ESLITE SPECTRUM CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Eslite Spectrum Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Eslite Spectrum Corporation (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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, we do not provide a separate opinion on these matters.

Key audit matters on the parent company only financial statements for the year ended December 31, 2021 were as follows:

Accuracy of E-Commerce sales

Description

Refer to Note 4(27) for accounting policies on operating revenue and Note 6(19) for details of operating revenue.

The Company is a channel for cultural and creative industry and generates revenue mainly from the operating revenue of the tenants in department stores. Revenue from e-commerce is added this year. The business model is highly relying on the system to process related transaction information. As soon as a purchase order is created, it is placed under the system's control. The system compiles the sales data and passes the data to the accounting information system, which generates sales revenue journal entries. As the Company offers a wide range of products and services to different customers; the trading quantity is rather high while each transaction is individually low in value .The sales data highly relies on the transfer and calculation between the systems, we consider accuracy of sales data from E-commerce and the net operating revenue recognition as one of the key audit matters in our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- Understand and test the control over settings of general information of the online sales system and the control over the application system.
- Test the accuracy of purchase orders created and sales data that are transferred to the accounting system. Sampled and checked the amounts in purchase order and the revenue recognition in the accounting system to ensure the accuracy of the sales amounts.
- Verified whether the write-off amount of accounts receivable recorded consistent with the amount appropriated by the collection service provider.

Completeness and accuracy of right-of-use assets and lease liabilities

Description

Refer to Note 4(15) for accounting policies on right-of-use assets and lease liabilities and Note 6(9) for details of right-of-use assets and lease liabilities.

The Company recognised right-of-use assets and lease liabilities upon initial application of IFRS 16, ‘Leases’ this year which are material to the financial statements. Additionally, the Company leases buildings and structures which are operated as department stores to provide channels for cultural and creative industry, and then subleases part of the space in the department store to tenants. Because of the numerous lease contracts and the high frequency of changes in the terms and conditions of the lease, we consider completeness and accuracy of right-of-use assets and lease liabilities as one of the key audit matters in our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- Understood and assessed the internal control procedures regarding addition, change, disposal, and termination of lease contracts.
- Inspected the leased assets and related contracts to ensure the completeness of the list of lease contracts.
- Sampled and reviewed the terms and conditions of lease contracts in relation to addition, change, disposal and termination to ensure whether these were consistent with the transaction amounts and lease periods used to calculate right-of-use assets and lease liabilities.
- Sampled the lease contracts, including lease contracts relating to addition, change, disposal and termination, and recalculated the right-of-use assets and lease liabilities to ascertain whether the accounting treatment is in conformity with IFRS 16.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgement 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 auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. 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 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Sun - Chiung Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ESLITE SPECTRUM CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 426,329	4	$ 375,319	3
1136	Current financial assets at amortised cost	6(2) and 8	82,683	1	131,483	1
1140	Current contract assets	6(19)	36,919	-	181,877	2
1150	Notes receivable, net	6(3)	7,276	-	9,015	-
1170	Accounts receivable, net	6(3)	622,322	6	461,314	4
1180	Accounts receivable - related parties	6(3) and 7	31,742	-	7,121	-
1197	Finance lease receivable, net	6(10)	29,708	-	35,111	-
1210	Other receivables - related parties	7	159,726	2	20,577	-
130X	Inventory	6(4)	932,578	9	633,064	6
1476	Other current financial assets	6(5) and 8	41,354	-	43,168	1
1479	Other current assets		82,750	1	96,267	1
11XX	**Total current Assets**		2,453,387	23	1,994,316	18
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	61,979	1	55,472	-
1550	Investments accounted for under equity method	6(7) and 7	502,857	5	542,399	5
1600	Property, plant and equipment	6(8) and 7	985,707	9	958,792	8
1755	Right-of-use assets	6(9) and 7	5,948,843	55	7,050,271	63
1780	Intangible assets		99,193	1	41,727	-
1840	Deferred income tax assets	6(24)	113,764	1	56,323	1
1920	Guarantee deposits paid	8	337,794	3	321,745	3
194D	Long-term finance lease receivable, net	6(10)	228,659	2	258,367	2
15XX	**Total non-current assets**		8,278,796	77	9,285,096	82
1XXX	**Total assets**		$ 10,732,183	100	$ 11,279,412	100

