts receivable from related parties recovered after the period	allowance for loss amount	Note
					Amount	Processing			
WanHui (HK)	The company	100% owned parent company	1,565,200	0.43	Note 1	Note 1	129,667	-	Note 2
DongGuan BRTLED	WanHui (HK)	"	859,690	0.84	Note 1	Note 1	185,508	-	Note 2

Note 1: The difference between receivables and payables shall be collected based on fund requirements.

Note 2: The transactions listed on the left column have been written off during the preparation of the consolidated statement.

9. Engage in derivatives trading: N/A

10. Business relations and important transactions between parent and subsidiary companies:

# (Note 1)	Name of traders	Transaction objects	Relation with traders (Note 2)	Transaction situation			
				Subject	Amount	Condition	% of combined total revenue or total assets
1	WanHui (HK)	The company	2	Sales revenue	682,936	Adjusted according to funding needs	44.58%
1	"	"	2	Accounts receivable	1,565,200	"	42.72%
2	DongGuan BRTLED	WanHui (HK)	2	Sales revenue	718,445	"	46.89%
2	"	"	2	Accounts receivable	859,690	"	23.47%
0	The company	KoBrite Taiwan	1	Other receivables	78,000	-	2.13%
2	DongGuan BRTLED	Henan Bright Crystal	3	Other receivables	23,892	-	0.65%
2	DongGuan BRTLED	DongGuan KoBrite	3	Other receivables	21,720	-	0.59%

Note 1. The way to fill in the serial number is as follows:

1.0 represents the parent company.

2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company type.

Note 2: The type of relationship with the trader is marked as follows:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

(2) Re-investment business related information

The consolidated company's reinvestment business information for 2020 is as follows (excluding investee companies in China):

Investor	Investee	Region	Main business Items	Original investment amount		Hold at the end of period			Investee Current income	Recognized in this period Investment (Profit) Loss	Note
				Original investment amount		Shares (thousand)	Ratio	Book value			
				End of period	End of last year						
The company	WanHui (HK)	HK	Processing business of LED indicators, displays and related components	524,673	524,673	11,460	100%	2,141,297	100%	12,872	Subsidiary (Note)
"	KoBrite Corp.	Mauritius	Investment holding	1,082,499	1,082,499	8,783,545	93%	234,561	93%	(10,455)	"
"	LiSheng Int'l	HK	PCB processing	139,297	139,297	35,740	60%	82,554	60%	11,738	"
"	AB Corp.	US	Dealer	1,702	1,702	52	16%	9,925	16%	2,796	adopting the equity method
"	WanShui	HK	Investment holding	61,910	61,910	3	23%	28,734	23%	1,805	"
"	Powertip image	TW	Optical lens, lens design and production	64,966	64,966	5,820	19%	103,866	19%	27,188	"
KoBrite	KoBrite Taiwan	TW	Investment holding	500,000	500,000	50,000	100%	64,583	100%	recognized by KoBrite for investment gains and losses	Subsidiary (Note)
KoBrite	Bright Crystal (HK)	HK	Investment holding	404,342	404,342	100,994	80%	190,286	80%	recognized by KoBrite for investment gains and losses	Subsidiary (Note)

Note: The transactions listed on the left have been written off during the preparation of the consolidated financial report.

(3) Information with regard to investment in China

1. Relevant information about reinvestment in China:

Name of invested company in China	Main business Items	Paid-in capital	Investment method	Cumulative remittances from Taiwan at the beginning of the period Amount (Note 1)	Exported or recovered in this period Investment amount		Cumulative remittances from Taiwan at the end of the period Amount (Note 1)	Current profit (loss) of the investee company	Direct or indirect investment Holding ratio	Recognized investment profit (loss) in this period (Note 3)	End of period investment Book value	Investment repatriated as of the current period Income (Note 1)
					Export (Note 1)	Amount (Note 1)						
DongGuan BRTLED	Manufacture and sell of LED component and its related products	HKD340,222	Indirect investment through WanHui (HK) (Note 4)	-	-	-	21,057	100%	21,057	2,111,697	-	
DongGuan KoBrite	Production and processing of LED chips	US\$14,590	Indirect investment through KoBrite Corp.	149,121 (US\$4,974)	-	149,121 (US\$4,974)	91,215	93%	84,502	62,343	-	
DongGuan Yi-Run	production and sale of other steel products	RMB\$41,001	Indirect investment through WanHui (HK)	58,813 (HKD\$15,280)	-	58,813 (HKD\$15,280)	7,837	23%	1,805	6,619	15,804 (HKD\$4,453)	
DongGuan LiSheng PCB	PCB processing	HKD\$10,000	Indirect investment through LiSheng Int'l (Note 4)	3,279 (HKD\$852)	-	3,279 (HKD\$852)	27,869	60%	16,602	52,108	-	
Henan Bright Crystal	Production and sales of high-quality crystals and LED lighting products, as well as import and export business	US\$16,200	Indirect investment through Bright Crystal (HK) (Note 4)	403,981 (US\$13,475)	-	403,981 (US\$13,475)	(17,688)	74%	(13,097)	176,429	-	

2. Limits for reinvestment in China:

Cumulative investment amount remitted from Taiwan to China at the end of the period	Approved investment amount by the Overseas Chinese and Foreign Investment Commission (Note 1)	According to the regulations of the Overseas Chinese and Foreign Investment Commission Investment quota in China
615,194 (US\$18,449 及 HKD16,132)	1,939,528 (US\$19,002 及 HKD398,296)	Note 2

Note 1: It is converted into NTD at the end of the period using the USD exchange rate of 27.68, HKD exchange rate of 3.549 and RMB 4.344.

Note 2: The company has been approved by Bureau of Industry of the Ministry of Economic Affairs to comply with the operating headquarters certification letter, so there is no limit on the amount of investment in China.

Note 3: The investment gains and losses of the current period are calculated based on the financial statements of the investee company verified by accountants.

Note 4: Existing reinvestment companies in the third region use their own funds and machinery and equipment for investment.

Note 5: Except for Dongguan Yi-Run Electronics Co., Ltd., the remaining transactions have been written off during the preparation of the consolidated financial report

3. Major shareholders information:

For direct or indirect major transactions (has been written off when preparing the consolidated report) of the consolidated company's investee companies in China in 2021, please refer to the description of "Information on Major Transactions"

(4) Major shareholder information

Unit: shares

Shares		
Name of major shareholders	Number of shares held	Holding ratio
Yi-Run investment company	31, 859, 212	17. 53%
WanHui investment company	27, 378, 397	15. 07%
Tseng-Jen Liaw	1, 062, 417	11. 59%

Note: (1) The information of major shareholders in this table is based on the last business day at the end of each quarter by the company. The total number of common shares and special shares, which sum up to 5% or more, of the company that have been delivered without physical registration (including treasury shares) is calculated by the company. As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences due to different calculation bases.

(2) If above information belongs to the shareholder's delivery of shares to the trust, it is disclosed in individual accounts by the trustor who opened the trust account for the trustee. As for the shareholders' declaration of insider's shareholding in accordance with the Securities and Exchange Act, their shareholding includes their own shareholding plus the shares delivered to the trust and the right to use the trust property. For information on insider's shareholding declaration, please refer to Market observation post system.

(3) As of December 31, 2021, the company has bought back total of 8,471 thousands of treasury shares, which is approximately 4.66% of the company's common stock for which the company has completed payment without physical registration (including treasury stocks). Detailed information please refers to 6(14).

14. Department information

(1) General information:

The consolidated company has four departments required to be reported: Department A, Department B, Department C, and other departments. Department A is the sales business of light-emitting diode components and related products, Department B is engaged in the manufacturing and sales of light-emitting diode components and related products, Department C is engaged in the manufacturing and sales of dies, and other departments are engaged in manufacturing and sales of PCB, etc.

(2) Departmental profit and loss, assets, liabilities and their measurement basis and adjustment information required to be reported:

The consolidated company uses the departmental pre-tax profit and loss in the internal management report which reviewed by the chief operating decision maker (excluding non-recurring gains and losses and exchange gains and losses) as the basis for the management of resource allocation and performance evaluation. Since income tax, non-recurring gains and losses, and conversion gains and losses are managed on a group basis, the consolidated company does not amortize income tax expenses (benefits), non-recurring gains and losses, and conversion gains and losses to the reporting department. In addition, not all profit and loss of reportable departments include significant non-cash items other than depreciation and amortization. The reported amount is consistent with the report used by the operating decision maker.

The accounting policies of the operating department are the same as the "Summary Description of Important Accounting Policies" described in Note 4.

The consolidated company regards sales and transfers between departments as transactions with a third person and measured at the current market price.

Information and adjustments of the operating department of the consolidated company are as

follows:

2021						
	Dept A	Dept B	Dept C	Other dept.	Adjust/ eliminate	Total
Revenue						
Revenue from external customers	\$ 1,074,469	425,679	30,719	1,219	-	1,532,086
Revenue from depts.	-	719,981	240,046	97,909	(1,057,936)	-
Total revenues	\$ 1,074,469	1,145,660	270,765	99,128	(1,057,936)	1,532,086
Dept.profit (loss)	\$ 297,688	14,650	(14,858)	20,877	(14,155)	304,202
Total asset of dept.	\$ 4,680,794	2,479,606	585,905	160,380	(4,241,525)	3,665,160
Total liability of dept.	\$ 1,774,540	338,309	284,929	21,797	(1,783,113)	636,462
2020						
	Dept A	Dept B	Dept C	Other dept.	Adjust/ eliminate	Total
Revenue						
Revenue from external customers	\$ 885,128	387,122	102,091	1,346	-	1,375,687
Revenue from depts.	-	624,178	130,440	85,914	(840,532)	-
Total revenues	\$ 885,128	1,011,300	232,531	87,260	(840,532)	1,375,687
Dept.profit (loss)	\$ 175,404	(30,650)	(33,124)	24,688	45,771	182,089
Total asset of dept.	\$ 4,478,681	2,541,669	651,841	153,800	(4,345,927)	3,480,064
Total liability of dept.	\$ 1,779,425	377,978	334,113	32,633	(1,863,649)	660,500

(3) Information on types of products and services:

The reportable departments of the consolidated company information has been based on different products and services, and there is no need to disclose product and labor service information.

(4) Information on region:

The information about the location of the consolidated company is as follows: Revenue is classified based on the geographic location of the customer and non-current assets are classified based on the geographic location of the asset.

1. Revenues from external customers:

<u>Region</u>	2021	2020
China	\$ 702,337	658,050
Taiwan	317,936	270,465
Korea	130,803	120,875
United states	211,356	207,763
Other	169,654	118,534
	\$ 1,532,086	1,375,687

2. Non-current assets

<u>Region</u>	2021	2020
Taiwan	\$ 220,629	184,374
China	517,673	556,398

Total	<u>\$ 738,302</u>	<u>740,772</u>
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Non-current assets include investments using the equity method, property, plant and equipment, right-of-use assets, deposits and other non-current assets. However, it does not include non-current assets that include financial instruments and deferred income tax assets.

(5) Information of important customers:

In both 2021 and 2020, the consolidated company has no non-affiliated customers who account for more than 10% of its consolidated operating income

6.5 The most recent Parent Company Only financial statements

INDEPENDENT AUDITORS' REPORT (Parent Company Only Financial Statements)

The Board of Directors and Shareholders
Bright LED Electronics Corp.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

For details of accounting policies and related disclosures of revenue recognition, please refer to Notes 4 (13) and 6 (15) of the Company's parent company only financial statements.

The description of key audit matter:

The sources of the major operating revenue of the Bright LED Electronics Corp. are research and development, productions, and sales of light-emitting diodes indicators and display...etc and contracts of LED display, LED lighting and related operating applications/systems' constructions. Where the Bright LED Electronics Corp.'s revenues generated from is the concerned factor for this report users or recipients. Hence, revenue recognition is considered as one of the key audit matters.

The main audit procedures for the above-mentioned key audit matters include complying with the requirements of the standards, understanding of operations and industry characteristics, evaluating the appropriateness of Bright LED Electronics Corp.'s accounting policy selection; testing the design and implementation for the effectiveness of internal control systems related to revenue; understanding The form and transaction conditions of BRTLED Group's operating income, etc. The accountants evaluated whether the accounting policies for revenue recognition (including sales returns and discounts) are handled in accordance with the relevant official announcements and analyzed the income by examining major customers and new customers in order to assess whether there is any major abnormality. Also, we reviewed the new major contracts in the current period and tested the sales samples for a period before and after the end of the year according to their delivery conditions to assess the correctness of the revenue recognition period. The accounting project revenue is recognized according to the degree of completion of the performance obligations whether the ratio is reasonable. Through examining the list of the top ten customers and new customers, to find out the similarities and differences between their trading conditions compared to general customers. Selecting an appropriate sample size of sales invoices to confirm that all payments have been received and correct and pay attention to whether the remitter is consistent with the sales target in order to evaluate the authenticity of the income.

Account Receivables Valuation

For details of accounting policies of account receivables valuation, please refer to Notes 4 (7) financial instruments of the Bright LED Electronics Corp.'s parent company only financial statements; for details of accounting estimates and accounting assumption of uncertainty of account receivables valuation, please refer to Notes 5 (1) of the Bright LED Electronics Corp.'s parent company only financial statements; for details of explanation on account receivables valuation, please refer to 6 (3) of the Bright LED Electronics Corp.'s parent company only financial statements.

The description of key audit matter:

Account receivables of Bright LED Electronics Corp. are distributed among customers. The account receivables valuation allowance is calculated according to the expected percentage

of credit losses which takes each time interval of overdue of account receivables and adjustments on prospective factors into consideration when estimating expected credit losses of account receivables. The management will, according to the report date, re-update new expected losses within each time interval of overdue and perform individual assessments on major overdue and payment disputes; hence, it involves subjective judgment from the managers and it is considered as one of the key audit matters.

The main audit procedures for the above-mentioned key audit matters include evaluating reasonableness of the percentage of expected credit losses and determining whether there is a major irregularity by comparing the turnover rate and turnover days of accounts receivables with the company's credit policy and other related information; obtaining the aging schedule, verifying total amount from the aging schedule with general ledger and confirming integrity and accuracy of the aging schedule. Finally, ascertaining whether the bills and accounts receivables in dispute or involved in litigation have been properly handled and checking whether the customers' receivables dues more than three months have been properly evaluated and checking whether there is a risk of transferring to other receivables.

Other Matter

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

Responsibilities of Management and Those Charged with Governance for the Parent company only Financial Statements

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

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

Those charged with governance (including the Supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

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

and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Mr. Yu-Feng Hsu and Ms. Tzu-Hui Li.

KPMG TAIWAN
Republic of China

March 22, 2022

Notice to Readers

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

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

Bright LED Electronics Corp.
Parent Company Only Balance Sheet
December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	Dec 31, 2021		Dec 31, 2020				Dec 31, 2021		Dec 31, 2020	
	Amount	%	Amount	%			Amount	%	Amount	%
ASSETS										
CURRENT ASSETS										
1100 Cash and cash equivalents (Note 6 (1))	\$ 482,985	10	468,690	11						
1140 Contract assets – current (Note 6 (17))	171,842	4	100,209	2						
1170 Accounts and notes receivable, net (Note 6(3))	269,590	6	283,159	6	2170	Accounts and notes payable	\$ 37,639	1	22,763	1
1180 Accounts receivable – due from related parties, net (Note 6(3)&7)	62,402	1	40,033	1	2180	Accounts payable – due to related parties (Note 7)	1,565,666	34	1,619,192	36
1210 Other accounts receivable – related party (Note 7)	78,000	2	78,500	2	2200	Other payables and other current liabilities (Note 6(9))	64,139	1	55,248	1
1310 Inventories (Note 6(4))	19,965	-	14,980	-	2230	Income tax liabilities	48,154	1	28,302	1
1470 Other current assets	4,435	-	256	-	2280	Lease liabilities-current (Note 6(10))	2,230	-	2,211	-
1476 Other financial assets – current (Note 6(8)&8)	85,724	2	94,238	2		Total current liabilities	1,717,828	37	1,727,716	39
Total current assets	1,174,943	25	1,080,065	24		NONCURRENT LIABILITIES				
NONCURRENT ASSETS					2570	Deferred tax liabilities (Note 6(13))	20,470	-	21,558	-
1517 Financial assets at fair value through other comprehensive income – noncurrent (Note 6(2))	805,735	17	710,995	16	2580	Lease liabilities-noncurrent (Note 6(11))	6,007	-	1,777	-
1550 Investments accounted for using equity method (Note 6(5))	2,600,937	56	2,602,266	58	2640	Defined benefit liabilities – noncurrent (Note 6(12))	22,594	1	25,355	1
1600 Property, plant and equipment (Note 6(6)&8)	55,992	1	58,726	1		Other noncurrent liabilities	7,641	-	3,019	-
1755 Right of use assets (Note 6(7))	8,160	-	3,853	-		Total noncurrent liabilities	56,712	1	51,709	1
1840 Deferred tax assets (Note 6(13))	21,075	1	20,969	1		Total liabilities	1,774,540	38	1,779,425	40
1920 Refundable deposits	855	-	1,760	-	3100	EQUITY ATTRIBUTABLE TO SHAREHOLDERS (Note 6(14))				
1900 Other noncurrent assets	13,097	-	47	-	3200	Capital stock	1,816,742	39	1,816,742	41
Total noncurrent assets	3,505,851	75	3,398,616	76	3300	Capital surplus	429,633	9	421,959	9
					3400	Retained earnings	672,830	14	558,413	12
					3500	Other equity interests	113,698	2	51,649	1
						Treasury stock	(126,649)	(2)	(149,507)	(3)
						Total equity	2,906,254	62	2,699,256	60
TOTAL	\$ 4,680,794	100	4,478,681	100		TOTAL	\$ 4,680,794	100	4,478,681	100