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ESLITE SPECTRUM CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Current borrowings	6(11)	$ 650,000	6	$ 500,000	4
2130	Current contract liabilities	6(19)	71,500	1	34,008	-
2150	Notes payable		10	-	294	-
2170	Accounts payable		1,053,587	10	957,866	9
2180	Accounts payable - related parties	7	461,865	4	240,200	2
2200	Other payables	6(12)	369,760	3	246,233	2
2220	Other payables - related parties	7	10,518	-	20,180	-
2250	Provisions for liabilities - current		24	-	386	-
2280	Current lease liabilities	7	1,223,604	11	1,221,365	11
2300	Other current liabilities	6(13)	161,868	2	152,330	2
21XX	**Total current Liabilities**		4,002,736	37	3,372,862	30
	Non-current liabilities					
2540	Long-term borrowings	6(14)	200,000	2	-	-
2550	Provisions for liabilities - non-current		23,254	-	21,197	-
2570	Deferred income tax liabilities	6(24)	-	-	488	-
2580	Non-current lease liabilities	7	5,513,760	52	6,616,736	59
2640	Accrued pension liabilities	6(15)	39,048	-	38,330	-
2645	Guarantee deposits received		113,914	1	114,808	1
2670	Other non-current liabilities		577	-	736	-
25XX	**Total non-current liabilities**		5,890,553	55	6,792,295	60
2XXX	**Total Liabilities**		9,893,289	92	10,165,157	90
	Equity					
	Share capital	6(16)				
3110	Share capital - common stock		473,897	4	473,897	4
	Capital surplus	6(17)				
3200	Capital surplus		417,314	4	417,314	4
	Retained earnings	6(18)				
3310	Legal reserve		182,783	2	177,272	2
3320	Special reserve		28,703	-	19,360	-
3350	Total unappropriated retained earnings (accumulated deficit)		(229,568)	(2)	55,115	-
	Other equity interest					
3400	Other equity interest		(34,235)	-	(28,703)	-
3XXX	**Total equity**		838,894	8	1,114,255	10
	Significant contingent liabilities and unrecognised contract commitments	7 and 9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 10,732,183	100	$ 11,279,412	100

The accompanying notes are an integral part of these parent company only financial statements.

ESLITE SPECTRUM CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19) and 7	$ 3,788,197	100	$ 3,557,842	100
5000	Operating costs	6(4)(23) and 7	(2,515,818)	(66)	(2,136,048)	(60)
5900	Gross profit		1,272,379	34	1,421,794	40
	Operating expenses	6(23) and 7				
6100	Selling expenses		(1,031,173)	(27)	(804,972)	(23)
6200	General & administrative expenses		(675,395)	(18)	(510,045)	(14)
6450	Expected credit loss	12(2)	(2,564)	-	(861)	-
6000	Total operating expenses		(1,709,132)	(45)	(1,315,878)	(37)
6900	Operating (loss) profit		(436,753)	(11)	105,916	3
	Non-operating income and expenses					
7100	Interest income	6(20) and 7	7,106	-	8,749	-
7010	Other income	6(21) and 7	296,213	8	115,151	3
7020	Other gains and losses	6(22)	(940)	-	3,641	-
7050	Finance costs	6(9)(11)(14) and 7	(110,338)	(3)	(111,548)	(3)
7070	Share of loss of associates and joint ventures accounted for using equity method, net		(38,580)	(1)	(59,927)	(2)
7000	Total non-operating income and expenses		153,461	4	(43,934)	(2)
7900	**(Loss) profit before income tax**		(283,292)	(7)	61,982	1
7950	Income tax benefit (expense)	6(24)	54,769	1	(6,917)	-
8200	**(Loss) profit for the year**		($ 228,523)	(6)	$ 55,065	1
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Losses) gains on remeasurement of defined benefit plans	6(15)	($ 750)	-	$ 62	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(6)	6,507	-	2,161	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	150	-	(12)	-
8310	Other comprehensive income that will not be reclassified to profit or loss		5,907	-	2,211	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(15,049)	-	(13,817)	-
8399	Income tax relating to the components of other comprehensive income	6(24)	3,010	-	2,764	-
8360	Other comprehensive loss that will be reclassified to profit or loss		(12,039)	-	(11,053)	-
8300	**Other comprehensive loss for the year**		($ 6,132)	-	($ 8,842)	-
8500	**Total comprehensive (loss) income for the year**		($ 234,655)	(6)	$ 46,223	1
	(Loss) earnings per share (in dollars)	6(25)				
9750	Basic (loss) earnings per share		($ 4.82)		$ 1.16	
9850	Diluted (loss) earnings per share		($ 4.82)		$ 1.16	

The accompanying notes are an integral part of these parent company only financial statements.

ESLITE SPECTRUM CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: (Accumulated deficit) unappropriated retained earnings	Other equity interest: Financial statements translation differences of foreign operations	Other equity interest: Unrealised gains from financial assets measured at fair value through other comprehensive income	Amount
For the year ended December 31,2020									
Balance at January 1,2020		$ 473,897	$ 616,351	$ 261,859	$ 19,360	($ 84,587)	($ 22,160)	$ 2,349	$ 1,267,069
Profit for the year		-	-	-	-	55,065	-	-	55,065
Other comprehensive income (loss)	6(6)(15)(24)	-	-	-	-	50	(11,053)	2,161	(8,842)
Total comprehensive income (loss)		-	-	-	-	55,115	(11,053)	2,161	46,223
Appropriations and distribution of 2019 retained earnings	6(18)								
Legal reserve		-	-	(84,587)	-	84,587	-	-	-
Cash dividends distributed from capital surplu	6(18)	-	(199,037)	-	-	-	-	-	(199,037)
Balance at December 31,2020		$ 473,897	$ 417,314	$ 177,272	$ 19,360	$ 55,115	($ 33,213)	$ 4,510	$ 1,114,255
For the year ended December 31,2021									
Balance at January 1,2021		$ 473,897	$ 417,314	$ 177,272	$ 19,360	$ 55,115	($ 33,213)	$ 4,510	$ 1,114,255
Loss for the year		-	-	-	-	(228,523)	-	-	(228,523)
Other comprehensive income (loss)	6(6)(15)(24)	-	-	-	-	(600)	(12,039)	6,507	(6,132)
Total comprehensive income		-	-	-	-	(229,123)	(12,039)	6,507	(234,655)
Appropriations and distribution of 2020 retained earnings	6(18)								
Legal reserve		-	-	5,511	-	(5,511)	-	-	-
Special reserve		-	-	-	9,343	(9,343)	-	-	-
Cash dividends		-	-	-	-	(39,807)	-	-	(39,807)
Difference between consideration and carrying amount of subsidiaries acquires	6(7)	-	-	-	-	(899)	-	-	(899)
Balance at December 31,2021		$ 473,897	$ 417,314	$ 182,783	$ 28,703	($ 229,568)	($ 45,252)	$ 11,017	$ 838,894

The accompanying notes are an integral part of these parent company only financial statements.

ESLITE SPECTRUM CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 283,292)	$ 61,982
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	1,253,378	1,278,837
Amortization	6(23)	14,592	7,744
Expected credit loss	12(2)	2,564	861
Interest expense		110,338	111,548
Interest income	6(20)	(4,551)	(5,449)
Dividend income	6(21)	(3,377)	(675)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method		38,580	59,927
Loss (gain) on disposal of property, plant and equipment	6(22)	28	(1,982)
Gain from lease modification	6(9)(22)	-	(952)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		144,958	(127,230)
Notes receivable, net		1,739	8,515
Accounts receivable		(163,572)	6,530
Accounts receivable - related parties		(24,621)	3,921
Other receivable		(3,934)	3,211
Other receivable - related parties		(41,995)	38,976
Inventory		(299,514)	(62,877)
Other current assets		13,816	24,155
Changes in operating liabilities			
Contract liabilities		37,492	14,610
Notes payable		(284)	(679)
Accounts payable		95,721	(141,439)
Accounts payable - related parties		221,665	(104,117)
Other payable		125,173	(40,987)
Other payable - related parties		10,168	(997)
Other current payable		9,538	546
Net defined benefit liability		(32)	(3,918)
Other non-current liabilities		(159)	(158)
Cash inflow generated from operations		1,254,419	1,129,903
Interest received		4,287	5,453
Dividends received		3,377	675
Interest paid		(110,338)	(111,548)
Income tax paid		(299)	(1,770)
Net cash flows from operating activities		1,151,446	1,022,713

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ESLITE SPECTRUM CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using equity method	7	($ 14,985)	($ 110,725)
Acquisition of property, plant and equipment	6(26)	(240,270)	(241,351)
Proceeds from disposal of property, plant and equipment		253	6,034
Acquisition of intangible assets		(72,058)	(10,095)
Proceeds from disposal of intangible assets		-	707
Increase in other receivables – related parties	7	(97,000)	
Decrease (increase) in other financial assets		5,857	(4,443)
Proceeds from disposal of financial assets at amortised cost		48,800	32,272
Decrease in lease receivables		35,111	36,625
(Increase) decrease in guarantee deposits paid		(16,106)	7,143
Net cash flows used in investing activities		(350,398)	(283,833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(27)	150,000	500,000
Increase in long-term borrowings	6(27)	200,000	-
Payments of lease liabilities	6(27)	(1,059,337)	(1,143,973)
(Decrease) increase in guarantee deposits received	6(27)	(894)	13,980
Cash dividends paid	6(18)	(39,807)	(199,037)
Net cash flows used in financing activities		(750,038)	(829,030)
Net increase (decrease) in cash and cash equivalents		51,010	(90,150)
Cash and cash equivalents at beginning of year		375,319	465,469
Cash and cash equivalents at end of year		$ 426,329	$ 375,319

The accompanying notes are an integral part of these parent company only financial statements.