Chairman : Tsung-Jen Liaw

CEO : Tsung-Jen Liaw

Accounting Manager : Mei-Lien Lin

Bright LED Electronics Corp.
Parent Company Only Income Statement
December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
	Amount	%	Amount	%
4000 + Operating revenues (Note 6(15)&7)	\$ 1,074,469	100	885,128	100
5000 + Operating costs (Note 6(4)(7))	(821,841)	(76)	(660,158)	(75)
5900 + Gross profit from operations	252,628	24	224,970	25
6000 + Operating expenses (Note 6(3)(6)(7)(11)&12) :				
6100 + Marketing	(37,270)	(3)	(33,406)	(4)
6200 + Management	(90,146)	(8)	(70,314)	(8)
6300 + Research & development	(7,407)	(1)	(9,571)	(1)
6450 + Expected credit impairment loss (or gain)	(450)	-	(281)	-
+ Total operating expenses	(135,273)	(12)	(113,572)	(13)
6900 + Operating income	117,355	12	111,398	12
7000 + Non-operating income & expenses (Note 6(5)(17)) :				
7100 + Interest revenues	1,894	-	3,738	-
7010 + Other revenues	83,640	8	25,197	3
7020 + Other gains & losses	48,900	5	59,109	7
7050 + Finance costs	(45)	-	(124)	-
7070 + Share of profit (loss) of associates using equity method	45,944	4	(23,913)	(3)
+ Total non-operating income & expenses	180,333	17	64,007	7
7900 + Profit before tax	297,688	29	175,405	19
7951 + Deduct : income tax expenses (Note 6(12))	(48,455)	(5)	(47,280)	(5)
+ Net income	249,233	24	128,125	14
8300 + Other comprehensive income (Note 6(11)(12)(13)) :				
8310 + Items that will not be reclassified subsequently to profit or loss :				
8311 + Re-measurement of defined benefit plans	2,772	-	(2,805)	-
8316 + Unrealized gain or loss on financial instrument at fair value through other comprehensive income	96,628	9	68,818	8
8349 + Income tax related to items that will not be reclassified subsequently	554	-	(561)	-
+ Total of Items that will not be reclassified subsequently to profit or loss	98,946	9	66,574	8
8360 + Items that may be reclassified subsequently to profit or loss :				
8361 + Exchange differences arising on translation of foreign operations	(34,274)	(3)	(15,813)	(2)
8399 + Income tax related to items that may be reclassified subsequently	-	-	-	-
+ Total of Items that may be reclassified subsequently to profit or loss	(34,274)	(3)	(15,813)	(2)
8300 + Other comprehensive loss for the year, net of income tax	64,572	6	50,761	6
8500 + Total comprehensive income for the year	\$ 313,805	30	178,886	20
Earnings per share (Note 6(14))				
9750 + Basic earnings per share (NT\$)	\$ 1.45		0.74	
9850 + Diluted earnings per share (NT\$)	\$ 1.44		0.73	

Chairman : Tsung-Jen Liaw

CEO : Tsung-Jen Liaw

Accounting Manager : Mei-Lien Lin

Bright LED Electronics Corp.
Parent Company Only Statements of Changes in Equity
From January 1 to December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Shares)

	Retained earnings						Others				
	Capital Stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	↓ Total	Exchange Differences on translations	Unrealized gain/loss on assets at fair value through other comprehensive income	↓ Total	Treasury Stock	↓ Total Equity
Balance, January 1, 2020	\$ 1,866,742	441,683	259,088	84,381	230,460	573,929	(178,989)	177,576	(1,413)	(149,507)	2,731,434
Net income	—	—	—	—	128,125	128,125	—	—	—	—	128,125
Other comprehensive income	—	—	—	—	(2,244)	(2,244)	(15,813)	68,818	53,005	—	50,761
Total comprehensive income	—	—	—	—	125,881	125,881	(15,813)	68,818	53,005	—	178,886
Legal reserve	—	—	23,035	—	(23,035)	—	—	—	—	—	—
Special reserve	—	—	—	(82,968)	82,968	—	—	—	—	—	—
Cash dividend	—	—	—	—	(141,340)	(141,340)	—	—	—	—	(141,340)
Changes in other capital reserves:	—	—	—	—	—	—	—	—	—	—	—
Changes in net equity of related companies and joint ventures recognized using the equity method	—	343	—	—	—	—	—	—	—	—	343
Changes in related companies recognized using the equity method	—	836	—	—	—	—	—	—	—	—	836
Treasury stock buyback	—	—	—	—	—	—	—	—	—	(70,903)	(70,903)
Treasury stock written off	(50,000)	(20,903)	—	—	—	—	—	—	—	70,903	—
Unrealized gains (loss) from equity investment instruments measured at fair value through other comprehensive income	—	—	—	—	(57)	(57)	—	57	57	—	—
Balance, December 31, 2020	1,816,742	421,959	282,123	1,413	274,877	558,413	(194,802)	246,451	51,649	(149,507)	2,699,256
Net income	—	—	—	—	249,233	249,233	—	—	—	—	249,233
Other comprehensive income	—	—	—	—	2,218	2,218	(34,274)	96,628	62,354	—	64,572
Total comprehensive income	—	—	—	—	251,451	251,451	(34,274)	96,628	62,354	—	313,805
Legal reserve	—	—	12,582	—	(12,582)	—	—	—	—	—	—
Special reserve	—	—	—	(1,413)	1,413	—	—	—	—	—	—
Cash dividend	—	—	—	—	(137,339)	(137,339)	—	—	—	—	(137,339)
Gain/loss on sales of equity instruments at fair value through other comprehensive income	—	—	—	—	305	305	—	(305)	(305)	—	—
Overdue dividend	—	21	—	—	—	—	—	—	—	—	21
Treasury stock transferred to employees	—	7,653	—	—	—	—	—	—	—	22,858	30,511
Balance, December 31, 2021	\$ 1,816,742	429,633	294,705	—	378,125	672,830	(229,076)	342,774	113,698	(126,649)	2,906,254

Chairman : Tsung-Jen Liaw

CEO : Tsung-Jen Liaw

Accounting Manager : Mei-Lien Lin

Bright LED Electronics Corp.
Parent company only Statements of Cash Flows
From January 1 to December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES :		
Income before tax	\$ 297,688	175,405
Adjustments :		
Depreciation expenses	4,887	5,318
Amortization expenses	47	259
Expected credit impairment losses	450	281
Interest expenses	45	124
Interest income	(1,894)	(3,738)
Dividend income	(64,569)	(3,691)
Share-based payment	7,721	-
Share of profit/loss of associates accounted for using equity method	(45,944)	23,913
Loss on disposal or retirement of property, plant and equipment (profit)	-	(143)
Loss on modification of lease	-	13
Total adjustments	(99,257)	22,336
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets	(71,633)	72,086
Decrease in notes and accounts receivable (increase)	(9,250)	20,099
Decrease (increase) in inventories	(4,985)	(2,179)
Decrease in other current assets	(4,179)	594
Decrease in other financial assets-current (increase)	(634)	2,051
Increase in notes and accounts payable (including related parties) (decrease)	(38,650)	(47,008)
Increase in other payables and other current liabilities (decrease)	8,912	2,449
Increase in defined benefit liabilities (decrease)	11	(1,575)
Total	(219,665)	68,853
Cash generated from operations	78,023	244,258
Interest received	1,894	3,738
Interest paid	(45)	(124)
Income tax paid	(30,351)	(3,971)
Net cash generated by operating activities	49,521	243,901
CASH FLOWS FROM INVESTING ACTIVITIES :		
Acquisition of financial assets at fair value through other comprehensive income	(933)	(470)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,821	4,100
Proceeds from disposal of investments using equity method	-	605
Acquisition of property, plant and equipment	-	(1,184)
Proceeds from disposal of property, plant and equipment	-	143
Decrease in refundable deposits	905	94
Decrease in other receivables (related party) (increase)	500	13,101
Decrease in other financial assets—current (increase)	(3,953)	(45,651)
Decrease in other assets—noncurrent (increase)	4	(1,045)
Dividends received	77,568	8,774
Net cash used in investing activities	76,912	(21,533)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term borrowings	-	(8,176)
Principal repayment of lease	(2,211)	(2,423)
Increase (decrease) in other noncurrent liabilities	4,622	(5,077)
Cash dividends paid	(137,339)	(141,340)
Costs of treasury stock buyback	-	(70,903)
Treasury stock transferred to employees	22,790	-
Net cash used in financing activities	(112,138)	(227,919)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	-	13,902
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,295	8,351
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	468,690	460,339
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 482,985	468,690

Chairman : Tsung-Jen Liaw

CEO : Tsung-Jen Liaw

Accounting Manager : Mei-Lien Lin

Bright LED Electronics Corp. and Subsidiaries
Notes from parent company only financial statements
Year 2021 and 2020

(Unless otherwise specified, all amounts are in units of NT \$thousand)

1. Company history

Bright LED Electronics Corp. (hereinafter referred to as the "Company") was established in June 1981. The company is principally engaged in the manufacturing and sales of light-emitting diode, indicator lights, displays and other extended products and undertaking engineering projects that provide indicator lights, displays and related supporting engineering projects.

2. The date and procedure for the approval of the financial statements

This parent company only financial statement was approved by the board of directors on March 17, 2022.

3. Application of newly issued and revised standards and explanations

(1) The impact of the newly issued and revised standards and interpretations approved by the Financial Regulatory Commission has been adopted

The company has applied the following newly revised International Financial Reporting Standards since January 1, 2021 and has no significant impact on parent company only financial report.

- Amendment to International Financial Reporting Standards (IFRS) No. 4 "Temporary Exemption from Application of IFRS No. 9 Extension"
- Amendments to International Financial Reporting Standards No. 9, International Accounting Standards No. 39, International Financial Reporting Standards No. 7, International Financial Reporting Standards No. 4, and International Financial Reporting Standards No. 16 "Changes in Interest Rate Indicators-Second stage".

The company has applied the following newly revised International Financial Reporting Standards since April 1, 2021 and has no significant impact on parent company only financial report.

- Amendments to International Financial Reporting Standards No. 16 "New Coronavirus Pneumonia Related Rent Concessions"
- (2) The impact of the International Financial Reporting Standards that have not adopted nor recognized by the Financial Supervisory Commission yet.
- The company assesses that the following newly revised international financial reporting standards that have been effective from January 1, 2022 will not have significant impacts on parent company only financial report.
- Amendment to International Accounting Standards No. 16 "Property, Plant and Equipment: Proceeds before Intended Use"
 - Amendment to International Accounting Standards No. 37 "Onerous Contracts- Cost of Fulfilling a Contract"
 - Annual Improvements to International Financial Reporting Standards 2018–2020
 - Amendment to International Financial Reporting Standards (IFRS) No. 3 "Reference to the Conceptual Framework"
- (3) Newly issued or revised standards and interpretations not yet endorsed by Financial Supervisory

Commission.

The standards and interpretations that have been newly issued or amended by the International Accounting Standards Board, but have not yet been approved by Financial Supervisory Commission are as follows:

<u>Newly issued/ revised standards</u>	<u>Main content</u>	<u>Effective date</u>
Amendment to International Accounting Standard No. 1 "Classification of Liabilities as Current or Non-current"	<p>The amendments are intended to improve the consistency of the application of the standards to assist companies in determining whether debts or other liabilities that are uncertain on the settlement date should be classified as current (or may be due within one year) or non-current on the balance sheet.</p> <p>The revised provisions also clarify the classification requirements for debts that companies may convert into equity to pay off.</p>	2023.1.1
Amendment to International Accounting Standard No. 1 "Disclosure of Accounting Policies"	<p>The major amendments of International Accounting Standard No. 1 include:</p> <ul style="list-style-type: none"> • Require companies to disclose their material accounting policies instead of their important accounting policies; • Clarified that accounting policy information related to non-significant transactions, other matters or circumstances is non-significant, and there is no need to disclose such information; and • Clarified that all accounting policy information that is not related to material transactions, other events or circumstances is material to the company's financial statements. 	2023.1.1
Amendment to International Accounting Standard No. 8 "Definition of Accounting Estimates"	<p>The amendment introduces a new definition of accounting estimates, clarifying that accounting estimates are monetary amounts in financial statements that are affected by measurement uncertainty. The amendment also stipulates that the company must establish accounting estimates to achieve the purpose of its applicable accounting policies, thereby clarifying the relationship between accounting policies and accounting estimates.</p>	2023.1.1

The company continuously evaluates the impact of the above standards and interpretations on the company's financial status and operating results. The relevant impact will be disclosed when the evaluation is completed.

- (4) The company expects that the following other newly issued or revised standards that have not yet been approved will not have a significant impact on the parent company only financial reports
- Amendments to International Financial Reporting Standards No. 10 and International Accounting Standards No. 28 "Sales or investment of assets between investors and their

affiliates or joint ventures"

- Amendments to International Financial Reporting Standards (IFRS) No. 17 "Insurance Contracts" and its revision"
- Amendments to International Accounting Standards No. 12 "Deferred tax related to assets and liabilities arising from a single transaction"

4. Summary of material accounting policies

A summary of the material accounting policies adopted in this parent company only financial report is as following. The following accounting policies have been consistently applied to all presentation periods in this parent company only financial report.

(1) Compliance statement: This parent company only financial report is prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the Financial Regulatory Commission approved and issued effective International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretation Notice (hereinafter referred to as "International Financial Reporting Standards Recognized by the Financial Regulatory Commission").

(2) Preparation basis:

1. Basis of measurement: Except for the following important items in the balance sheet, the rest items in parent company only financial report is prepared on the basis of historical cost:

1. Financial assets measured at fair value through profit and loss measured at fair value;
2. Financial assets at fair value measured by fair value through other comprehensive gains and losses

3. The net defined benefit liability is measured by subtracting the present value of defined benefit obligations from the fair value of pension plan assets.

2. Functional currency and presentation currency: Each entity of the parent company only company uses the currency of their main economic environment in which its operations are located as its functional currency. This parent company only financial report is expressed in the company's functional currency, New Taiwan Dollar. All financial information expressed in New Taiwan Dollars is in thousands of New Taiwan Dollars.

(3) Foreign currency

1. Foreign currency transaction

Foreign currency transactions are converted into functional currencies at the exchange rate on the transaction date. At the end of each subsequent reporting period (hereinafter referred to as the reporting day), foreign currency monetary items are converted into functional currencies at the exchange rate on that day. Foreign currency non-monetary items measured at fair value are converted to functional currency at the exchange rate on the day when the fair value is measured, and foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the transaction date. Foreign currency exchange differences are usually recognized in income, but the following situations are recognized in other comprehensive gain and loss:

1. Designated as equity instruments measured at fair value through other comprehensive gains and losses;
2. Financial liabilities designated as net investment hedging by foreign operating institutions are within the effective scope of hedging; or
3. Qualified cash flow hedging is within the effective range of hedging.

2. Foreign operating institution

The assets and liabilities of foreign operating institutions, including the goodwill and fair value adjustments generated during the acquisition, are converted into New Taiwan dollars based on the exchange rate on the reporting date; income and expense items

are converted into New Taiwan dollars based on the current average exchange rate. The resulting exchange differences are recognized as other comprehensive gains and losses. When disposing a foreign operating institution which results in loss of control, joint control or significant influence, the accumulated exchange differences related to the foreign operating institution are fully reclassified as gains or loss. When partly disposing investments in affiliated companies or joint ventures involving foreign operating institution, the relevant accumulated exchange differences will be reclassified to other comprehensive gains and loss on a pro rata basis.

For monetary receivables or payables from foreign operating institutions, if there is no settlement plan and it is impossible to repay them in the foreseeable future, the foreign currency exchange gains and losses shall be regarded as the net investment of the foreign operating institution and is classified in other comprehensive gains and losses.

(4) Classification criteria for distinguishing between current and non-current assets and liabilities
Assets that meet one of the following conditions are classified as current assets, and all others are classified as non-current assets:

1. Expect to realize the asset in its normal business cycle, or intend to sell or consume;
2. Hold the asset primarily for trading purposes;
3. Expected to be realized within twelve months after the reporting period; or
4. Asset is cash or cash equivalents unless there are other restrictions on the asset being exchanged or used to settle a liability at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are classified as current liabilities, and all others are classified as non-current liabilities:

1. Expect to settle the liability during the normal operating cycle;
2. Hold the liability primarily for trading purposes;
3. Expect to repay the liability that is due within twelve months after the reporting period; or
4. Liability that does not have the right to unconditionally defer the settlement period to at least twelve months after the reporting period. The terms of the liability, which may be settled by the issuance of equity instruments based on the choice of the counterparty, does not affect its classification.

(5) Cash and cash equivalent

Cash includes cash on hand and demand deposits. Cash equivalent refers to a short-term and highly liquid investment that can be converted into fixed cash at any time with little risk of value changes. Term deposits that meet the aforementioned definition and whose holding purpose is to meet short-term cash commitments rather than investment or other purposes are listed in cash equivalents.

(6) Financial instrument

1. Financial assets:

Financial assets at initial recognition are classified as: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gain or loss, and financial assets measured at fair value through profit or loss. The company only reclassifies all affected financial assets from the first day of the next reporting period when changing the business model for managing financial assets.

1. Financial assets measured at amortized cost

When financial assets meet the following conditions at the same time and are not designated to be measured at fair value through profit and loss, they are measured at amortized cost:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal

in circulation.

These assets are subsequently measured by adding or subtracting the accumulative amortization amount calculated using the effective interest method to the originally recognized amount, and adjusting the amortized cost of any allowance loss. Interest income, foreign currency exchange gains and losses, and impairment losses are recognized in profit and loss. When delisting, the profit or loss is included into income.

2. Financial assets measured at fair value through other comprehensive gains and losses

When debt instrument for investment meets the following conditions at the same time and is not designated as measured at fair value through income, it is measured at fair value through other comprehensive gains and losses:

- The financial asset is held under the business model for the purpose of collecting contractual cash flow and selling.
- The contract terms of the financial asset generate cash flow on a specific date, which is entirely the interest on the payment of the principal and the amount of principal in circulation.

At the time of initial recognition, the company can make an irrevocable choice which is to report subsequent changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income. The aforementioned choices are made on a tool-by-tool basis.

Investments, which are equity instruments, are subsequently measured at fair value.

Dividend income (unless it clearly represents the recovery of part of the investment cost) is recognized in income. The remaining net gains or losses are recognized as other comprehensive gains and losses and are not reclassified to income.

Dividend income from equity investments is recognized on the date when the company has the right to receive dividends (usually the ex-dividend date).