ESLITE SPECTRUM CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Eslite Spectrum Corporation (the "Company") was incorporated in 2005 and started to engage in its main operating activities following the assignment of department store division, hospitality division, real estate division and related assets, liabilities and business, which were spun off from the parent company, Eslite Corporation, on September 1, 2010. The Company is primarily engaged in channels of cultural and creative industry, operation entrustment and management counseling services of department stores, trading and import of appliances and equipment for hotel use, trading and installation of appliances and equipment for kitchen use, import agency and retail of foods, as well as the operation of cafes and restaurants, and others. The shares of the Company have been listed on the Taipei Exchange since January 30, 2013. Eslite Corporation aggregately holds 54.67% equity interest in the Company, and is the Company's parent company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021 (Note)

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

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'

The amendment extends the application period of the practical expedient by one year to cover

COVID-19-related rent concessions that reduce only payments originally due on or before June 30, 2022, provided that all specified conditions are met. The original amendment covered only lease payments originally due on or before June 30, 2021.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16 'Property,plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37 'Onerous contracts - cost of fulfilling a contract '	January 1, 2022
Annual inprovements to IFRS Standards 2018-2020	January 1, 2022

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17,'Insurance contracts'	January 1, 2023
Amendment to IFRS 17,'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through other comprehensive income.

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Acccounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) Foreign exchange gains and loss based on the nature of those transactions are presented in thestatement of comprehensive income within other gains and losses.

B. Translation of foreign operations

The operating results and financial position of all the company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(5) Cash and cash equivalents

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

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

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

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

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

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

(7) <u>Financial assets at amortised cost</u>

A. Financial assets at amortised cost are those that meet all of the following criteria:

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

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

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

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

(8) <u>Accounts and notes receivable</u>

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

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

(9) <u>Impairment of financial assets</u>

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, lease receivables, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; and the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as ‘unearned finance income of finance lease’.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / Subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company

C. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.

D. Pursuant to the “Rules Governing the Preparation of Financial Statements by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the parent company only financial statements. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the parent company only financial statements.

(14) Property, plant and equipment

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

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

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

D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Computer and telecommunication equipment	2 ~ 8 years
Transportation equipment	6 years
Leasehold improvements	2 ~ 20 years
Office equipment	3 ~ 6 years
Business facilities	2 ~ 10 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

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

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

(c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

(16) Intangible assets

Computer software and prototype is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 10 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost: any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Provisions

Provisions (decommissioning) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense when it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) <u>Income tax</u>

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(27) Revenue recognition

The Company is a channel for cultural and creative industry, and also engaged in trading and sales of hospitality-related equipment and products.

A. Tenant-counter operating revenue

Revenue is established when the tenant's counter sells its products. In accordance with IFRS 15, the transaction type of the Company meets the definition of an agent since it is not exposed to the significant risks and rewards associated with the sales of goods or the rendering of services, and therefore revenue is recognised on a net basis for this type of transaction.

B. Sales of goods from self-operated stores

(a) Revenue from eletronic commerce and physical sales channel, sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(c) For contracts that the Company entered into with the customer, the time interval between the transfer of committed goods or service and the payment of customer may exceed one year. However, considering that the individual contract does not contain a significant financing component based on assessment, the Company does not adjust the transaction price to reflect the time value of money.

C. Engineering service revenue

(a) Revenue from providing engineering service is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) Contracts include sales and installation services of equipment. The equipment and the installation services provided by the Company are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Company recognises revenue on the basis of costs incurred relative to the total expected costs of that performance obligation.

(c) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(d) For contracts that the Company entered into with the customer, the time interval between the transfer of committed goods or services and the payment of customer may exceed one year. However, considering that the individual contract does not contain a significant financing component based on assessment, the Company does not adjust the transaction price to reflect the time value of money.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the good or service before it is provided to a customer include the following:

(a) The Company is primarily responsible for the provision of goods or services;

(b) The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

(c) The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 32,878	$ 30,146
Checking accounts and demand deposits	393,451	345,173
	$ 426,329	$ 375,319

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

B. The Company has no cash and cash equivalents pledged to others.

C. Cash and cash equivalents amounting to $5,857 are restricted to trust which are reclassified as other financial assets as of December 31, 2020. Please refer to Note 6(5).

(2) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Restricted bank deposit - time deposits	$ 82,683	$ 131,483

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31	
	2021	2020
Interest income	$ 152	$ 313

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were $82,683 and $131,483, respectively.

C. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 7,276	$ 9,015

	December 31, 2021	December 31, 2020
Accounts receivable	$ 625,415	$ 463,407
Accounts receivable - related parties	31,742	7,121
Less: Loss allowance	(3,093)	(2,093)
	$ 654,064	$ 468,435

A. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Up to 30 days	$ 515,385	$ 4,278	$ 393,970	$ 5,433
31 to 90 days	121,606	2,524	67,566	3,460
91 to 180 days	13,124	474	5,169	-
Over 180 days	7,042	-	3,823	122
	$ 657,157	$ 7,276	$ 470,528	$ 9,015

The above ageing analysis was based on booking date.