3. Financial assets measured at fair value through income.

Financial assets other than those measured at amortized cost or at fair value through other comprehensive gains and losses are measured at fair value through income, including derivative financial assets. The company intends to sell accounts receivable immediately or in the near future, which is measured at fair value through profit and loss, but is included under accounts receivable. At the time of initial recognition, in order to eliminate or significantly reduce the improper accounting ratio, the company has to irrevocably designate financial assets that could meet the criteria for measuring at amortized cost or at fair value through other comprehensive gains and losses as at fair value through income.

These assets are subsequently measured at fair value, and their net profit or loss (including any dividends and interest income) is recognized as profit or loss.

4. Impairment of financial assets

The company focuses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, deposit deposits and other financial assets). Assets, etc.), debt instrument investments measured at fair value through other comprehensive gains and losses, and expected credit losses of contract assets to recognize allowance losses.

The following financial assets are measured by the amount of expected credit losses for twelve months, and the rest are measured by the amount of expected credit losses during the duration:

- The credit risk of the judgment debt securities at the reporting date is low; and
- The credit risk of other debt securities and bank deposits (that is, the risk of default in the expected lifetime of financial instruments) has not increased significantly since initial recognition.

The allowance for losses on accounts receivable and contract assets is measured by the amount of expected credit losses during the duration.

When determining whether the credit risk has increased significantly since the initial recognition or not, the company considers reasonable and verifiable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and based on the company's historical experience, credit assessment and forward-looking information for analysis.

If the contract payment is overdue, the company assumes that the credit risk of financial assets has increased significantly.

If the borrower is unlikely to perform its credit obligations and pay the full amount to the company, the company considers that the financial asset has breached the contract. Expected credit loss during the lifetime refers to the expected credit loss arising from all possible defaults during the expected lifetime of a financial instrument.

Twelve-month expected credit losses refer to expected credit losses arising from possible defaults of financial instruments within twelve months after the reporting date (or a shorter period, if the expected duration of the financial instrument is shorter than twelve months).

The company's longest period for expected credit losses is the company's longest contract period during which the company is exposed to credit risk.

Expected credit loss is the probability-weighted estimate of the credit loss during the expected life of the financial instrument. Credit loss is measured by the present value of all short-term cash receipts, that is, the difference between the cash flow that the company can receive in accordance with the contract and the cash flow that the company expects to receive. Expected credit losses are discounted at the effective interest rate of financial assets.

On each reporting date, the company evaluate whether there is credit impairment for financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive gains and losses. When one or more events that have an adverse effect on the estimated future cash flow of a financial asset have occurred, the financial asset has been credit-impaired. Evidence that financial assets have been credit-impaired includes observable information about the following matters:

- Major financial difficulties of the borrower or issuer
- Breach of contract, such as delay or overdue
- Due to economic or contractual reasons related to the borrower's financial difficulties, the company gives the borrower a concession which the company wouldn't considered;
- The borrower is likely to file for bankruptcy or other financial reorganization; or
- Due to financial difficulties, the active market for this financial asset disappears.

The allowance loss for financial assets measured at amortized cost is deducted from the asset's book value. Through other comprehensive gains and losses, the fair value of the debt instrument for investment is measured by adjusting the income and recognized in other comprehensive gains and losses (without reducing the asset's book value).

When the company cannot reasonably expect the recovery of financial assets as a whole or part of it, the company directly reduces the total book value of its financial assets. For corporate accounts, the company individually analyzes the timing and amount of write-off based on whether it is reasonably expected to be recoverable. The company expects that the amount of written-off will not be materially reversed. However, financial assets that have been written off can still be enforced to comply with the company's procedures for recovering overdue amounts.

5. Delisting of financial assets

The company only terminates the contractual rights from the cash flow of the asset, or

the financial asset has been transferred and almost all the risks and rewards of the asset ownership have been transferred to other companies, or almost no ownership has been transferred or retained and not kept under the control of the financial asset, the financial asset is delisted.

If the company signs a transaction to transfer financial assets that still retains all or almost all risks and rewards of ownership of the transferred assets, it will continue to be recognized on the balance sheet.

2. Financial liabilities and equity instruments:

1. Classification of liabilities or equity

The debt and equity instruments issued by the company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

2. Equity transaction

An equity instrument refers to any contract that recognizes the remaining equity of the parent company only company after deducting all its liabilities from its assets. The equity instruments issued by the company are recognized at the amount obtained after deducting the cost of direct issuance.

3. Treasury stock

When repurchasing the equity instruments recognized by the company, the consideration paid (including directly attributable costs) is recognized as a reduction in equity. The repurchased shares are classified as treasury stock. The received amount of subsequent sales or re-issuance of treasury stocks is recognized as an increase in equity and the surplus or loss incurred by the transaction will be recognized as capital reserve or retained surplus (if the capital reserve is insufficient to offset).

4. Financial liabilities

Financial liabilities are classified as amortized cost or measured at fair value through profit and loss. If financial liabilities are held for trading, derivatives, or designated at the time of initial recognition, they are classified as measured at fair value through income. Financial liabilities measured at fair value through income are measured at fair value, and its related net profits and losses, including any interest expenses, are recognized in income.

Other financial liabilities are subsequently measured at the cost after amortization using the effective interest method. Interest expenses and gains and losses from exchange are recognized in income. Any profit or loss at the time of exclusion is also recognized in income.

5. Delisting of financial liabilities

The company delists financial liabilities when contractual obligations have been fulfilled, cancelled or expired. When the financial liability terms are modified and there is a significant difference in the cash flow of the liabilities after the modification, the original financial liabilities will be delisted and the new financial liabilities will be recognized at fair value based on the modified terms.

When delisting financial liabilities, the difference between its book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized as income.

6. Offset between financial assets and liabilities

Financial assets and financial liabilities are only offset when the company currently has legally enforceable rights to offset and intends to settle on a net amount or realize assets and liquidate liabilities at the same time. Such offset will be expressed on the balance sheet as a net amount.

(7) Inventory

Inventory is measured by the lower of cost and net realizable value. Cost includes the acquisition, production or processing costs and other costs incurred to bring inventory to the available location and status. Such inventory is calculated by the weighted average method. The cost of finished goods and work-in-progress inventory includes manufacturing expenses that are amortized in proportion to normal production capacity.

Net realizable value refers to the estimated selling price under normal operations minus the estimated costs required to complete the project and the estimated costs required to complete the sale.

(8) Investment-related enterprises

Affiliated companies are those companies that have significant influence over their financial and operating policies but are not controlled or jointly controlled.

The company shall adopt the equity method to deal with the equity of the related companies. Under the equity method, the original acquisition is recognized based on cost, and the investment cost includes the cost of the transaction. The carrying amount of an investment-related enterprise includes the goodwill identified at the time of the original investment, less any accumulated impairment losses.

The parent company only financial statement includes from the date of significant influence to the date of loss of significant influence. After adjustments to the consistency of the parent company only company's accounting policies, the parent company only company recognizes the profit and loss of the investment-related enterprise and other amount of comprehensive profit and loss. When the related company's equity changes in non-profit and loss and other comprehensive profit and loss do not affect the shareholding ratio of the parent company only company, the parent company only company will be recognized as a capital reserve according to the shareholding ratio.

The unrealized benefits and losses arising from the exchange between the parent company only company and the affiliated company shall be recognized in the enterprise's financial statements only within the scope of the non-related investor's interest in the affiliated enterprise.

When the parent company only company should recognize the proportion of the affiliated company's loss equal to or exceeds its equity in the affiliated company, it will stop recognizing its loss, but only when statutory obligations, deductions or payments have been made on behalf of the invested company within the scope, recognize additional losses and related liabilities.

(9) Invested subsidiaries

When preparing the individual financial report, the Company adopts the equity method to evaluate the investee. Under the equity method, the current profit and loss and other comprehensive profit and loss of the individual financial report and the financial report prepared on the consolidated basis are the same as the amount attributable to the owner of the parent company, and the owner's equity of the individual financial report and the consolidated basis are prepared. Equity attributable to the owners of the parent company in the financial statements is the same. Changes in the company's ownership interests in subsidiaries that do not result in the loss of control are treated as equity transactions with the owners.

(10) Property, plant, and equipment

1. Recognition and measurement

Property, plant and equipment items are measured by cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

When the major components of property, plant and equipment have different durability, they are treated as separate items (main components) of property, plant and equipment.

The property, plant and equipment gains or loss by disposal is recognized in income.

2. Follow-up costs

Subsequent expenditures are only capitalized when their future economic benefits are likely to flow into the parent company.

3. Depreciation

Depreciation is calculated based on the cost of assets minus the residual value, and the straight-line method is recognized in profit or loss within the estimated useful life of each component.

The land is not subject to depreciation.

The estimated service life of the current period and the comparative period is as follows:

(1) Housing and construction: 2 ~ 55 years

(2) Machine equipment: 2 ~ 8 years

(3) Others: Except that lease improvements are listed according to the lease term, the rest are 2 to 8 years.

The parent company only company reviews the depreciation method, durability, and residual value on each reporting day and makes appropriate adjustments when necessary.

(11) Lease

1. Lease judgment

The parent company only company evaluates whether the contract is a lease or contains a lease on the establishment date. If the contract transfers control over the use of the identified asset for a period of time in exchange for consideration, the contract is a lease or contains a lease. In order to evaluate whether the contract is a lease, the company evaluates the following items:

- (1) The contract involves the use of an identified asset. The identified asset is specified in the contract or implied by the time when it is available for use. Its entity can distinguish or represent substantially all of its production capacity. If the supplier has substantive rights to replace the asset, the asset is not an identified asset; and
- (2) The customer has the right to obtain almost all economic benefits from the use of the identified assets throughout the period of use; and
- (3) The client obtains the right to lead the use of identified assets when one of the following conditions is met:
 - The customer has the right to lead the use and purpose of the identified assets throughout the use period; or
 - The relevant decisions about the use method and purpose of the asset are determined in advance, and:
 - The customer has the right to operate the asset during the entire use period, and the supplier does not have the right to change the operation instructions; or
 - The way the customer designs the asset has pre-determined the way and purpose of use for the entire period of use.

2. Lessee

The company recognizes the right-of-use asset and lease liability on the lease start date. The right-of-use asset is originally measured at cost, which includes the original measured amount of the lease liability, adjusts any lease payments paid on or before the lease start date, and adds the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring its location or underlying asset, and deducting any leasing incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis between the start of the lease and the end of the end-of-life of the right-of-use asset or the end of the lease period. In addition, the parent company periodically assesses whether the right-of-use asset is impaired and processes any impairment loss that has occurred, and cooperates to adjust the

right-of-use asset when the lease liability is re measured.

Lease liabilities are originally measured by the present value of the lease payments that have not been paid on the lease start date. If the implied interest rate of the lease is easy to determine, the discount rate is that rate. If it is not easy to determine, the incremental borrowing rate of the parent company is used. Generally speaking, the parent company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

- (1) Fixed payment, including substantial fixed payment;
- (2) The lease payment depends on the change of an index or fee rate, the original measurement is based on the index or rate of the lease start date;
- (3) The guaranteed amount of residual value expected to be paid; and
- (4) When reasonably determined that the purchase option or lease termination option will be exercised, the exercise price or the penalty payable.

The lease liability is subsequently accrued by the effective interest method, and its amount is measured when the following occurs:

- (1) Changes in the index or rate used to determine lease payments result in changes in the future lease payments;
- (2) The guaranteed amount of residual value expected to be paid has changed;
- (3) The evaluation of the underlying asset purchase option has changed;
- (4) The estimate of whether to exercise the extension or termination option has changed, and the assessment of the lease period has been changed;
- (5) Modification of lease subject, scope or other terms.

When the lease liability is re measured due to changes in the aforementioned index or rate used to determine lease payments, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the book value of the right-of-use asset should be adjusted accordingly, and When the carrying amount of the right-of-use asset is reduced to zero, the remaining re measured amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the lease and the re measured amount of the lease liability is recognized in profit or loss.

The parent company expresses the right-of-use assets and lease liabilities that do not meet the definition of investment real estate as separate line items in the balance sheet.

3. Lessor

The transaction of the company as the lessor is to classify the lease contract according to whether it transfers almost all the risks and rewards attached to the ownership of the underlying asset on the date of the lease establishment. If it is classified as a financial lease, otherwise it is classified as an operating lease. At the time of evaluation, the parent company considers whether it covers the relevant specific indicators such as whether it covers the main part of the economic life of the underlying asset during the lease period.

If the agreement includes lease and non-lease components, the parent company uses IFRS 15 to distribute the consideration in the contract.

(12) Impairment of non-financial assets

The company assesses on each reporting day whether there is any indication that the carrying amount of non-financial assets (other than inventory, contract assets, deferred income tax assets) may be impaired. .

For the purpose of impairment testing, a group of assets whose cash inflows are largely independent of the cash inflows of other individual assets or asset groups is used as the smallest

identifiable asset group.

The recoverable amount is the higher of the fair value of individual assets or cash-generating units minus the cost of sales and its use value. When assessing value in use, the estimated future cash flow is converted to the present value at a pre-tax discount rate, which should reflect the current market assessment of the time value of money and the specific risks of the asset or cash-generating unit. If the recoverable amount of an individual asset or cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Impairment losses are recognized immediately in the current profit and loss.

(13) Revenue recognition

1. Revenue from customer contracts

Revenue is measured by the consideration expected to be obtained for the transfer of goods or services. The parent company recognizes revenue when the control of goods or services is transferred to the customer and the performance obligations are met. The company is explained as follows according to the main income items:

(1) Selling goods

The company recognizes revenue when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, the customer can fully determine the sales channel and price and there is no unfulfilled obligation that will affect the customer's acceptance of the product.

Delivery occurs when the product is shipped to a specific location, its obsolescence and risk of loss have been transferred to the customer, and the customer has accepted the product in accordance with the sales contract, the acceptance terms have lapsed, or the company has objective evidence that all acceptance conditions have been met.

The company's average credit period is 90 days, which is consistent with the industry's practice, so it does not include financing elements.

The company recognizes the accounts receivable when delivering the goods, because the company has the right to receive the consideration unconditionally at that time.

(2) Construction contract

The company is engaged in public construction business. Since the assets are controlled by customers at the time of construction, the revenue is gradually recognized over time based on the proportion of the engineering costs incurred so far to the estimated total contract costs. The contract includes fixed and variable consideration. The customer pays a fixed amount according to the agreed time. Some changes in the consideration are estimated using the accumulated experience in the past as the expected value; other changes in the consideration are estimated based on the most likely amount. Considering that the construction progress of public works is influenced by factors that are not under the control of the parent company, the rewards for early completion are usually limited. The parent company only recognizes revenue within the scope of the cumulative income height that is unlikely to undergo a major turnaround. If the amount of the recognized income has not been requested, it is recognized as a contract asset. When there is an unconditional right to the consideration, the contract asset is transferred to the accounts receivable.

If it is not possible to reasonably measure the degree of completion of the performance obligations of the engineering contract, contract revenue is recognized only within the range of expected recoverable costs.

When the company anticipates that the inevitable cost of fulfilling the obligations of a construction contract exceeds the expected gains from the contract, the liability provision for the lossy contract is recognized.

If the situation changes, the estimates of income, cost, and degree of completion will be revised, and during the period when the management is informed of the change in the

situation, the resulting changes will be reflected in income.

The company provides standard warranty for public construction that conforms to the agreed specifications and has recognized warranty liability for this obligation.

(3) Financial components

The company expects that the time between the transfer of all customer contracts for goods or services to the customer and the time for the customer to pay for the goods or services will not exceed one year. Therefore, the company does not adjust the monetary time value of the transaction price.

(14) Cost of customer contract

1. The incremental cost of obtaining a contract

If the company expects to recover the incremental cost of obtaining a customer contract, the cost is recognized as an asset. The incremental cost of obtaining a contract is the cost incurred in obtaining a customer contract and not incurred if the contract is not obtained. The cost of obtaining a contract that will occur regardless of whether the contract is obtained is recognized as an expense when incurred, unless such cost is clearly chargeable to the customer regardless of whether the contract has been obtained.

The company adopts the standard practical expedient method. If the incremental cost of obtaining a contract is recognized as an asset and the amortization period of the asset is within one year, it is recognized as an expense when the incremental cost occurs.

2. The cost of fulfilling the contract

If the costs incurred in fulfilling the customer's contract are not within the scope of other standards (International Accounting Standard No. 2 "Inventory", International Accounting Standard No. 16 "Real Estate, Plant and Equipment" or International Accounting Standard No. 38 "Intangible Assets"), The parent company will only begin when these costs are directly related to the contract or clearly identifiable expected contract, will generate or strengthen resources that will be used to meet (or continue to meet) performance obligations in the future, and are expected to be recovered. Such costs are recognized as assets.

General and administrative costs, wasted raw materials used to fulfill the contract but are not reflected in the contract price, labor or other resource costs, costs related to fulfilled (or partially fulfilled) performance obligations, and inability to distinguish between unsatisfied and unsatisfied performance. Costs related to obligations or fulfilled (or partially fulfilled) performance obligations are recognized as expenses when incurred.

(15) Government subsidy

When the parent company only company can receive government subsidies related to salary expenditures, the unconditional subsidies are recognized as other income. For other asset-related subsidies, when the company can reasonably be sure that it will comply with the conditions attached to the government subsidy and will receive the subsidy, such subsidies will be recognized as deferred income at fair value and recognize the deferred income as other income on a systematic basis within the useful life of the asset. For compensating the parent company only company's expenses or losses, such subsidies are recognized in income on a systematic basis and its related expenses as well are recognized in income.

(16) Employee benefits

1. Determine the withdrawal plan

The obligation to determine the pension plan is recognized as an expense during the service period of the employee.

2. Determine the welfare plan

The company's net obligation to determine the benefit plan is calculated for each benefit plan based on the present value of the employee's future benefits earned during the current or previous period of service, and the fair value of any plan assets is deducted.

The determination of welfare obligations is carried out annually by a qualified actuary

based on the expected unit welfare method. When the calculation result may be beneficial to the company, the recognized asset is limited to the present value of any economic benefits that may be obtained in the form of refunding the withdrawal from the plan or reducing the future withdrawal from the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The re-measured amount of net-determined welfare liabilities, including actuarial gains and losses, planned asset compensation (excluding interest), and any changes in the asset ceiling effect (excluding interest) are immediately recognized in other comprehensive profit and loss and accumulated in retained earnings. The company determines the net interest expense (income) of the net determined benefit liability (asset), using the net determined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses that determine the benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the number of changes in welfare related to previous service costs or reduced benefits or losses is immediately recognized as profit or loss. When liquidation occurs, the company recognizes and determines the liquidation profit and loss of the welfare plan.

3. Short-term employee benefits

Short-term employee benefit obligations are recognized as expenses when services are provided. If the company has current statutory or presumptive payment obligations due to employees providing services in the past, and the obligation can be reliably estimated, the amount is recognized as a liability.

(17) Share-based payment transaction

The share-based payment agreement for equity settlement is based on the fair value of the payment date. During the vesting period of the reward, the expense is recognized and the relative equity is increased. The recognized expense is adjusted according to the expected amount of rewards that meet the service conditions and non-market-priced vested conditions; and the final recognized amount is measured on the basis of the amount of rewards that meet the service requirements and non-market-priced vested conditions on the vesting day.

The non-vested conditions for the share-based payment of rewards have been reflected in the measurement of the daily fair value of the share-based payment and the difference between the expected and actual results does not need to be verified and adjusted.

The fair value of amount payable to employees for cash-delivered share appreciation rights is to recognize expenses and increase relative liabilities during the period when employees can obtain unconditional remuneration. The liability is remeasured on the basis of the fair value of the share appreciation rights on each reporting date and settlement date, and any changes in it are recognized as income.

(18) Income tax

Income tax includes current and deferred income tax. Except for those related to business consolidations or related items recognized directly in equity or other comprehensive gains or loss, current income tax and deferred income tax should be recognized in income.

Current income tax includes the estimated income tax payable or tax receivable payable based on the taxable income (loss) of the current year and any adjustments to income tax payable or tax receivable receivable in the previous year. The amount is based on the statutory tax rate on the reporting date or the tax rate of substantive legislation to measure the best estimate of the amount expected to be paid or received.

Deferred income tax measures and recognizes the temporary difference between the book value of assets and liabilities for financial statementing purposes and their tax base. Temporary differences arising from the following circumstances are not recognized as deferred income tax:

1. Assets or liabilities originally recognized in a transaction that is not a business consolidation and does not affect accounting profits and taxable income (loss) at the time of the transaction;
2. Due to temporary differences arising from investment in subsidiaries, affiliated companies and joint venture interests, the company can control the timing of the temporary difference reversal and is likely to not revert in the foreseeable future.

Deferred income tax is measured at the tax rate at which the temporary difference is expected to reverse, and is based on the legal tax rate or substantive legislative tax rate on the reporting date.

The company will only offset the deferred income tax assets and deferred income tax liabilities when it meets the following conditions at the same time:

1. Have statutory enforcement power to offset current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers subject to income tax levied by the same tax authority;
 1. The same taxpayer; or
 2. Different taxpayers, but each entity intends to pay off the current income tax liabilities and assets on a net basis for each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled, or at the same time Assets and liquidation of liabilities.

For the unused taxable losses and unused income tax credits at the later stage of transfer and deduction, the temporary difference can be recognized as deferred income tax assets in the range where there is a possibility that future taxable income will be available. It will be reassessed on each reporting day to reduce the relevant income tax benefits to the extent that it is not likely to be realized; or to revert the amount that has been reduced to the extent that it is likely to have sufficient taxable income.

(19) Earnings per share

The parent company only company lists the basic and diluted earnings per share attributable to the holders of the company's common equity. The basic earnings per share of the parent company only company is calculated by dividing the profit and loss attributable to the holders of the common stock equity of the company by the current weighted average number of common shares outstanding. Diluted earnings per share is calculated by adjusting the impact of all potential diluted common shares by dividing the profit and loss attributable to the common equity holders of the company and the weighted average number of common shares outstanding. The potential dilutive common stock of the parent company only company includes the employee's stock options and estimated employee compensation.

(20) Department Information

The operating department is an integral part of the parent company only company and is engaged in business activities that may earn income and incur expenses (including income and expenses related to transactions between other components in the parent company only company). The operating results of all operating departments are regularly reviewed by the chief operating decision maker of the parent company only company to make decisions on the allocation of resources to that department and evaluate its performance. Each operating department has separate financial information.

5. Major sources of uncertainty in significant accounting judgments, estimates and assumptions

When the management team prepares this parent company only financial statement in accordance with the International Financial Reporting Standards recognized by the Financial Supervisory Commission, it must make judgments, estimates and assumptions that will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Management team continues to review estimates and basic assumptions, and changes in accounting estimates are recognized during the period of change and future periods affected.

The accounting policy involves significant judgments and has no significant impact on the amount recognized in this parent company only financial statement.

Among uncertainties in assumptions and estimates, the existence of significant risks that will not cause major adjustments for the following year will be as follows:

(1) Allowance loss for accounts receivable

The allowance loss for the accounts receivable of the parent company only company is estimated based on the assumption of default risk and expected loss rate. The company considers historical experience, current market conditions and forward-looking estimates on each reporting day to determine the assumptions and input values that must be used when calculating impairments. Please refer to Note 6 (3) for detailed explanations of relevant assumptions and input values.

(2) Evaluation of inventory

Since inventory must be measured at the lower of cost and net realizable value, the parent company only company assesses the amount of inventory due to normal wear and tear, obsolescence or no market sales value on the reporting date, and writes down the cost of inventory to net realizable value. This inventory evaluation is mainly based on the product demand in a specific period in the future as the basis for estimation, so it may cause significant changes due to rapid industrial changes. Please refer to Note 6 (3) for details of inventory evaluation and estimation.

6. Explanation of important accounting items

(1) Cash and Cash equivalent:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Petty cash, cheques and demand deposits	\$ 482,985	388,946
Fixed deposits	-	79,744
	<u>\$ 482,985</u>	<u>468,690</u>

Please refer to Note 6 (18) for the disclosure of interest rate risk and sensitivity analysis of the parent company only company's financial assets and liabilities.

The parent company only company's fixed deposits, which is for more than three months, as of December 31, 2021, was \$131,180 thousands NT dollars. Because they were not used as the parent company only company's short-term assets, the accounts were recognized under other financial assets-current items. Please refer to note 6 (8) for details.

(2) Financial assets measured at fair value through other comprehensive gains and losses:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Equity instruments measured at fair value through other comprehensive gains and losses :		
Domestic listed (counter) company stocks-Powertip	\$ 313,832	152,542
Domestic unlisted (counter) company stocks-WK 9 ASSOCIATES LTD	310,771	342,008
Domestic unlisted (counter) company stocks— Other	180,168	213,563
U.S. listed company stocks	964	2,882
TOTAL	<u>\$ 805,735</u>	<u>710,995</u>

- Investment in equity instruments measured at fair value through other comprehensive gains and losses

Due to the above-mentioned designation as an equity instrument investment measured at fair value through other comprehensive gains and losses, the dividend income recognized in 2021 and 2020 were \$64,569,000 and \$3,691,000, respectively.

- For credit risk and market risk information, please refer to Note 6 (18).

- None of the parent company only company's financial assets measured at fair value through other comprehensive gains and losses have been provided as pledge and guarantees as of December 31, 2021 and 2020.

(3) Notes receivable, accounts receivable and collections

	<u>2021.12.31</u>	<u>2020.12.31</u>
Notes receivable — Occurs due to business	\$ 17,059	20,297
Accounts receivable	254,140	264,021
Accounts receivable — Related parties	62,402	40,033
Collection	311,510	311,540
Deduct : Allowance for bad debts	<u>(313,119)</u>	<u>(312,699)</u>
	<u>\$ 331,992</u>	<u>323,192</u>

The parent company only company adopts a simplified method to estimate expected credit losses for all notes receivable and accounts receivable that is, using lifetime expected credit losses to measure. For the purpose of measurement, these notes and accounts receivable are based on the basis of representing customers' common credit risk characteristics of the contractual terms and ability to pay all due amounts are grouped and forward-looking information has been incorporated, including general economic and related industry information. The expected credit loss of the parent company only company's notes and accounts receivable analysis is as follow:

	<u>2021.12.31</u>		
	<u>Accounts receivable Book value</u>	<u>Weighted avg. expected credit loss ratio</u>	<u>Expected credit loss during the allowance period</u>
Not overdue	\$ 318,294	0.01%	(29)
Less than 90 days overdue	14,460	5.19%	(751)
91~365 days overdue	88	79.55%	(70)
More than 366 days overdue	<u>312,269</u>	100%	<u>(312,269)</u>
	<u>\$ 645,111</u>		<u>(313,119)</u>

	<u>2020.12.31</u>		
	<u>Accounts receivable Book value</u>	<u>Weighted avg. expected credit loss ratio</u>	<u>Expected credit loss during the allowance period</u>
Not overdue	\$ 316,375	0.01%	(28)
Less than 90 days overdue	7,214	5.14%	(371)
More than 366 days overdue	3	33.33%	(1)
	<u>312,299</u>	100%	<u>(312,299)</u>
	<u>\$ 635,891</u>		<u>(312,699)</u>

The parent company only company's notes receivables, accounts receivable and collections of the allowance loss's statement of changes are as follows:

	2021	2020
Beginning balance	\$ 312,699	539,187
Recognized impairment loss	450	281
Reversal of impairment loss	(30)	-
Annual amount written off due to uncollectible	-	(226,769)
Ending balance	<u>\$ 313,119</u>	<u>312,699</u>

None of the parent company only company's notes and accounts receivables have been provided as pledge and guarantees as of December 31, 2021 and 2020.

(4) Inventory

1. The inventory details are as follows:

	2021.12.31	2020.12.31
Raw materials and consumables	\$ 5,897	7,266
Semi-finished goods	357	5
Finished goods	8,664	5,026
Raw materials in transit	5,047	2,683
	<u>\$ 19,965</u>	<u>14,980</u>

2. The parent company only company recognizes the loss of inventory depreciation due to inventory write-down to the net realizable value, or the increase in the net realizable value due to the improvement of economic conditions and the reduction of the recognized cost of goods sold are as follows:

	2021	2020
Loss for market price decline and obsolescence.	\$ 519	402
(Gain from recovery)		

3. None of the parent company only company's inventories have been provided as pledge and guarantees as of December 31, 2021 and 2020.

(5) Investment using the equity method

The parent company only company's investments using the equity method on the reporting date are listed below:

	2021.12.31	2020.12.31
Subsidiaries	\$ 2,458,412	2,482,278
Associated companies	142,525	119,988
	<u>\$ 2,600,937</u>	<u>2,602,266</u>

1. Please refer to 2021 consolidated financial report

2. The associated companies from the parent company only company that adopt the equity method are individually insignificant, and their summary financial information is as follows. Such financial information is the amount included in the company's individual financial report:

2021.12.31	2020.12.31
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Period-end summary of the equity of individual insignificant associated companies
Book value

\$ 733,750 **629,229**

2021 **2020**

Share attributable to the parent company only company :

Continuing business unit's current net profit

\$ 31,789 21,858

Other comprehensive gain and loss

3,747 1,702

Total comprehensive gain and loss

\$ 35,536 **23,560**

2. Guarantee

None of the parent company only company's investment using the equity method has been provided as pledge and guarantees as of December 31, 2021 and 2020.

(6) Property, plant and equipment

The cost and depreciation changes of the parent company only company's property, plant and equipment are as follows:

	<u>Property</u>	<u>Plant</u>	<u>Equipment</u>	<u>Other</u>	<u>Total</u>
Cost :					
Balance as of January 1, 2021	\$ 41,360	31,668	13,086	25,248	111,362
Add	-	-	-	-	-
Dispose	-	(1,063)	-	(64)	(1,127)
Reclassify	-	-	-	-	-
Balance as of December 31, 2021	\$ 41,360	30,605	13,086	25,184	110,235
Balance as of January 1, 2020	\$ 41,360	31,668	2,360	27,106	102,494
Add	-	-	1,184	-	1,184
Depose	-	-	-	(1,858)	(1,858)
Reclassify	-	-	9,542	-	9,542
Balance as of December 31, 2020	\$ 41,360	31,668	13,086	25,248	111,362
Depreciation :					
Balance as of January 1, 2021	\$ -	24,085	3,975	24,576	52,636
Depreciate	-	408	1,886	440	2,734
Dispose	-	(1,063)	-	(64)	(1,127)
Balance as of December 31, 2021	\$ -	23,430	5,861	24,952	54,243
Balance as of January 1, 2020	\$ -	23,614	2,360	25,603	51,577
Amortize	-	471	1,615	831	2,917
Dispose	-	-	-	(1,858)	(1,858)
Balance as of December 31, 2020	\$ -	24,085	3,975	24,576	52,636

Book value :

Balance as of December 31, 2021	<u>\$ 41,360</u>	<u>7,175</u>	<u>7,225</u>	<u>232</u>	<u>55,992</u>
Balance as of December 31, 2020	<u>\$ 41,360</u>	<u>7,583</u>	<u>9,111</u>	<u>672</u>	<u>58,726</u>

(7) Right-of-use asset

The cost and depreciation of the parent company only company's leased land, houses and buildings, etc., are detailed as follows:

	<u>Property & plant</u>
Cost of right-of use asset :	
Balance as of January 1, 2021	\$8,162
Increase	6,460
Balance as of December 31, 2021	<u>\$14,622</u>
Balance as of January 1, 2020	\$9,420
Decrease	(1,258)
Balance as of December 31, 2020	<u>\$8,162</u>
Depreciation of right-of use asset:	
Balance as of January 1, 2021	\$4,309
Current depreciation	2,153
Balance as of December 31, 2021	<u>\$6,462</u>
Balance as of January 1, 2020	2,650
Current amortization	2,401
Decrease	(742)
Balance as of December 31, 2020	<u>\$4,309</u>
Book value :	
Balance as of December 31, 2021	<u>\$8,160</u>
Balance as of December 31, 2020	<u>\$3,853</u>

1. The increase and decrease of the right-of-use assets were due to the renewal of the lease of the Company's stores and the end of the lease term. For detailed explanations about the changes in the lease liability, please refer to Note 6 (11).

(8) Other financial assets-current

	<u>2021.12.31</u>	<u>2020.12.31</u>
Other receivables	\$ 3,622	32,932
Restricted assets-fixed deposits	81,242	61,306
Other	860	-
	<u>\$ 85,724</u>	<u>94,238</u>

None of the parent company only company's other receivable have been impaired as of December 31, 2021 and 2020.

(9) Other payables and other current liabilities

	<u>2021.12.31</u>	<u>2020.12.31</u>
Payable expenses	\$ 8,238	7,579
Salaries and bonuses payable	16,738	15,256
Payable employee dividends and remuneration to directors and supervisors	34,806	26,864
Pension payable	462	437
Other	3,895	5,112
	<u>\$ 64,139</u>	<u>55,248</u>

(11) Lease liability

The book values of the parent company only company's lease liabilities are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Current	<u>\$ 2,230</u>	<u>2,211</u>
Non-current	<u>\$ 6,007</u>	<u>1,777</u>

For maturity analysis, please refer to Note 6 (18) Financial Instruments.

The parent company only company's lease liabilities decreased in 2021 due to the change in the lease term of the parent company only company and the expiration of part of the plant leases. The result of the rent negotiation was not as expected and so the lease was not renewed as planned; please refer to Note 6 (7) for the description of the related changes in the right-of-use assets.

The amounts recognized in income are as follows:

	<u>2021</u>	<u>2020</u>
Interest expense on lease liability	<u>\$ 45</u>	<u>86</u>
Changes in lease payments that are not included in the measurement of lease liabilities and Costs for short-term leases and low-value leased assets	<u>\$ 57</u>	<u>13</u>

The amounts recognized in the cash flow statement are as follows:

	<u>2021</u>	<u>2020</u>
Total cash outflow from lease	<u>\$ 2,313</u>	<u>2,522</u>

The parent company only company's renews period for the lease term of land, houses and buildings as office premises and factory plants is usually three to five years.

(11) Employee benefits

1. Determine the benefit plan

The parent company only company determines the adjustment between the present value of welfare obligations and the fair value of project assets as follows

	<u>2021.12.31</u>	<u>2020.12.31</u>
Determine the present value of welfare obligations	\$ (38,101)	(41,072)
Fair value of project assets	15,507	15,717
Net Definite Benefits Net Liabilities	<u>\$ (22,594)</u>	<u>(25,355)</u>

The parent company only company's definite benefit plan is transferred to the special labor

retirement reserve account of the Bank of Taiwan. The retirement payment of each employee which is subject to the Labor Standards Act is calculated based on the base number of years of service and the average salary of the six months before retirement.

(1) Project asset composition

The retirement fund allocated by the parent company only company in accordance with the Labor Standards Act is coordinated and managed by Bureau of labor funds under Ministry of Labor (hereinafter referred to as the Labor Fund Bureau). The minimum income allocated shall not be lower than the income calculated based on the two-year fixed deposit interest rate of the local bank.

As of the end of the reporting period, the balance of the parent company only company's Labor Retirement Reserve Special Account in Bank of Taiwan was NT\$15,717,000. The information on the use of labor pension funds includes fund return rate and fund asset allocation. Please refer to the information published on the website of Bureau of labor funds under Ministry of Labor.