B. As of December 31, 2021 and 2020, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables and loss allowance from contracts with customers amounted to $499,698 and $2,421, respectively.

C. The Company does not hold any collateral as security.

D. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were $7,276 and $9,015, respectively. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable was $654,064 and $468,435, respectively.

E. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Goods	$ 934,782	($ 45,113)	$ 889,669
Inventory in transit	42,909	-	42,909
	$ 977,691	($ 45,113)	$ 932,578

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Goods	$ 650,939	($ 42,090)	$ 608,849
Inventory in transit	24,215	-	24,215
	$ 675,154	($ 42,090)	$ 633,064

The cost of inventories recognised as expense for the year:

	Year ended December 31	
	2021	2020
Cost of goods sold	$ 828,551	$ 379,947
Tenant-counter operating costs	1,286,747	1,410,864
Cost of construction in progress	181,217	350,529
Logistics and warehousing costs	214,496	-
Inventory (reversed) write-downs	4,466	(5,719)
Loss on physical inventory	144	1
Loss on discarding of inventory	197	426
	$ 2,515,818	$ 2,136,048

The Company reversed a previous inventory write-down because the Company sold inventories which were recognised loss on decline in market value previously during the year ended December 31, 2020.

(5) Other current financial assets

	December 31, 2021	December 31, 2020
Restricted bank deposit	$ -	$ 5,857
Other receivables	$ 5,831	$ 1,788
Income tax refund receivable	35,523	35,523
	$ 41,354	$ 43,168

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

Items	December 31, 2021		December 31, 2020	
Non-current items:				
Equity instruments				
Unlisted stocks	$	50,962	$	50,962
Valuation adjustment		11,017		4,510
	$	61,979	$	55,472

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $61,979 and $55,472 at December 31, 2021 and 2020, respectively.

B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31			
	2021		2020	
Equity instruments at fair value through other comprehensive income				
Fair value change recognised in other comprehensive income	$	6,507	$	2,161
Dividend income recognised in profit or loss				
Held at end of period	$	3,377	$	675

C. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for using equity method

	December 31, 2021		December 31, 2020	
Subsidiaries:				
Galaxy Star Holdings Corporation	$	409,718	$	340,244
Eslite Hospitality Corporation		33,174		135,319
Eslite Spectrum Creativity Corporation		24,467		38,749
Eslite Spectrum Japan Corporation		22,034		27,099
Eslite Spectrum Development & Management Corporation		990		988
Eslite Spectrum Malaysia Sdn. Bhd.		12,474		-
	$	502,857	$	542,399

A. For information of the Company's subsidiaries are provided in Note 4(3) of the Company's parent company only financial statements as of and for the year ended December 31, 2021.

B. The Company's subsidiary, Auspicious One Corporation, increased its capital by issuing 300,000 new shares in November, 2021. The new shares were wholly subscribed by another subsidiary, Eslite Spectrum Creativity Corporation with cash. As the subscription was not carried out according to the shareholding ratio, the shareholding increase from 65% to 66.81%. Due to the change of holding interests to the Company's subsidiary, the Company reduced retained earnings for $899.

(8) Property, plant and equipment

	2021						
	Computer and telecommunication equipment	Transportation equipment	Leasehold improvements	Office equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	$ 102,905	$ 8,356	$ 1,827,209	$ 12,358	$ 156,928	$ 138,086	$ 2,245,842
Accumulated depreciation and impairment	(47,066)	(5,716)	(1,112,549)	(6,550)	(115,169)	-	(1,287,050)
	$ 55,839	$ 2,640	$ 714,660	$ 5,808	$ 41,759	$ 138,086	$ 958,792
Balance at January 1	$ 55,839	$ 2,640	$ 714,660	$ 5,808	$ 41,759	$ 138,086	$ 958,792
Additions	3,151	-	116,561	-	11,500	102,372	233,584
Reclassifications	-	-	(13,873)	-	-	-	(13,873)
Disposals	(118)	-	(62)	(1)	(100)	-	(281)
Depreciation charge	(19,369)	(778)	(152,769)	(1,642)	(17,957)	-	(192,515)
Transfer	67,579	613	120,106	791	25,752	(214,841)	-
Balance at December 31	$ 107,082	$ 2,475	$ 784,623	$ 4,956	$ 60,954	$ 25,617	$ 985,707
At December 31							
Cost	$ 172,629	$ 8,969	$ 2,010,640	$ 13,130	$ 193,300	$ 25,617	$ 2,424,285
Accumulated depreciation and impairment	(65,547)	(6,494)	(1,226,017)	(8,174)	(132,346)	-	(1,438,578)
	$ 107,082	$ 2,475	$ 784,623	$ 4,956	$ 60,954	$ 25,617	$ 985,707