(2) Determination of changes in the present value of welfare obligations

The parent company only company's determination of the changes of the present value of welfare obligations in 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Confirmation of welfare obligations on January 1	\$ (41,072)	(39,132)
Current service cost and interest	(281)	(420)
Remeasurement of net defined benefit liabilities		
— Profit (loss) of project asset return	1,163	(1,747)
— Actuarial losses due to changes in demographic assumptions	(35)	-
— Actuarial losses due to changes in financial assumptions	1,412	(1,573)
Project Benefits paid	<u>712</u>	<u>1,800</u>
Confirmation of welfare obligations on December 31	<u>\$ (38,101)</u>	<u>(41,072)</u>

(3) Changes in the fair value of project assets

The parent company only company's changes in the fair value of the assets of the determined benefit plan in 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Fair value of project assets on January 1	\$ 15,717	15,007
Interest income	46	96
Remeasurement of net defined benefit liabilities		
— Benefits of project asset remuneration (excluding current interest)	232	515
Amount allocated to the project	224	99
Project Benefits paid	<u>(712)</u>	<u>-</u>
Fair value of project assets on December 31	<u>\$ 15,507</u>	<u>15,717</u>

(4) Expenses recognized as profit and loss

List of recognized expenses in 2021 and 2020 is as follow:

	<u>2021</u>	<u>2020</u>
Current service cost	\$ 160	157

Net interest on net confirmed benefit liabilities	<u>75</u>	<u>167</u>
	<u>\$ 235</u>	<u>324</u>

	<u>2021</u>	<u>2020</u>
Management fees	<u>\$ 235</u>	<u>324</u>

(5) Re-measured amount of net confirmed benefit liabilities recognized as other comprehensive gains and losses

The parent company only company's accumulated re-measured amount of net defined benefit liabilities recognized in other comprehensive income is as follows:

	<u>2021</u>	<u>2020</u>
Accumulated balance on January 1	\$ (6,713)	(9,518)
Recognized loss (profit) in the current period	<u>(2,772)</u>	<u>2,805</u>
Accumulated balance on December 31	<u>\$ (9,485)</u>	<u>(6,713)</u>

(6) Actuarial assumption

The major actuarial assumptions used by the parent company only company to determine the present value of welfare obligations at the end of the financial report are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Discount rate	0.70%	0.30%
Future salary increase	2.00%	2.00%

The parent company only company expects to pay NT\$434,000 to the definite benefit plan within one year after the reporting date in 2021.

The weighted average duration of the defined benefit plan is 9 years.

(7) Sensitivity analysis

When calculating and determining the present value of welfare obligations, the parent company only company must use judgments and estimates to determine relevant actuarial assumptions on the balance sheet, including discount rates, employee turnover rates, and future salary changes, etc. Any change in actuarial assumptions may materially affect the amount of the company's determined welfare obligations.

When adopting the main actuarial assumptions, the impact of changes in determining the present value of welfare obligations in 2021 and as of December 31, 2020 is as follows:

	<u>Impact on determined welfare obligations</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2021		
Discount rate	\$ (849)	881
Future salary increase	867	(840)
December 31, 2020		
Discount rate	(994)	1,034
Future salary increase	1,014	(980)

The sensitivity analysis above is based on the analysis of the impact of a single

assumption change while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities in the balance sheet.

The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those in the previous period.

2. Determine the allocation plan

The parent company only company's defined allocation plan is based on the labor pension regulations and is allocated to Bureau of labor insurance's labor pension individual account at a rate of 6% of the labor's monthly salary. Under this plan, after the parent company only company allocates a fixed amount to Bureau of labor insurance, there is no statutory or constructive obligation to pay additional amounts. The pension expenses under the method for determining the appropriation of pensions in 2021 and 2020 are NT\$2,658,000 and NT\$2,556,000 respectively, which have been allocated to Bureau of labor insurance.

(13) Income tax

1. Income tax expense

(1) The parent company only company's income tax expenses are as follows:

	<u>2021</u>	<u>2020</u>
Current income tax expense		
Occurred in the current period	\$ 48,304	28,445
Finance and tax difference	1,899	(71)
Income tax assessment difference	-	2,721
	<u>50,203</u>	<u>31,095</u>
Deferred income tax expense		
The occurrence and reversal of temporary differences	(1,748)	16,185
Income tax expense	<u>\$ 48,455</u>	<u>47,280</u>

(2) The details of income tax (benefits) expenses recognized by the parent company only company under other comprehensive gains and losses are as follows:

The parent company only company's details of income tax (benefits) expenses recognized under other comprehensive gains and losses in 2020 and 2019 are as follows:

	<u>2021</u>	<u>2020</u>
Items not reclassified to profit or loss :		
The actuarial profit (loss) of the defined benefit welfare plan	<u>\$ 554</u>	<u>(561)</u>

(3) The reconciliation between the parent company only company's income tax expenses and pre-tax net profit is adjusted as follows:

	<u>2021</u>	<u>2020</u>
Net profit before tax	\$ 297,688	175,405
Income tax calculated based on the domestic tax rate of the parent company only company's location	59,538	35,081
Recognize the net investment interest using the equity method	(9,189)	4,783
Tax adjustment	(3,793)	(773)
Undistributed surplus levied 5%	-	5,539
Differences between income tax assessment estimation	<u>1,899</u>	<u>2,650</u>

\$ 48,455 47,280

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

The items that the parent company only company's overseas investee companies have not recognized as deferred income tax liabilities are as follows:

	2021.12.31	2020.12.31
Accumulated unrealized profit share with overseas investee companies	\$ 324,969	328,937

(2) Unrecognized deferred income tax assets

The items that the parent company only company's overseas investee companies have not recognized as deferred income tax assets are as follows:

	2021.12.31	2020.12.31
Accumulated unrealized loss share with overseas investee companies	\$ 187,572	186,948

The temporary differences related to overseas investee companies are not recognized as deferred income tax assets and liabilities because the parent company only company can control the timing of the reversal of the temporary differences, and it is likely that they will not revert in the foreseeable future in 2021 and as of December 31, 2020.

(3) Recognized deferred tax assets and liabilities

The changes in the parent company only company's deferred income tax assets and liabilities are as follows:

	Defined benefit plan	Other	Total
Deferred income tax asset :			
Balance as of January 1, 2021	\$ 7,455	13,514	20,969
(Debit)/Credit Income Statement	2	104	106
Balance as of December 31, 2021	\$ 7,457	13,618	21,075
Balance as of January 1, 2020	\$ 7,770	9,168	16,938
(Debit)/Credit Income Statement	(315)	4,346	4,031
Balance as of December 31, 2020	\$ 7,455	13,514	20,969

	Defined benefit plan	Other	Total
Deferred income tax liability :			
Balance as of January 1, 2021	\$ 1,341	20,217	21,558
(Debit)/Credit Income Statement	-	(1,642)	(1,642)
(Debit)/Credit other comprehensive gain/loss	554	-	554
Balance as of December 31, 2021	\$ 1,895	18,575	20,470
Balance as of January 1, 2020	\$ 1,902	1	1,903

(Debit)/Credit Income Statement	-	20,216	20,216
(Debit)/Credit other comprehensive gain/loss	(561)	-	(561)
Balance as of December 31, 2020	\$ 1,341	20,217	21,558

3. The income taxes of profitable businesses of the parent company only company have been approved by the Taxation Bureau, Ministry of Finance until year of 2018.

(13) Capital and other equity

1. Equity

The company's authorized total capital stock is \$3,500,000 thousands at par value of \$10 per share with total of 350,000 thousand shares. The aforesaid total authorized share capital is all common stock. The issued shares are 181,674 thousand shares and 186,674 thousand shares respectively and the payment for all issued shares has been received.

2. Capital reserve

The content of the company's capital reserve balance is as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Premium of issued stock	\$ 308,780	308,780
Convertible corporate bonds during the redemption period are classified as other items in capital reserve	88,350	88,350
Capital reserve arising from share-based payment transactions	30,753	23,100
Adopting the equity method to recognize the changes in the net value of the equity of affiliated companies and joint venture	-	343
Changes in affiliated companies recognized using the equity method	1,179	836
Other	<u>571</u>	<u>550</u>
	<u>\$ 429,633</u>	<u>421,959</u>

According to the Company Act, the capital reserve must be given priority to make up for the losses before it can be issued to new shares or cash in proportion to the shareholders' original shares based on the realized capital reserve. The "realized capital reserve" mentioned in the preceding paragraph includes the excess of the issuance of stocks in excess of the par value and the income received from donations. In accordance with "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", the total amount of the capital reserve that can be allocated for replenishment each year shall not exceed 10% of the paid-in capital.

3. Retained earning

According to the company's articles of association, if there is a surplus in the annual final accounts, the tax should be paid first and make up for the accumulated losses over the years, then 10% of legal reserve shall be set aside and the special reserve shall be set aside or converted according to the law or the competent authority. If there is still a surplus after, the balance shall be added to the undistributed reserve accumulated in the previous year and the board of directors shall draft a distribution proposal and submit it to the shareholders meeting for a resolution.

In accordance with the Company Act, the company authorizes the board of directors to have more than two-thirds of the directors present and the resolution of more than half of the directors present shall distribute dividends and bonuses or legal reserve stipulated in

Article 241, Paragraph 1 of the Company Act and all or part of the paid-in capital. The above all shall be distributed in cash and reported to the board of directors.

Shareholder dividends and employee dividends are issued in two types: stock dividends and cash dividends, of which the ratio of cash dividends shall not be less than 10%.

The company's board of directors resolved to distribute cash dividends for 2020 earnings on March 18, 2021, and in the shareholders' meeting resolved cash dividends for 2020 earnings on June 10, 2020. The dividends distributed to owners are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Dividend rate</u>	<u>Amount</u>	<u>Dividend rate</u>	<u>Amount</u>
Dividends distributed to owners of common stock :				
Cash	\$ 0.80	<u>137,339</u> \$	0.82	<u>141,340</u>

On March 22, 2022, the board of directors proposed a profit distribution proposal for 2021. The amount of dividends distributed to owners is as follows:

	<u>2021</u>	
	<u>Dividend rate</u>	<u>Amount</u>
Dividends distributed to owners of common stock :		
Cash	\$ 1.00	<u>173,203</u>

4. Treasury stock

The company passed a resolution of the board of directors on March 20, 2020 to buy back 5,000 thousand common stock as necessary to maintain the company's credit and shareholders' equity. Since the company's original issued common stock were 186,674 thousand shares, the proposed purchase of shares this time are accounted for 2.68% of the issued common stock, which did not have a significant impact on the company's financial status.

The treasury stock's buyback plan was completed on May 22, 2020. A total of 5,000 thousand shares were bought back with total amount of \$70,903 thousands.

The company's board of directors resolved on August 7, 2020 to cancel the 5,000 thousand treasury shares bought back for the purpose of maintaining the company's credit and shareholders' equity. The base date for capital reduction is August 10, 2020, and the change registration has been completed.

In 2021, the company subscribed treasury shares to employees at a subscription price of \$20 per share, totaling 1,529,000 shares. After deducting various tax expenses, the recognized capital reserve was \$7,653,000, and the treasury shares were adjusted to \$22,858,000.

As of December 31, 2020 and 2021, the number of shares repurchased as treasury stock were 10,000 thousand shares and 8,471 thousand shares.

5. Other equity (net after tax)

	<u>Difference arising from the exchange of net assets of foreign operating institutions</u>	<u>Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses</u>	<u>Other</u>
Balance as of January 1, 2021	\$(194,802)	246,451	51,649
difference arising from the exchange of net assets of foreign operating institutions	(34,274)	-	(34,274)
Unrealized gains and losses of financial assets measured at fair value through			

other comprehensive gains and losses	-	96,628	96,628
Dispose of equity instruments measured at fair value through other comprehensive gains and losses	<u>-</u>	<u>(305)</u>	<u>(305)</u>
Balance as of December 31, 2021	<u>\$(229,076)</u>	<u>342,774</u>	<u>113,698</u>
Balance as of January 1, 2020	\$(178,989)	177,576	(1,413)
difference arising from the exchange of net assets of foreign operating institutions	(15,813)	-	(15,813)
Unrealized gains and losses of financial assets measured at fair value through other comprehensive gains and losses	-	68,818	68,818
Dispose of equity instruments measured at fair value through other comprehensive gains and losses	<u>-</u>	<u>57</u>	<u>57</u>
Balance as of December 31, 2020	<u>\$(194,802)</u>	<u>246,451</u>	<u>51,649</u>

(14) Earnings per share

1. Basic earnings per share

The basic earnings per share of the parent company only company for 2021 and 2020 are calculated on the basis of the net profit attributable to common equity holders of the company and the weighted average number of outstanding shares of common stocks. The relevant calculations are as follows:

(1) Net profit attributable to holders of the company's common stocks

	<u>2021</u>	<u>2020</u>
Net profit attributable to holders of the company's common stock	<u>\$ 249,233</u>	<u>128,125</u>

(2) The weighted average number of common shares outstanding

	<u>2021</u>	<u>2020</u>
Common shares outstanding on January 1	171,674	176,674
Impact of treasury stocks	<u>532</u>	<u>(3,437)</u>
The weighted average number of common shares outstanding on December 31	<u>172,206</u>	<u>173,237</u>

(3) Basic earnings per share (NT \$)

	<u>2021</u>	<u>2020</u>
	<u>\$ 1.45</u>	<u>0.74</u>

2. Diluted earnings per share

The diluted earnings per share for 2021 and 2020 are calculated on the basis of the net profit attributable to common equity holders of the company and the weighted average number of common stocks outstanding after adjusting the dilution effect of all potential common stocks. The relevant calculations are as follow:

(1) Net profit attributable to the company's common stock holders (diluted)

	<u>2021</u>	<u>2020</u>
Net profit attributable to holders of the company's common stocks (Basically diluted)	<u>\$ 249,233</u>	<u>128,125</u>

(2) Weighted average number of shares outstanding (diluted) of common stocks (thousand shares)

	<u>2021</u>	<u>2020</u>

Weighted average number of shares outstanding (basic)	172,206	173,237
The impact of employee stock dividends	<u>1,256</u>	<u>1,621</u>
The weighted average number of common stocks outstanding on December 31 (diluted)	<u>173,462</u>	<u>174,858</u>

(3) Diluted earnings per share (NT\$)

	2021	2020
Diluted earnings per share	<u>\$ 1.44</u>	<u>0.73</u>

(15) Revenue from customer contracts

1. Revenue breakdown

Major regional markets :	2021	2020
China and HK	\$256,689	242,426
Taiwan	305,967	195,530
United States	130,803	120,875
Korea	211,356	207,763
Other	<u>169,654</u>	<u>118,534</u>
Total	<u>\$1,074,469</u>	<u>885,128</u>
Main product/service line :	2021	2020
LED components and product manufacturing and sales	\$963,541	838,674
Construction	83,226	7,900
Other	<u>27,702</u>	<u>38,554</u>
Total	<u>\$1,074,469</u>	<u>885,128</u>

2. Contract balance

	<u>2021.12.31</u>	<u>2020.12.31</u>	<u>2020.1.1</u>
Contract assets- construction	<u>\$ 171,842</u>	<u>100,209</u>	<u>172,295</u>

Please refer to Note 6 (3) for the disclosure of accounts receivable and its impairment. Changes in contract assets are mainly due to the difference between the time when the company transfers goods or services to the customer to meet the performance obligations and the time when the customer pays.

3. Construction contracts

The details of the contract revenue of the merged company's recognition of construction contracts in 2021 and 2020 based on the percentage of completion method are as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
The amount of contract revenue recognized as revenue in the current period	<u>\$ 83,226</u>	<u>7,900</u>

Cumulative costs incurred (including contract costs related to future activities)	\$	222,646	158,164
Add: accumulative total recognized project benefits		<u>30,595</u>	<u>19,824</u>
Cumulative incurred costs and recognized profits		253,241	177,988
Less: accumulative project progress request amount		<u>81,399</u>	<u>77,779</u>
Net	\$	<u>171,842</u>	<u>100,209</u>
Contractual job reported as the total amount of customer accounts receivable for assets	\$	<u>253,241</u>	<u>177,988</u>
Contractual job reported as the total amount of accounts payable to customers for liabilities	\$	<u>81,399</u>	<u>77,779</u>
Retained amount of construction contract	\$	<u>10,758</u>	<u>11,901</u>

(16) Remuneration of employees, directors and supervisors

According to the company's articles of association, the current year's pre-tax benefits shall be used to deduct the benefits before the distribution of employee compensation and directors' remuneration. After retaining the amount of accumulated losses, if there is a balance, the employee's remuneration shall not be less than 8% and the director and supervisors' remuneration shall not be more than 2%. The aforementioned employee remuneration which may be issued by stock or cash, includes employees from affiliated companies who meet certain conditions.

The company's remuneration for employees in 2021 and 2020 is NT\$26,461,000 and NT\$15,592,000 respectively and the remuneration for directors and supervisors is NT\$6,615,000 and NT\$3,898,000, which are based on the company's pre-tax net profit for each period. The amount before deduction of employees, directors and supervisors' remuneration multiplied by the number of employees' remuneration and directors' and supervisors' remuneration as stipulated in the company's articles of association is the basis for estimation, and is reported as operating costs or operating expenses for 2021 and 2020. If difference between the actual distribution amount in the next year and the estimated amount occurs, such occurrence will be dealt with accordance to the change in accounting estimates and the difference will be recognized as the profit and loss of the next year.

(17) Non-operating income and expenses

1. Interest income

The detail of the parent company only company's interest income is as follow:

	<u>2021</u>	<u>2020</u>
Interest from bank deposits	<u>\$ 1,894</u>	<u>3,738</u>

2. Other income

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

	<u>2021</u>	<u>2020</u>
Rental income	\$ 114	114
Dividend income	64,569	3,691
Government subsidy income	-	4,693
Other	<u>18,957</u>	<u>16,699</u>
	<u>\$ 83,640</u>	<u>25,197</u>

3. Other gains and losses

The detail of the parent company only company's other gains and losses for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Net foreign currency exchange gains	\$ 48,900	58,979
Gains from disposal of fixed assets	-	143
Other	-	(13)
	<u>\$ 48,900</u>	<u>59,109</u>

(18) Financial instruments

1. Credit risk

(1) Exposure of credit risk

The book value of financial assets and contract assets represents the maximum amount of credit risk.

(2) Concentration of credit risk

Since the company has a broad customer base and does not significantly concentrate on transactions with a single customer and the sales area is scattered, there is no significant concentration of the credit risk of accounts receivable. In order to reduce credit risk, the company also regularly and continuously evaluates the financial situation of customers, but usually does not require customers to provide collateral.

(3) Credit risk of accounts receivable

Please refer to Note 6 (3) for the credit risk exposure information of notes and accounts receivable.

Other financial assets measured at amortized cost include other receivables and certificates of deposit, etc. Please refer to Note 6 (8) for details of the impairment provision status on December 31, 2020 and 2021.

All the financial assets listed above are with low credit risk. Therefore, the amount of expected credit losses in twelve months is used to measure the allowance for loss during the period (for the explanation of how the company determines that the credit risk is low, please refer to Note 4 (7)).

2. Liquidity risk

The following table shows the contractual maturity dates of financial liabilities, excluding the effect of estimated interest.

	<u>Book value</u>	<u>Contractual cash flow</u>	<u>within 1 yr</u>	<u>1-2yr</u>	<u>above 2yrs</u>
December 31,2021					
Non-derivative financial liabilities					
Notes and Accounts Payable(Including related parties)	\$ 1,603,305	(1,603,305)	(1,603,305)	-	-
Lease liabilities (including non-current)	8,237	(8,248)	(2,241)	(2,153)	(3,854)
Other payables	60,244	(60,244)	(60,244)	-	-
	<u>\$ 1,671,786</u>	<u>(1,671,797)</u>	<u>(1,665,790)</u>	<u>(2,153)</u>	<u>(3,854)</u>
December 31,2020					
Non-derivative financial liabilities					
Notes and Accounts Payable(Including	\$ 1,641,955	(1,641,955)	(1,641,955)	-	-

related parties)					
Other payable	3,988	(4,044)	(2,256)	(1,788)	-
Lease liabilities	50,136	(50,136)	(50,136)	-	-
(including non-current)					
	<u>\$ 1,696,079</u>	<u>(1,696,135)</u>	<u>(1,694,347)</u>	<u>(1,788)</u>	<u>-</u>

The company does not expect the cash flow analysis on the due date to occur significantly earlier, or the actual amount will be significantly different.

3. Exchange rate risk

(1) Exposure to exchange rate risk

The company's financial assets and liabilities exposed to significant foreign currency exchange rate risks are as follows:

	2021.12.31			2020.12.31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary item</u>						
RMB	\$ 200	4.344	868	238	4.377	1,041
USD	11,073	27.680	306,501	13,391	28.480	381,375
HKD	18,458	3.549	65,408	21,912	3.673	80,483
<u>Financial liabilities</u>						
<u>Monetary item</u>						
RMB	-	-	-	181	4.377	794
USD	9	27.680	249	101	28.480	2,882
HKD	441,026	3.549	1,565,201	440,435	3.673	1,617,720

(2) Sensitivity analysis

The parent company only company's exchange rate risk mainly comes from cash denominated in foreign currencies, cash equivalents and accounts receivable, etc., resulting in foreign currency exchange gains and losses during conversion. In 2021 and 2020, when the NTD depreciates 5% against the USD, RMB and HKD, under all other factors remain unchanged, the net profit before tax for 2021 and 2020 decreased by NT\$59,634,000 and NT\$57,925,000 respectively.

(3) Exchange gains and losses of monetary items

Due to the wide variety of functional currencies that the parent company only company uses, the exchange gain and loss information of monetary items is disclosed in summary. The foreign currency exchange gains and losses (including realized and unrealized) for 2020 and 2021 were NT\$48,900,000 and NT\$58,979,000 respectively.

4. Interest rate analysis

The details of the parent company only company's financial assets and financial liabilities interest rate risk exposure are as follows:

	Book value	
	2021.12.31	2020.12.31
Fixed interest rate instruments :		
Financial assets	<u>\$ 82,102</u>	<u>141,567</u>
Variable interest rate instruments :		
Financial assets	<u>\$ 482,485</u>	<u>388,423</u>

The parent company only company's financial assets and financial liabilities interest rate risk exposure are described in the liquidity risk management of this note.

The following sensitivity analysis is determined based on the interest rate risk of non-derivative instruments on the reporting date. For floating rate liabilities, the analysis method is based on the assumption that the amount of liabilities outstanding on the reporting date will be circulated throughout the year. The rate of change used by the company when reporting interest rates internally to management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If the interest rate increases or decreases by 1% and all other variables remain unchanged, the company's net profit before tax for 2021 and 2020 increases or decreases NT\$4,825 thousands and NT\$3,884 thousands respectively. The main reason is this parent company only company's demand deposits and long-term loans with variable interest rates.

5. Other price risk

If the price of equity securities changes on the reporting date (the two-period analysis adopts the same basis and assumes that other changing factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

Stock price on reporting day	2021		2020	
	Other comprehensive profit and loss after-tax amount	After-tax profit and loss	Other comprehensive profit and loss after-tax amount	After-tax profit and loss
Increase 5%	\$ 15,692	-	7,627	-
Decrease 5%	\$ (15,692)	-	(7,627)	-

6. Fair value information

(1) Types and fair value of financial instruments

The parent company only company's financial assets and liabilities measured at fair value through profit and loss, financial assets and liabilities for hedging, and financial assets measured at fair value through other comprehensive gains and losses are measured at fair value on the basis of repeatability. For the book value of financial instruments that are not measured by fair value is a reasonable approximation of fair value and lease liabilities, there is no need to disclose fair value information according to regulations) are listed as follows:

	2021.12.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through other comprehensive gains and losses					
Domestic and foreign listed (counter) stocks	\$ 314,796	314,796	-	-	314,796
Domestic and foreign unlisted (counter) stocks	490,939	-	-	490,939	490,939
Total	\$ 805,735	314,796	-	490,939	805,735
Financial assets measured at amortized cost					

Cash and case equivalent	\$ 482,985	-	-	-	-
Notes and accounts receivable (Including related parties)	331,992	-	-	-	-
Other receivables (related party)	780,000				
Other financial assets- current	85,724	-	-	-	-
Refundable deposits	855	-	-	-	-
Total	\$ 2,487,291	-	-	-	-

Financial liabilities measured at amortized cost

Notes and accounts payable (Including related parties)	\$ 1,603,305	-	-	-	-
Other payables	60,244	-	-	-	-
Lease liabilities (including non-current)	8,237	-	-	-	-
Total	\$ 1,671,786	-	-	-	-

2020.12.31

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through other comprehensive gains and losses					
Domestic and foreign listed (counter) stocks	\$ 155,424	155,424	-	-	155,424
Domestic and foreign unlisted (counter) stocks	555,571	-	-	555,571	555,571
Total	\$ 710,995	155,424	-	555,571	710,995

Financial assets measured at amortized cost

Cash and case equivalent	\$ 468,690	-	-	-	-
Notes and accounts receivable (Including related parties)	323,192	-	-	-	-
Other receivables (related parties)	78,500				
Other financial assets- current	94,238	-	-	-	-

Refundable deposits	1,760	-	-	-	-
Total	<u>\$ 1,677,375</u>	-	-	-	-
Financial liabilities measured at amortized cost					
Other payables	\$ 1,641,955	-	-	-	-
Notes and accounts payable (Including related parties)	50,136				
Lease liabilities (including non-current)	<u>3,988</u>	-	-	-	-
Total	<u>\$ 1,696,079</u>	-	-	-	-

(2) Fair value evaluation technique for measuring financial instruments by fair value

If a financial instrument has a public quotation in the active market, the public quotation in the active market shall be the fair value. The market prices announced by major exchanges and central government bond over-the-counter trading centers judged to be popular bonds are the basis for the fair value of listed (counter) equity instruments and debt instruments with publicly quoted prices on the active market.

If public quotations of financial instruments can be obtained from exchanges, brokers, underwriters, industry associations, pricing service agencies or competent authorities in a timely and frequent manner and the prices represent actual and frequent fair market transactions, then the financial instruments have an active market public quotation. If the above conditions are not met, the market is deemed inactive. In general, large bid-ask spreads, significant increase in bid-ask spreads, or very little trading volume are indicators of inactive markets.

If the financial instruments held by the parent company only company have an active market, their fair values are listed as follows according to their categories and attributes: When financial assets and liabilities measured at fair value through profit and loss are quoted in an active market, the market price is the fair value. Except for the above-mentioned financial instruments within active markets, the fair values of other financial instruments are obtained through evaluation techniques or with reference to the quotations from counterparties. The fair value obtained through evaluation technique can refer to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method, or other evaluation techniques, including the use of market information available on the date of the parent company only balance sheet calculated.

If the financial instruments held by the parent company only company have an inactive market, their fair values are listed as follows according to their categories and attributes: Equity instruments without public quotation: If there is no market for reference, the evaluation method is used to estimate. The estimates and assumptions used are consistent with the information used by market participants as estimates and assumptions when pricing financial products. The information is available to the parent company only company.

The interest rate of bank borrowing is mostly close to the market interest rate, so the borrowing amount is taken as the fair value. Please refer to Note 6 (9) for the interest rate.

(3) Transfer between level 1 and level 2

No such transfer in 2021 and 2020.

(4) List of changes in level 3

	Measured at fair value through other comprehensive gains and losses
	Equity instruments without public quotation
January 1, 2021	\$ 555,571
Total profit or loss	
Recognized in other comprehensive income	<u>(64,632)</u>
December 31, 2021	<u>\$ 490,939</u>
January 1, 2020	\$ 490,901
Total profit or loss	
Recognized in other comprehensive income	<u>64,670</u>
December 31, 2020	<u>\$ 555,571</u>

The above-mentioned total profit or loss is reported in the series of "unrealized appraised profit (loss) of financial assets measured at fair value through other comprehensive gains and losses".

Among them, those related to assets still held as of December 31, 2020 and 2021 are as follows:

	<u>2020</u>	<u>2019</u>
Total profit or loss		
Recognized in other comprehensive income (Listed in "Unrealized Appraisal Profits and Losses of Financial Assets Measured at Fair Value through Other Comprehensive income")	<u>\$ (64,632)</u>	<u>64,670</u>

(5) Quantitative information on the fair value measurement of significant unobservable inputs (level 3)

The parent company only company's fair value measurement is classified as the third level mainly for financial assets measured at fair value through other comprehensive gains and losses-equity instrument investment without an active market.

Most of the company's fair value is classified as the third level with only a single significant unobservable input and only equity instrument investments without an active market have multiple significant unobservable inputs. The significant unobservable input values of equity instrument investment without an active market are independent to each other, so there is no interrelationship.

The quantitative information list of significant unobservable input values is as follows:

<u>Item</u>	<u>Evaluation technique</u>	<u>Significant unobservable input value</u>	<u>Significant unobservable input value and fair value relationship</u>
Financial assets measured at fair value through other comprehensiv e gains and losses- equity instrument	Net asset value method	• Net asset value	Not applicable

investment without
an active market

(19) Financial risk management

1. Summary

The parent company only company is exposed to the following risks due to the use of financial instruments

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This note expresses the parent company only company's risk information on the above-mentioned risks, the parent company only company's objectives, policies and procedures for measuring and managing risks. For further quantitative disclosure, please refer to the respective notes of the individual financial report.

2. Risk management structure

The parent company only company's financial division provides services for each business, analyzes the internal risk report of risk insurance according to the degree and breadth of risk, supervises and manages the financial risks related to the company's operations.

The parent company only company establishes appropriate internal policies and systems to control credit risk and liquidity risk. As for market risks, we collect information from various parties, hoping to accurately predict the future trends of exchange rates, interest rates, etc., and use financial instruments to avoid risky risks when necessary to reduce the impact of these risks. The use of financial instruments is regulated by the parent company only company's relevant policies, and internal auditors continue to review compliance with policies and risk limits. The parent company only company does not trade financial instruments for speculative purposes.

3. Credit risk

Credit risk is the risk of the parent company only company's financial loss due to the inability of its customers or financial instrument counterparties to fulfill contractual obligations. It mainly comes from the company's accounts receivable from customers and securities investments.

(1) Accounts receivable and other receivables

The parent company only company's accounts receivable covers many customers, scattered in different industries and geographic regions, and there is no significant concentration of transactions with a single customer and the sales area is scattered, so the credit risk of accounts receivable is not likely to be significantly concentrated. The company has established a credit policy. According to this policy, before standard payment and shipping conditions are given, it is necessary to analyze the credit rating of each new customer individually before the transaction begins.

(2) Investment

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the parent company only company's financial division. Since the transaction partner and the performing party are all creditworthy banks and financial institutions, corporate organizations and government agencies with investment level and above, there is no significant credit risk.

4. Liquidity risk

Liquidity risk refers to the risk that the parent company only company cannot deliver cash or other financial assets to pay off financial liabilities and fail to perform related obligations. The parent company only company manages and maintains sufficient cash and cash equivalents to support the company's operations and reduce the impact of cash flow fluctuations. The management of the parent company only company

supervises the use of bank financing lines and ensures compliance with the terms of the loan contract.

5. Market risk

Market risk refers to the risk that changes in market prices, such as exchange rates, interest rates, and equity instrument prices, affect the parent company only company's earnings or the value of financial instruments held. The goal of market risk management is to control the risk of market risk within an acceptable range and minimize the risk.

(1) Exchange rate risk

The parent company only company is exposed to sales and purchase transactions that are not denominated in functional currencies, which causes the parent company only company to generate exchange rate fluctuation risks. The parent company only company's functional currency is mainly NTD. The main denomination currencies for these transactions are USD, RMB and HKD.

(2) Other market price risk

The parent company only company incurs equity price risk insurance due to equity securities and open fund investments in listed counters.

(20) Capital management

The parent company only company plans its capital management based on the characteristics of the current industry and the future development of the company, taking changes in the external environment and other factors into account, to ensure that the company has the necessary financial resources and operating plans to support the future working capital and capital expenditures, research and development expenses, debt repayment and dividend expenses, etc. The management authority uses an appropriate total debt/equity ratio to determine the company's optimal capital structure. In order to maintain a sound capital base, the company optimizes the balance of debt and equity so to increase shareholder compensation. The parent company only company's debt-to-equity ratio at the reporting date is as follows:

	<u>2021.12.31</u>	<u>2020.12.31</u>
Total liabilities	\$ 1,774,540	1,779,425
Total equity	2,906,254	2,699,256
Debt-to-equity ratio	61%	66%

As of December 31, 2020 and 2021, the parent company only company's capital management method has not changed significantly.

7. Related party transactions

(1) Name and relationship of related parties

The related parties involved in transactions with the parent company only company during the period covered in this parent company only financial report are as follows:

<u>Name of related parties</u>	<u>Relationship with the company</u>
AB Corp.	Affiliated company of the parent company only company
WanHui Enterprise (HK).	Subsidiary
Kobrite Taiwan	Subsidiary

(2) Major transactions with related parties

1. Operating income

The parent company only company's major sales amounts to related parties are as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ -	31,504
Affiliated company— AB Corp	123,940	101,388

\$ 123,940 132,892

The parent company only company's sales price to the above-mentioned related parties is based on the company's various product price lists, and the payment to the above-mentioned related parties is collected from 90 to 135 days after the month end.

2. Purchase

The parent company only company's purchase amount from related parties is as follows:

	2021	2020
Subsidiaries:		
WanHui Enterprise (HK)	\$ 682,936	615,560
Kobrite (Taiwan)	8,099	11,662
	\$ 691,035	627,222

The company's purchase conditions to the above-mentioned related parties are adjusted according to the capital needs, and the price is no different from that of general manufacturers.

3. Amounts due from related parties

The details of the company's accounts receivable from related parties are as follows:

Account item	Type of related parties	2021.12.31	2020.12.31
Accounts receivable-related party	Affiliated company – AB Corp	\$ 62,402	40,033

4. Amounts due to related parties

The details of the company's accounts payable to related parties are as follows:

Account item	Type of related parties	2021.12.31	2020.12.31
Accounts payable-related party	Subsidiary – WanHui Enterprise (HK)	\$ 1,565,200	1,617,627
Accounts payable-related party	Subsidiary – Kobrite (Taiwan)	466	1,565
		\$ 1,565,666	1,619,192

5. Loans to related parties

The details of the company's capital loans to related parties are as follows:

Type of related parties	2021.12.31	2020.12.31
Subsidiary – Kobrite (Taiwan)	\$ 78,000	78,500

(3) Key management personnel transactions

Remuneration of key management personnel

	2021	2020
Short-term employee benefits	\$ 10,095	9,921
Post-employment benefits	85	91
	\$ 10,180	10,012

8. Pledged assets

Asset name	Subject to pledge	2021.12.31	2020.12.31
Other financial assets-current(pledged fixed deposit)	Contract bond and warranty deposit	\$ 81,242	61,306

9. Significant contingent liabilities and unrecognized contractual commitments: N/A

10. Loss from major disaster: N/A

11. Significant post-period matters: N/A

12. Other

(1) The functions of employee benefits, depreciation and amortization expenses are summarized as follows:

Function Category	2021			2020		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit						
Salary expense	–	95,702	95,702	–	73,902	73,902
Labor and health insurance expense	–	6,121	6,121	–	5,508	5,508
Pension expense	–	2,893	2,893	–	2,880	2,880
Directors' remuneration	–	5,711	5,711	–	3,499	3,499
Other employee benefits	–	2,450	2,450	–	2,274	2,274
Depreciation expense	1,356	3,531	4,887	307	5,011	5,318
Amortization fee	–	47	47	–	259	259

	2021	2020
Number of Employees	<u>82</u>	<u>81</u>
Number of directors who are not concurrently employees	<u>4</u>	<u>4</u>
Average of employee benefit expense	<u>\$ 1,374</u>	<u>1,098</u>
Average of employee salary expenses	<u>\$ 1,227</u>	<u>960</u>
Adjustment of averaged employee salary expenses	<u>27.81%</u>	<u>(11.93)%</u>
Supervisor's remuneration	<u>\$ 1,804</u>	<u>1,395</u>

(2) The coronavirus pneumonia epidemic has not had a significant impact on the production and sales of the company and its subsidiaries, and the company will continue to pay attention to the development of the incident and related impacts.