	2020						
	Computer and telecommunication equipment	Transportation equipment	Leasehold improvements	Office equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1							
Cost	$ 62,591	$ 7,132	$ 1,836,083	$ 10,184	$ 152,942	$ 20,510	$ 2,089,442
Accumulated depreciation and impairment	(41,510)	(4,938)	(1,051,652)	(6,492)	(108,668)	-	(1,213,260)
	$ 21,081	$ 2,194	$ 784,431	$ 3,692	$ 44,274	$ 20,510	$ 876,182
Balance at January 1	$ 21,081	$ 2,194	$ 784,431	$ 3,692	$ 44,274	$ 20,510	$ 876,182
Additions	875	-	43,581	-	3,590	213,480	261,526
Reclassifications	-	-	(10,616)	-	-	-	(10,616)
Disposals	(1,678)	-	(1,884)	-	(490)	-	(4,052)
Depreciation charge	(10,622)	(778)	(136,075)	(1,046)	(15,727)	-	(164,248)
Transfer	46,183	1,224	35,223	3,162	10,112	(95,904)	-
Balance at December 31	$ 55,839	$ 2,640	$ 714,660	$ 5,808	$ 41,759	$ 138,086	$ 958,792
At December 31							
Cost	$ 102,905	$ 8,356	$ 1,827,209	$ 12,358	$ 156,928	$ 138,086	$ 2,245,842
Accumulated depreciation and impairment	(47,066)	(5,716)	(1,112,549)	(6,550)	(115,169)	-	(1,287,050)
	$ 55,839	$ 2,640	$ 714,660	$ 5,808	$ 41,759	$ 138,086	$ 958,792

A. The aforementioned property, plant and equipment are all for own use.

B. The Company has no interest capitalised.

C. The Company has no property, plant and equipment pledged to others as collateral.

(9) Leasing arrangements－lessee

A. The Company leases various assets including buildings and other equipment. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise pertain to buildings. Low-value assets comprise other equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Buildings	$ 5,948,843	$ 7,050,271

	Year ended December 31	
	2021	2020
	Depreciation charge	Depreciation charge
Buildings	$ 1,060,863	$ 1,114,589

D. For the year ended December 31, 2021 and 2020, the additions to right-of-use assets was $104,570 and $1,606,300, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities (presented as 'Finance costs')	$ 99,367	$ 104,387
Expense on short-term lease contracts	28,192	43,816
Expense on leases of low-value assets	11,176	13,078
Expense on variable lease payments	97,405	132,228
Gain on sublease of right-of-use assets	243,965	325,968
Gain arising from lease modifications	-	952

F. For the year ended December 31, 2021 and 2020, the Company's total cash outflow for leases was $1,295,477 and $1,437,482, respectively.

G. Variable lease payments

(a) Some of the Company's lease contracts contain variable lease payment terms that are linked to sales generated from a leased asset. For the aforementioned lease contracts, up to 7.5% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons. Various lease payments that depend on sales are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the sales amounts of tenant-counter with such variable lease contracts would increase total lease payments by approximately $974.

(c) The Company has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions amounting to $145,135 and $70,237 by decreasing depreciation charge of right-of-use assets for the year ended December 31, 2021 and 2020, respectively.

H. The Company’s leases not yet commenced to which the leases are committed are business premises for the lessees, and the lease liabilities undiscounted amount at December 31, 2021 is $924,491.

(10) Leasing arrangements – lessor

A. The underlying assets of the Company subject to IFRS 16 are buildings. Rental contracts are typically made for periods of 1 to 18 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Finance lease:

The Company leases buildings under a finance lease. Based on the terms of the lease contract, the lease term is covered the major part of the asset’s total economic life.

(a) Information on profit in relating to lease contracts is as follows:

	Year ended December 31	
	2021	2020
Finance income from the net investment in the finance lease	$ 3,825	$ 4,340

(b) The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2021	December 31, 2020
Not later than one year	$ 33,096	$ 38,936
Later than one year but not later than five years	135,139	134,221
Later than five years	104,879	138,893
	$ 273,114	$ 312,050

(c) Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2021		December 31, 2020	
	Current	Non-current	Current	Non-current
Undiscounted lease payments	$ 33,096	$ 240,018	$ 38,936	$ 273,114
Unearned finance income	(3,388)	(11,359)	(3,825)	(14,747)
Net investment in the lease	$ 29,708	$ 228,659	$ 35,111	$ 258,367

C. Operating leases:

(a) Information on profit in relating to lease contracts is as follows:

	Year ended December 31	
	2021	2020
Rent income from operating leases	$ 38,518	$ 43,508
Rent income arising from variable lease payments	$ 201,622	$ 278,120

(b) The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2021	December 31, 2020
Not later than one year	$ 40,669	$ 64,215
Later than one year but not later than five years	38,863	69,288
Later than five years	6,039	-
	$ 85,571	$ 133,503

(11) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 650,000	1.10%～1.15%	No

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 500,000	1.10%～1.13%	No

Interest expense recognised in profit or loss amounted to $8,729 and $3,881 for the years ended December 31, 2021 and 2020, respectively.