13. Disclosure of Matters in Notes

(1) Information with regard to major transactions

In 2021, in accordance with the requirements of the securities issuer's financial report preparation standards, the relevant information about major transactions that should be disclosed again by the company is as follows:

1. Loans to others

Unit: NTD thousand

#	Companies that lend loans	Prospective borrowers	Accounting subjects	The highest amount of the current period	Ending balance	Actual lending amount	Interest rate range	Loan by nature (note 1)	Transaction amount with regard to business	Reasons for short-term financing	Allowance for loss amount	Collateral		Limited amount of loans for each entity (Note 2)	Limited amount of total loans (Note 3)
												Name	Value		

1	Bright LED electronics	KoBrite Taiwan	Other receivables	80,000	80,000	78,000	2%	2	-	Operating turnover	-	N	-	290,625	1,162,502
2	DongGuan BRTLED	Henan Bright Crystal	Other receivables	37,619 (RMB\$8,660)	37,619 (RMB\$8,660)	23,892 (RMB\$5,500)	2%	2	-	Operating turnover	-	N	-	211,170	844,679
3	DongGuan BRTLED	DongGuan KoBrite	Other receivables	26,064 (RMB\$6,000)	26,064 (RMB\$6,000)	21,720 (RMB\$5,000)	2%	2	-	Operating turnover	-	N	-	211,170	844,679

Note 1: 1 means have business contacts. 2 means has the need for short-term financing.

Note 2: The limit for total amount of lending loans does not exceed 10% of the net worth of the enterprise. Foreign companies in which the company directly or indirectly holds 100% of the voting shares are not subject to the 10% limit on loans to the company's net worth, but the respective limits for capital loans should still not exceed 100% of the company's net worth.

Note 3: The limit for total amount of capital loans shall not exceed 40% of the net worth of the enterprise. Foreign companies in which the company directly or indirectly holds 100% of the voting shares are not subject to the 40% limit on total amount of loans to the company's net worth, but the respective limits for capital loans should still not exceed 100% of the company's net worth.

Note 4: The above transactions have been reversed in the preparation of the parent company only report.

Note 5: It is converted to NTD at the RMB exchange rate of 4.344 at the end of the period

2. Endorsement for others: N/A

3. The situation of holding marketable securities at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Unit: thousand shares

Holding Company	Types and names of securities	Relationship with the securities issuer	Accounting items	End of term				Note
				Unit/share	Book value	Holding ratio	Fair value	
The company	Powertip	Corporate director	Financial assets measured at fair value through other comprehensive gains and losses-non-current	19,020	313,832	12%	Price per share market = 16.50	
"	DS	N/A	"	764	-	3%	Price per stock market = -	
"	Assurant, Inc. 5.25% Subordinated (AIZN)	"	"	0.5	374	-%	Price per share market = USD 27.02	
"	Qwest Corp (CTBB)	"	"	0.2	142	-%	Price per share market = USD 25.65	
"	AT&T Inc. 5.35% GLB NTS 66 (TBB)	"	"	0.1	73	-%	Price per share market = USD 26.21	
"	United States Cellular Corporation (UZD)	"	"	0.5	375	-%	Price per share market = USD 27.10	
The company	WK 9	Corporate director	Financial assets measured at fair value through other comprehensive gains and losses-non-current	15,380	310,771	15%	310,771	
"	Foxfortune Technology Ventures Ltd.	"	"	2,000	82,474	12%	82,474	
"	New fund capital	"	"	10,000	97,694	16%	97,694	
					805,735			

4. The cumulative amount of buying or selling the same securities reaches NTD\$300 million or

more than 20% of the paid-in capital: N/A

5. Acquired real estate with an amount of NTD\$300 million or more than 20% of the paid-in capital: N/A

6. Disposal of real estate with an amount of NTD\$300 million or more than 20% of the paid-in capital: N/A

7. The amount of purchases and sales with related parties reaches NTD\$100 million or more than 20% of the paid-in capital:

Import (sell) company	Trading partner Name	Relations	Transaction				Circumstances and reasons for trading condition which are different from regular trading		Notes and accounts receivable (paid)		Note
			Import (sell)	Amount	% of total import (sales)	Credit period	Price	Credit period	Balance	% of total notes and accounts receivable (paid)	
The company	AB Corp.	Affiliated company	(Sell)	(123,940)	(12) %	OA 135 days	Price agreement according to the company	No significant differences	62,402	20%	Note
The company	WanHui (HK)	Subsidiary	Import	682,936	86 %	Ajust according to its funding needs	Price agreement according to the company	No significant differences	(1,565,200)	(98)%	Note
WanHui (HK)	The company	100% owned parent company	(Sell)	(682,936)	(76) %	Ajust according to its funding needs	Price agreement according to the company	No significant differences	1,565,200	100%	Note
WanHui (HK)	DongGuan BRTLED	Subsidiary	Import	718,445	81 %	Ajust according to its funding needs	Price agreement according to the company	No significant differences	(859,690)	(98)%	Note
DongGuan BRTLED	WanHui (HK)	100% owned parent company	(Sell)	(718,445)	(63) %	Ajust according to its funding needs	Price agreement according to the company	No significant differences	859,690	89%	Note

Note: The transactions listed on the left column have been written off during the preparation of the parent company only statement.

8. Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital:

Company with account receivables	Trading partner Name	Relations	Balance of accounts receivable from related parties	Turnover	Overdue amounts from related parties		Amounts receivable from related parties recovered after the period	allowance for loss amount	Note
					Amount	Processing			
WanHui (HK)	The company	100% owned parent company	1,565,200	0.43	Note 1	Note 1	129,667	-	Note 2
DongGuan BRTLED	WanHui (HK)	"	859,690	0.84	Note 1	Note 1	185,508	-	Note 2

Note 1: The difference between receivables and payables shall be collected based on fund requirements.

Note 2: The transactions listed on the left column have been written off during the preparation of the parent company only statement.

9. Engage in derivatives trading: N/A

10. Business relations and important transactions between parent and subsidiary companies:

# (Note 1)	Name of traders	Transaction objects	Relation with traders (Note 2)	Transaction situation			
				Subject	Amount	Condition	% of combined total revenue or total assets
1	WanHui (HK)	The company	2	Sales revenue	682,936	Adjusted according to funding needs	44.58%
1	"	"	2	Accounts receivable	1,565,200	"	42.72%
2	DongGuan BRTLED	WanHui (HK)	2	Sales revenue	718,445	"	46.89%
2	"	"	2	Accounts receivable	859,690	"	23.47%
0	The company	KoBrite Taiwan	1	Other receivables	78,000	-	2.13%
2	DongGuan BRTLED	Henan Bright Crystal	3	Other receivables	23,892	-	0.65%
2	DongGuan BRTLED	DongGuan KoBrite	3	Other receivables	21,720	-	0.59%

Note 1. The way to fill in the serial number is as follows:

1.0 represents the parent company.

2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company type.

Note 2: The type of relationship with the trader is marked as follows:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

(2) Re-investment business related information

The parent company only company's reinvestment business information for 2020 is as follows (excluding investee companies in China):

Investor	Investee	Region	Main business	Original investment amount		Hold at the end of period			Investee	Recognized in this period	Note
				Original investment amount		Shares (thousand)	Ratio	Book value			
				End of period	End of last year						
The company	WanHui (HK)	HK	Processing business of LED indicators, displays and related components	524,673	524,673	11,460	100%	2,141,297	100%	12,872	Subsidiary (Note)
"	KoBrite Corp.	Mauritius	Investment holding	1,082,499	1,082,499	8,783,545	93%	234,561	93%	(10,455)	"
"	LiSheng Int'l	HK	PCB processing	139,297	139,297	35,740	60%	82,554	60%	11,738	"
"	AB Corp.	US	Dealer	1,702	1,702	52	16%	9,925	16%	2,796	adopting the equity method
"	WanShui	HK	Investment holding	61,910	61,910	3	23%	28,734	23%	1,805	"
"	Powertip image	TW	Optical lens, lens design and production	64,966	64,966	5,820	19%	103,866	19%	27,188	"
KoBrite	KoBrite Taiwan	TW	Investment holding	500,000	500,000	50,000	100%	64,583	100%	recognized by KoBrite for investment gains and losses	Subsidiary (Note)
KoBrite	Bright Crystal (HK)	HK	Investment holding	404,342	404,342	100,994	80%	190,286	80%	recognized by KoBrite for investment gains and losses	Subsidiary (Note)

Note: The transactions listed on the left have been written off during the preparation of the parent company only financial report.

(3) Information with regard to investment in China

1. Relevant information about reinvestment in China:

Name of invested company in China	Main business Items	Paid-in capital	Investment method	Cumulative remittances from Taiwan at the beginning of the period Amount (Note 1)	Exported or recovered in this period Investment amount		Cumulative remittances from Taiwan at the end of the period Amount (Note 1)	Current profit (loss) of the investee company	Direct or indirect investment Holding ratio	Recognized investment profit (loss) in this period (Note 3)	End of period investment Book value	Investment repatriated as of the current period Income (Note 1)
					Export (Note 1)	Amount (Note 1)						
DongGuan BRTLED	Manufacture and sell of LED component and its related products	HKD340,222	Indirect investment through WanHui (HK) (Note 4)	-	-	-	21,057	100%	21,057	2,111,697	-	
DongGuan KoBrite	Production and processing of LED chips	US\$14,590	Indirect investment through KoBrite Corp.	149,121 (US\$4,974)	-	-	149,121 (US\$4,974)	93%	84,502	62,343	-	
DongGuan Yi-Run	production and sale of other steel products	RMB\$41,001	Indirect investment through WanHui (HK)	58,813 (HKD\$15,280)	-	-	58,813 (HKD\$15,280)	23%	1,805	6,619	15,804 (HKD\$4,453)	
DongGuan LiSheng PCB	PCB processing	HKD\$10,000	Indirect investment through LiSheng Int'l (Note 4)	3,279 (HKD\$852)	-	-	3,279 (HKD\$852)	60%	16,602	52,108	-	
Henan Bright Crystal	Production and sales of high-quality crystals and LED lighting products, as well as import and export business	US\$16,200	Indirect investment through Bright Crystal (HK) (Note 4)	403,981 (US\$13,475)	-	-	403,981 (US\$13,475)	74%	(13,097)	176,429	-	

2. Limits for reinvestment in China:

Cumulative investment amount remitted from Taiwan to China at the end of the period	Approved investment amount by the Overseas Chinese and Foreign Investment Commission (Note 1)	According to the regulations of the Overseas Chinese and Foreign Investment Commission Investment quota in China
615,194 (US\$18,449 及 HKD16,132)	1,939,528 (US\$19,002 及 HKD398,296)	Note 2

Note 1: It is converted into NTD at the end of the period using the USD exchange rate of 27.68, HKD exchange rate of 3.549 and RMB 4.344.

Note 2: The company has been approved by Bureau of Industry of the Ministry of Economic Affairs to comply with the operating headquarters certification letter, so there is no limit on the amount of investment in China.

Note 3: The investment gains and losses of the current period are calculated based on the financial statements of the investee company verified by accountants.

Note 4: Existing reinvestment companies in the third region use their own funds and machinery and equipment for investment.

3. Major shareholders information:

For direct or indirect major transactions of the parent company only company's investee companies in China in 2021, please refer to the description of "Information on Major

Transactions"

(4) Major shareholder information

Unit: shares

Shares	Number of shares held	Holding ratio
Name of major shareholders		
Yi-Run investment company	31, 859, 212	17. 53%
WanHui investment company	27, 378, 397	15. 07%
Tseng-Jen Liaw	1, 062, 417	11. 59%

Note: (1) The information of major shareholders in this table is based on the last business day at the end of each quarter by the company. The total number of common shares and special shares, which sum up to 5% or more, of the company that have been delivered without physical registration (including treasury shares) is calculated by the company. As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences due to different calculation bases.

(2) If above information belongs to the shareholder's delivery of shares to the trust, it is disclosed in individual accounts by the trustor who opened the trust account for the trustee. As for the shareholders' declaration of insider's shareholding in accordance with the Securities and Exchange Act, their shareholding includes their own shareholding plus the shares delivered to the trust and the right to use the trust property. For information on insider's shareholding declaration, please refer to Market observation post system.

(3) As of December 31, 2021, the company has bought back total of 8,471 thousands of treasury shares, which is approximately 4.66% of the company's common stock for which the company has completed payment without physical registration (including treasury stocks). Detailed information please refers to 6(14).

14. Department information

Please refer to 2021 Consolidated Financial report.

Bright LED Electronics Corp.
Statement of Cash and Cash Equivalents

December, 31, 2021

Unit : NT\$ thousands

Accounting items	Notes	Amount
Petty Cash		\$ <u>83</u>
Check deposit NT \$		<u>417</u>
Demand depositNT\$		387,531
Foreign currencies(US \$1,712,000, RMB 39,000 and HKD 13,353,000...etc)		<u>94,954</u>
		<u>482,485</u>
		<u>\$ 482,985</u>

Notes: Foreign currency exchange rate: USD 1 to TWD 27.68, HKD 1 to TWD 3.549 and RMB 1 to TWD 4.344.

Bright LED Electronics Corp.
List of Contract Assets— Current
From January 1, 2021 to December 2021

Unit: NT\$ thousands

Construction name	Construction in Progress			Construction in Advance			Net amount at end of period
	Amount spent (註 2)	Amount carried forward	Balance, end	Balance, beg	Amount increased	Amount carried forward	
Percentage of completion method:							
T0108	\$ 69,063	-	69,063	-	-	-	69,063
T0040	106,491	63	106,554	77,779	-	-	28,775
T0594	-	18,318	18,318	-	-	-	18,318
T0595	-	14,310	14,310	-	-	-	14,310
T0596	-	17,455	17,455	-	-	-	17,455
T0597	-	19,369	19,369	-	-	-	19,369
Other (Note 1)	2,434	13,711	8,172	-	11,593	(7,973)	4,552
TOTAL	\$ 177,988	83,226	253,241	77,779	11,593	(7,973)	171,842

Note 1: The balance of each item does not exceed 5% of the amount of the subject. Therefore, will not be listed separately.

Note 2: Including construction benefits.

Bright LED Electronics Corp.
List of Notes and Accounts Receivables

Accounting Items	December, 31, 2021	Unit: NT\$ thousands
	Notes	Amount
Notes receivables :		
Company A	Operating income of non-related parties	\$ 8,235
Company B	"	3,266
Company C	"	1,440
Company D	"	1,065
Company E	"	871
Others (Note)	"	2,182
Total		17,059
Accounts receivables :		
Company F	Operating income of non-related parties	47,407
Company G	"	42,504
Company H	"	36,568
Company I	"	23,138
Company J	"	14,197
Others (Note)	"	86,525
Total		250,339
Construction receivables		3,801
Deduct : Allowance of debts		(1,609)
Net		252,531
Total		\$ 269,590

Note: The balance per each customer that does not exceed 5% of the amount of the subject will not be listed separately.

Bright LED Electronics Corp.

List of Inventories

December, 31, 2021

Unit: NT\$ thousands

<u>Accounting items</u>	<u>Costs</u>	<u>Net realized value</u>
Finished goods	\$ 11,603	8,664
Semi-finished goods	357	357
Raw material and consumables	7,094	5,897
Raw material in transit	5,047	5,047
	24,101	<u>19,965</u>
Deduct: Allowance for depreciation of inventories and losses of idle inventories	<u>(4,136)</u>	
Total	<u>\$ 19,965</u>	

Bright LED Electronics Corp.

Change List of Financial assets at fair value through other comprehensive profit or loss - non-current

From January 1, 2021 to December 31, 2021

Unit: NT\$ thousands

Number of shares: thousand shares

Name	Balance, beg.		Increase		Decrease		Others (Note 1)	Balance, end		Guarantee
	Shares	Fair value	Shares	Amount	Shares	Amount	Amount	Shares	Fair value	Or pledge
Powertip technology corporation	19,020	\$ 152,542	-	-	-	-	161,290	19,020	313,832	N/A
WK 9 investment	15,380	342,008	-	-	-	-	(31,237)	15,380	310,771	//
NF capital	10,000	95,852	-	-	-	-	1,842	10,000	97,694	//
Foxfortune Technology Ventures Ltd.	2,000	117,711	-	-	-	-	(35,237)	2,000	82,474	//
Others (Note)	-	<u>2,882</u>	-	<u>933</u>	-	<u>(2,516)</u>	<u>(335)</u>	-	<u>964</u>	//
Total		<u>\$ 710,995</u>		<u>933</u>		<u>(2,516)</u>	<u>96,323</u>		<u>805,735</u>	

Note: The balance per each that does not exceed 5% of the amount of the subject will not be listed separately.

Note 1: Appraisal number adjusted by fair value.

Bright LED Electronics Corp.
Change List of Investments using Equity Method
From January 1, 2021 to December 31, 2021

Unit: NT\$ thousands

Number of shares: thousand shares

Name	Balance, beg.		Increase		Decrease		Share of profits and losses of subsidiaries, affiliates and joint ventures recognized using the equity method	Share of foreign operating agencies Translation differences on financial statements	Other change	Balance, end			Market price/ total net worth	Guarantee or pledge	Note
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	Holding %	Amount			
Stock :															
WanHui (HK)	11,460	\$ 2,163,691	-	-	-	-	12,872	(35,266)	-	11,460	100%	2,141,297	2,141,297	N/A	
KoBrite Corp.	8,783,545	246,408	-	-	-	-	(10,455)	(1,392)	-	8,783,545	93%	234,561	234,561	"	
LiSheng Int'l	35,740	72,179	-	-	-	-	11,738	(1,363)	-	35,740	60%	82,554	82,554	"	
WanShui (HK)	3	30,379	-	-	-	-	1,805	3,729	(7,179)(Note 1)	3	23%	28,734	28,734	"	
AB Corp.	52	7,369	-	-	-	-	2,796	(240)	-	52	16%	9,925	9,925	"	
Powertip Image Corporation	5,820	<u>82,240</u>	-	=	-	=	<u>27,188</u>	<u>258</u>	<u>(5,820)</u> (Note 2)	5,820	19%	<u>103,866</u>	103,866	"	
		<u>\$ 2,602,266</u>		<u>-</u>		<u>-</u>	<u>45,944</u>	<u>(34,274)</u>	<u>(12,999)</u>			<u>2,600,937</u>			

Note 1: Dividend income of Yi-Run (WanShui HK).

Note 2: Dividend income of Powertip Image Corporation.