(12) Other payables

	December 31, 2021	December 31, 2020
Salaries and bonus payable	$ 127,364	$ 88,741
Machinery and equipment payable	30,116	30,845
Rent payable	5,804	6,058
Payable for water, electricity and gas	5,557	9,955
Accrued employees' compensation and directors' remuneration	-	3,907
Payable for maintenance and repairs	16,225	12,564
Business tax payable	11,838	10,807
Labour and health insurance fees and pension payable	64,921	15,082
Others	107,935	68,274
	$ 369,760	$ 246,233

(13) Other current liabilities

	December 31, 2021	December 31, 2020
Gift certificate payable	$ 143,748	$ 132,757
Advance receipts	489	1,930
Others	17,631	17,643
	$ 161,868	$ 152,330

(14) Long-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Long-term bank borrowings			
Unsecured borrowings	$ 200,000	1. 25%	No

(15) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 42,992	$ 41,412
Fair value of plan assets	(3,944)	(3,082)
Net defined benefit liability	$ 39,048	$ 38,330

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	$ 41,412	($ 3,082)	$ 38,330
Current service cost	597	-	597
Interest expense (income)	166	(13)	153
	42,175	(3,095)	39,080
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(67)	(67)
Change in demographic assumptions	40	-	40
Change in financial assumptions	(1,250)	-	(1,250)
Experience adjustments	2,027	-	2,027
	817	(67)	750
Pension fund contribution	-	(782)	(782)
Balance at December 31	$ 42,992	($ 3,944)	$ 39,048

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
Balance at January 1	$ 48,816	($ 6,506)	$ 42,310
Current service cost	834	-	834
Interest expense (income)	341	(46)	295
	49,991	(6,552)	43,439
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(334)	(334)
Change in financial assumptions	(5,518)	-	(5,518)
Experience adjustments	5,790	-	5,790
	272	(334)	(62)
Pension fund contribution	-	(1,035)	(1,035)
Paid pension(note)	(8,851)	4,839	(4,012)
Balance at December 31	$ 41,412	($ 3,082)	$ 42,342

For the year ended December 31, 2020, the Company's total cash outflow for pension was $4,839 and $4,012 from the pension accounts at the Bank of Taiwan and the Company, respectively.

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund’s annual investment and utilization plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund” (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Discount rate	0.70%	0.40%
Future salary increases	1.00%	1.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 972)	$ 1,005	$ 966	($ 886)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 997)	$ 1,031	$ 1,094	($ 1,021)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to $751.

(g) As of December 31, 2021, the weighted average duration of the defined benefit retirement plan is 10 years.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were $32,140 and $24,654, respectively.

(16) Share capital

A. As of December 31, 2021, the Company’s authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary stock, and the paid-in capital was $473,897 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. The number of the Company’s outstanding ordinary shares was 47,390 thousand shares as of December 31, 2021 and 2020.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. Under the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. After that, special reserve shall be set aside in accordance with the related laws or the regulations made by the Competent Authority. The remainder, if any, along with prior year’s accumulated unappropriated earnings is the accumulated distributable earnings which shall be distributed as dividends to be proposed by Board of Directors and resolved by the shareholders. If distributable dividends and bonus, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised to resolve the distribution by resolution adopted by the majority vote at its meeting attended by two-thirds of the total number of directors, and then reported to the shareholders.

In accordance with the Article 241 of the Company Act, when the Company uses capital surplus or legal reserve, in whole or in part, to distribute new stocks or cash to shareholders in proportion to their share ownership, the aforementioned resolution method and procedure shall be adopted.

B. The Company's dividend policy takes into account the whole operating environment and the growth characteristic of the industry and distribute with overall consideration of unappropriated earnings, capital surplus, financial structure and operation status for steady operation growth and secure the right of investors. Shareholders' bonus can be distributed in cash or shares. However, cash bonus cannot be distributed lower than 10% of shareholders' bonus of current year.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. (a) Legal reserve used to offset accumulated deficits for 2019 in the amount of $84,587, which had been resolved in the shareholders' meeting on May 27, 2020.

In addition,the distributeion of the paid-in capital in excess of par-common stock by cash in the amount of $199,037, $4.2 per share had been resolved at the Company's Board of Directors' meeting on February 26, 2020, and had been reported to shareholders' meeting on May 27, 2020.