Bright LED Electronics Corp.
List of Notes and Accounts payables

December 31, 2021

Unit: NT\$ thousands

<u>Accounting Items</u>	<u>Note</u>	<u>Amount</u>
Notes payable :		
Company A	Payment	\$ 9,339
Company B	"	1,422
Others (Note)	Payment/ Operating expenses	<u>1,100</u>
		<u>11,861</u>
Accounts payable :		
Company C	Payment	5,003
Company D	"	3,375
Company E	"	2,136
Company F	"	1,989
Company G	"	1,946
Company H	"	1,710
Others (Note)	"	<u>9,619</u>
		<u>25,778</u>
		<u>\$ 37,639</u>
Accounts payable to related parties :		
WanHui (HK)	Payment	\$ 1,565,200
Kobrite (Taiwan)	"	<u>466</u>
		<u>\$ 1,565,666</u>

Note: The amount of each supplier that does not exceed 5% of the amount of this subject will not be listed separately.

Bright LED Electronics Corp.

List of Operating Income

From January 1, 2021 to December 31, 2021 Unit: NT\$ thousands

<u>Accounting items</u>	<u>Amount</u>
Sales revenues (Note 1)	
Visible LED products	\$ 419,235
Invisible LED products	540,729
Others (Note 2)	<u>31,279</u>
	<u>991,243</u>
Construction revenues	
T0597	19,369
T0594	18,318
T0596	17,455
T0595	14,310
T0116	7,877
T0598	4,324
Others (Note 2)	<u>1,573</u>
	<u>83,226</u>
	<u>\$ 1,074,469</u>

Note 1: The above amount is the net amount after deducting sales returns and discounts.

Note 2: The amount of each income that does not exceed 5% of the amount of the subject will not be listed separately.

Bright LED Electronics Corp.

List of Operating Costs

From January 1, 2021 to December 31, 2021 Unit: NT\$ thousands

<u>Accounting items</u>	<u>Amount</u>
Beg. Of raw materials	\$ 11,023
Add : Incoming materials	64,316
Deduct : End of raw materials	(12,141)
Cost of raw materials sold	<u>(61,921)</u>
Manufacturing cost of current period	1,277
Beg of semi-finished goods	5
Add : Incoming materials	46
Deduct : End of semi-finished goods	(357)
Others	<u>(51)</u>
Cost of finished goods	920
Add : Beg. Of finished goods	7,569
Outsourced finished goods	725,406
Deduct : End of finished goods	(11,603)
Others	<u>(40,218)</u>
Total	682,074
Cost of raw materials sold	61,921
Cost of construction	77,327
Losses of idle inventories and depreciation	<u>519</u>
TOTAL	<u>\$ 821,841</u>

Bright LED Electronics Corp.

List of Management Expenses

From January 1, 2021 to December 31, 2021 Unit: NT\$ thousands

<u>Accounting items</u>	<u>Marketing expense</u>	<u>Management expense</u>	<u>R&D expense</u>	<u>Total</u>
Salary expense (including pension)	\$ 27,898	42,260	4,846	75,004
Insurance expense	2,270	3,554	429	6,253
Employee compensation	-	26,461	-	26,461
Directors compensation	-	6,615	-	6,615
Depreciation expense	1,294	1,559	678	3,531
Other (Note)	5,808	9,697	1,454	16,959
	<u>\$ 37,270</u>	<u>90,146</u>	<u>7,407</u>	<u>134,823</u>

Note: The amount of each item that does not exceed 5% of the amount of the subject will not be listed separately.

7. Financial Analysis and Risk Management

7.1 Comparison analysis of financial situations

Unit: NT \$thousand

Items \ Year	2021	2020	Differences	
			Amount	%
Current assets	2,100,048	2,007,328	92,720	5%
Property, plant and equipments	455,169	488,697	-33,528	-7%
Other assets	1,109,943	984,039	125,904	13%
Total assets	3,665,160	3,480,064	185,096	5%
Current liabilities	519,305	542,254	-22,949	-4%
Noncurrent liabilities	117,157	118,246	-1,089	-1%
Total liabilities	636,462	660,500	-24,038	-4%
Capital shares	1,816,742	1,816,742	0	0%
Capital reserve	429,633	421,959	7,674	2%
Retained earning	672,830	558,413	114,417	20%
Other equity	113,698	51,649	62,049	120%
Treasury stocks	(126,649)	(149,507)	22,858	-15%
Noncontrolling equity	122,444	120,308	2,136	2%
Total equity	3,028,698	2,819,564	209,134	7%
<p><u>Explanation for changes:</u> (The changes between the previous and latest period reach more than 10% and the changed amount is more than 1% of total assets)</p> <ol style="list-style-type: none"> 1. The substantial increase in other assets in 2021 compared with the previous year was mainly due to the substantial increase in the profit from investments using the equity method. 2. The retained earnings in 2021 increased significantly compared with the previous year, mainly due to the increase in profit for the current period. 3. The increase in other equity in 2021 increased significantly compared with the previous year, mainly due to the significant increase in the recognition of “unrealized benefits of financial assets measured by fair value through other comprehensive profit and loss” in the current period. <p><u>Future response plan:</u> Despite the above changes in financial conditions, it will not have a significant impact on the company's operating conditions.</p>				

7.2 Comparison Analysis of Operating Performance

Unit: NT \$thousand

Items	Year		Increased (decreased) amount	Change ratio %
	2021	2020		
Operating income	1,532,086	1,375,687	156,399	11%
Operating cost	1,092,514	998,201	94,313	9%
Operating margin	439,572	377,486	62,086	16%
Operating expenses	281,054	269,746	11,308	4%
Operating profit	158,518	107,740	50,778	47%
Non-operating income and expenses	145,684	74,339	71,345	96%
Net (loss) profit before tax	304,202	182,089	122,113	67%
Income tax	51,406	48,974	2,432	5%
Net profit for the period	252,796	133,115	119,681	90%

Explanation of changes: (the amount of change is up to NT \$10 million and the change rate is more than 20%): In 2021, the COVID-19 epidemic continued, but the consumer market had recovered gradually. Revenue increased by 11% compared with the previous year, gross profit increased by 16%, operating expenses increased by only 4%, and operating profit increased by 47%. Due to the substantial increase in non-operating exchange gains, the net profit before tax and the net after tax increased by more than 20% compared with the same period of last year.

7.3 Cash Flow Analysis

7.3.1 Liquidity analysis for the last two years

Items \ Year	2021	2020	Change%
Cash flow ratio (%)	31.47	55.68	-43%
Cash flow allowance ratio (%)	140.35	166.80	-15%
Cash reinvestment ratio (%)	0.48	3.22	-84%
<u>Explanation for changes:</u>			
In 2021, due to the imbalance between the supply and demand of upstream raw materials, the lead time periods of raw materials have be prolonged, and the inventory level thus increased, which affect the cash inflow from operating activities. In 2021, due to the recovery from COVID-19 epidemic was still unknown , capital expenditure was relatively conservative, and the cash reinvestment ratio was also lower than the previous year.			

7.3.2 Improvement plan for insufficient liquidity and analysis of cash liquidity for the coming year

- (1) Improvement plan for insufficient liquidity: Not applicable.
- (2) Analysis of cash liquidity for the coming year:

Unit: NT \$thousand

2022 Beginning cash balance	Net cash flow from operating activities throughout the year	Annual cash amount of investment and financing investment activities	Amount of cash surplus (deficient)	Remedies for insufficient cash	
				Investment plan	Financial plan
762,775	250,000	(220,000)	792,775	-	-

Changes of cash flow and liquidity analysis:

It is expected that the gross profit of products sold in the next year will remain stable, and the net cash inflow from operating activities will be approximately NT \$ 250,000 thousands and the net cash outflow from investment and financing is about NT \$220,000 thousands. The cash balance at the end of the period is still sufficient, so there is no cash liquidity risk under the condition and the current liability ratio is not high.

Remedy for insufficient cash: Not applicable.

7.4 Review and analysis of major capital expenditures and their sources of funds

7.4.1 Utilization of major capital expenditures and sources of funds: N/A

7.4.2 Expected possible yields: Not applicable

7.5 The main reasons for the recent annual reinvestment policy and profit or loss from the reinvestment and its improvement plan and investment plan for the coming year

7.5.1 Reinvestment policy: The company's reinvestment policy considers the production and marketing strategies of products or expands the business areas of other industries.

7.5.2 The investment income recognized by the consolidated company in 2021 using the equity method is NT \$31,789 thousands. An increase of NT \$9,931 thousands compared to last year. The profit from the invested company has continued to improve.

7.5.3 Investment plan for the coming year: Currently no investment plan for the coming year.

7.6 Risk management and assessment

7.6.1 The impact of recent annual interest rate, exchange rate, and inflation on the company's profit and loss and future measures:

(1) Interest rate: The financial assets affected by the variable interest rate in the 2021 annual consolidated statements of the company are NT \$759,479 thousands and the financial liabilities are NT \$60,000 thousands. When the interest rate increases or decreases by 1% assuming all other variables remain unchanged, the net profit before tax in 2021 will increase or decrease by NT \$6,995 thousands.

(2) Exchange rate: The company and its subsidiaries are mainly exposed to the risk of exchange rate changes arising from sales and purchase prices that are not denominated in functional currencies. When the above mentioned transactions in 2021 consolidated statements face appreciation or depreciation of 5% assuming all other factors remaining unchanged, the net profit before tax in 2021 will increase or decrease by NT \$25,542 thousands.

(3) Inflation: No significant inflation in the company and its subsidiaries' main operating environments and their sales markets.

7.6.2 Main reasons of engaging in high-risk, high-leverage investment, capital loans to others, endorsement guarantees, policies of, profit or loss from derivatives commodities and future countermeasures:

(1) According to the management policy, the company does not involve in high-risk, high-leveraged investment, nor does it operate derivative commodity transactions, so there is no relevant profit or loss in 2021.

(2) The company's capital loan to others and endorsement guarantee tasks are all processed in accordance with the "Procedures for Governing Loaning of Funds and Making of Endorsements/Guarantees".

7.6.3 The latest annual R&D projects, the current progress of the unfinished R&D projects, the R&D expenses that need to be reinvested, the estimated time to complete mass

production, and the factors that will affect the success of R&D in the future: please refer to 5. Operational highlights.

7.6.4 The impact of recent domestic and foreign important policies and legal changes on the company's finance and business and its countermeasures: The company always concerns about important domestic and foreign policies and legal changes and immediately cooperates with the revision of relevant laws and regulations

7.6.5 The impact of recent technological changes on the company's finance and business and its countermeasures: The company always concerns about changes in the technology industry, and is always ready to make adjustments in all aspects of R&D, production, sales, and operations to respond to industrial changes.

7.6.6 The impact of recent corporate image changes on the company 's crisis management and countermeasures: no such situation.

7.6.7 Expected profits and possible risks of M&A: No such situation.

7.6.8 Expected profits and possible risks of plant expansion: no such situation

7.6.9 Risks faced by the concentration of purchases or sales: no such situation.

7.6.10 For directors, supervisors or shareholders who hold more than 10% of the shares, the impact and risk of large-scale transfer or replacement of equity: no such situation.

7.6.11 Impact and risk of changes in management rights to the company: no such situation

7.6.12 Litigation or non-litigation cases: N/A

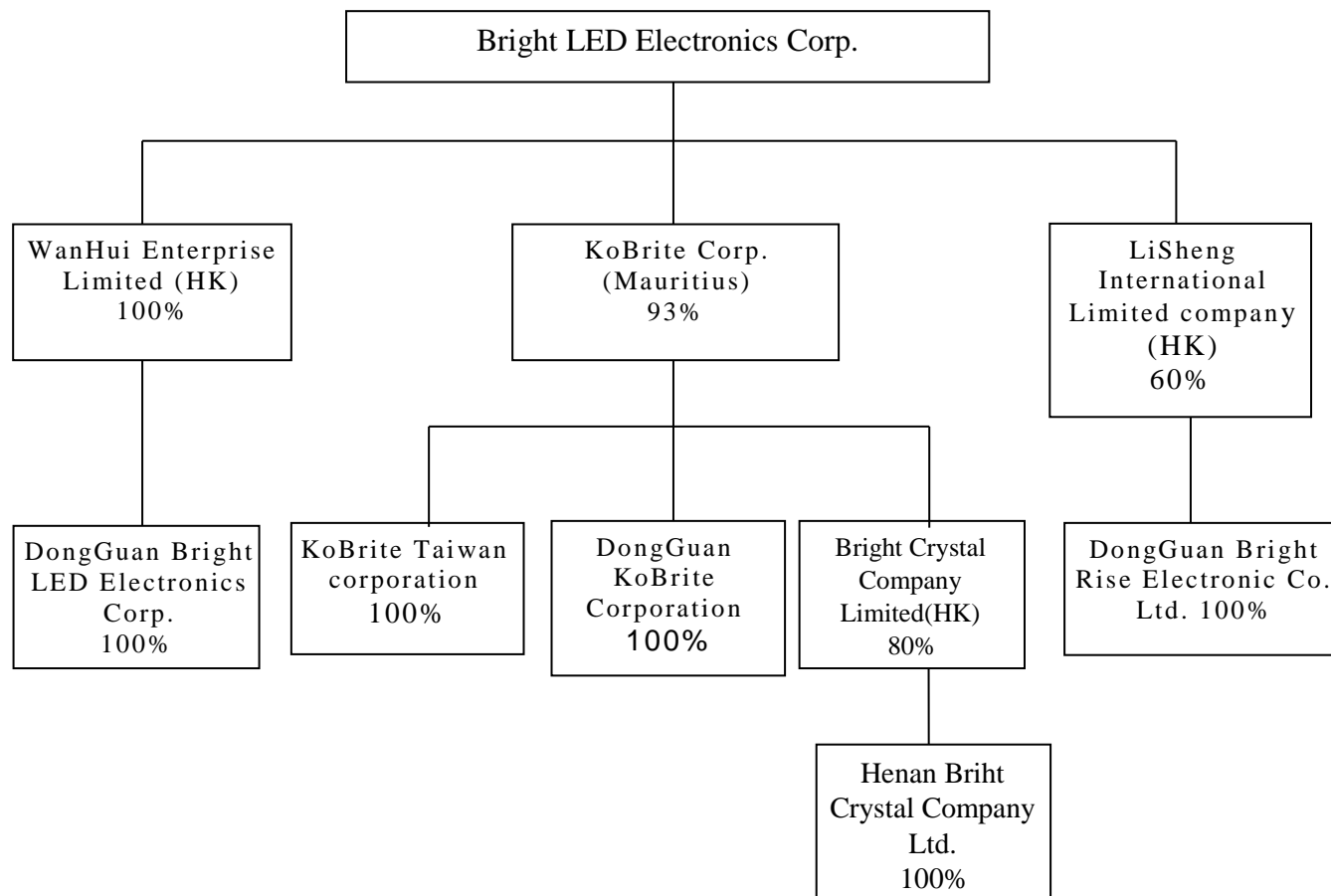
7.6.13 Other important risks and its countermeasures: N/A

7.7 Other important matters: N/A

8. Financial Analysis and Risk Management

8.1 Information related to the company's affiliates

8.1.1 Consolidated reports of affiliated companies



8.1.2 Basic information of affiliated companies

Name	Date of establishment	Address	Paid-in capital	Major business or production items
WanHui Enterprise Limited (HK)	1991.06	Room 5, Floor 11, Hung Tai Industrial Building, No. 37-39, Hung To Road, Kwun Tong, Kowloon, HongKong	HKD 11,500,000	Import and export trade/ Holding investment
KoBrite Corp. (Mauritius)	2004.11	Level3, Alexander House, 35 Cybercity, Ebene Mauritius	USD 94,810,043	Holding investment
LiSheng International Limited company (HK)	2003.12	Room 406, Join-In Hang Seng Centre, 71-75 Container Port Road, Kwai Chung, New Territories	HKD 60,000,000	Holding investment

8.1.3 Affiliated companies presuming to have control and affiliation by the same shareholder:
N/A

8.1.4 Affiliated companies' businesses and their interrelationships

Industry	Name of subsidiaries	Relationship with other affiliated companies
Import and export trade/ Holding investment	WanHui Enterprise Limited (HK)	N/A
Holding investment	KoBrite Corp. (Mauritius)	N/A
Holding investment	LiSheng International Limited company (HK)	N/A

8.1.5 Information of directors, supervisors and general managers of affiliated companies

Unit: thousand shares; %

Company name	Title	Name or representative	Shareholding	
			Shares	Shareholding ratio
WanHui Enterprise Limited (HK)	Director	Bright LED Electronics Corp.	11,460	99.65 %
	Director	Tsung-Jen Liaw	40	0.35 %
KoBrite Corp. (Mauritius)	Director	Bright LED Electronics Corp. Representative: Tsung-Jen Liaw	8,783,545	92.64 %
	Director	Chi-Chia Hsieh	-	-
	Director	Hsin-Pei Liao	-	-
LiSheng International Limited company (HK)	Director	Bright LED Electronics Corp.	35,740	59.57 %
	Director	Tsung-Jen Liaw	17,682	29.47 %
	Director	Chieh Hsiao	2,280	3.80 %

8.1.6 Overview of affiliated companies' operations

Unit: NT \$thousands

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Profit/loss of the period (after tax)	EPS(NT \$) (after tax)
WanHui Enterprise Limited (HK)	48,876	2,479,605	338,308	2,141,297	1,182,339	42,420	12,872	1.12
KoBrite Corp. (Mauritius)	2,884,613	585,905	284,930	300,975	234,085	(23,125)	(11,286)	(0.00)
LiSheng International Limited company (HK)	253,719	160,380	21,797	138,583	99,1280	20,8779	19,704	0.33

8.1.7 Consolidated financial statements of affiliated companies

The company that should be included in the consolidated financial statements of affiliated companies is the same as the company's consolidated financial statements prepared in accordance with international financial reporting standards, thus no separated consolidated financial statements of affiliated companies will be prepared.

8.1.8 The company is not a subsidiary of another company, so no relationship report need to be prepared.

- 8.2 Status of a private placement of securities during the most recent fiscal year or the current fiscal year up to the date of printing of annual report: N/A
- 8.3 Holding or disposal of the company shares by the company's subsidiaries during the most recent fiscal year or the current fiscal year up to the date of printing of annual report : N/A
- 8.4 Other matters that require additional disclosure: N/A
- 8.5 Any matter that set forth in Subparagraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act, which might produce material impact on shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or the current fiscal year up to the date of printing of annual report: N/A