Information about the deficit compensation had been posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(b) Details of 2020 earnings appropriation resolved through electronic voting passed the statutory threshold on May 25, 2021 and resolved by the shareholders on August 12, 2021, respectively, are as follows:

	2020	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 5,511	
Special reserve	9,343	
Cash dividends	39,807	$ 0.84
	$ 54,661	

Information about the appropriation of earnings had been posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. Legal reserve, special reserve and paid-in capital in excess of par-common stock used to offset accumulated deficits for 2021 in the amount of $182,783, $28,703 and $18,082 respectively, total amount is $229,568, which will be proposed by the Board of Directors on February 24, 2022.

Information about the deficit compensation will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(19) Operating revenue

	Year ended December 31	
	2021	2020
Revenue from contracts with customers	$ 3,548,057	$ 3,236,214
Tenant-counter rental revenue	240,140	321,628
	$ 3,788,197	$ 3,557,842

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major businesses:

2021	Omni-channel development business	Hospitality business	Total
Total segment revenue	$ 2,663,121	$ 884,936	$ 3,548,057
Timing of revenue recognition			
At a point in time	$ 2,663,121	$ 623,829	$ 3,286,950
Over time	-	261,107	261,107
	$ 2,663,121	$ 884,936	$ 3,548,057

2020	Omni-channel development business	Hospitality business	Total
Total segment revenue	$ 2,151,813	$ 1,084,401	$ 3,236,214
Timing of revenue recognition			
At a point in time	$ 2,151,813	$ 630,232	$ 2,782,045
Over time	-	454,169	454,169
	$ 2,151,813	$ 1,084,401	$ 3,236,214

B. For the information relating to tenant-counter rental revenue, please refer to Note 6(10).

C. Contract assets and liabilities

(a) The Company has recognised the following revenue-related contract assets and liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets:			
Construction contracts	$ 36,919	$ 181,877	$ 54,647
Contract liabilities:			
Construction contracts	$ 47,301	$ 19,236	$ 192
Advance receipts from customers	24,199	14,772	19,206
	$ 71,500	$ 34,008	$ 19,398

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Year ended December 31	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Construction contracts	$ 19,236	$ 192
Advance receipts from customers	7,572	16,485
	$ 26,808	$ 16,677

(c) All contracts of the Company are for periods of one year or less. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

(20) Interest income

	Year ended December 31	
	2021	2020
Interest income from bank deposits	$ 574	$ 796
Interest income from financial assets measured at amortised cost	152	313
Other interest income	6,380	7,640
	$ 7,106	$ 8,749

(21) Other income

	Year ended December 31	
	2021	2020
Management service revenue	$ 237,417	$ 93,346
Dividend income	3,377	675
Government grants income	38,629	5,401
Other income	16,790	15,729
	$ 296,213	$ 115,151

The Company obtained Government grant for wages and salaries and working capital as a result of the impact of COVID-19 pandemic amounted to $33,720 and $4,510 for the years ended December 31, 2021 and 2020, respectively.

(22) Other gains and losses

	Year ended December 31	
	2021	2020
Foreign exchange (losses) gains	($ 194)	$ 2,389
(Losses) gains on disposals of property, plant and equipment	(28)	1,982
Losses on disposals of intangible assets	-	952
Other gains and losses	(718)	(1,682)
	($ 940)	$ 3,641

(23) Employee benefit expense, depreciation and amortisation

A. Employee benefit expense, depreciation and amortisation

	Year ended December 31, 2021		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 23,678	$ 628,866	$ 652,544
Labour and health insurance fees	2,451	63,791	66,242
Pension costs	1,244	31,646	32,890
Directors' remuneration	-	6,450	6,450
Other employee expenses	209	23,513	23,722
Depreciation	1,185,857	67,521	1,253,378
Amortisation	4,246	10,346	14,592
	$ 1,217,685	$ 832,133	$ 2,049,818

	Year ended December 31, 2020		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 3,213	$ 479,273	$ 482,486
Labour and health insurance fees	351	48,692	49,043
Pension costs	191	25,592	25,783
Directors' remuneration	-	6,630	6,630
Other employee expenses	-	19,750	19,750
Depreciation	1,228,929	49,908	1,278,837
Amortisation	264	7,480	7,744
	$ 1,232,948	$ 637,325	$ 1,870,273

Note 1：As of December 31, 2021 and 2020, the Company had 968 and 796 employees, respectively. The directors who are not employees are 5.

Note 2：(a) For the years ended December 31, 2021 and 2020, the average employee benefit expense was $805 and $730, respectively.

(b) For the years ended December 31, 2021 and 2020, the average employee wages and salaries was $678 and $610, respectively.

(c) The adjustment in the average employee's wage and salary expenses was 11.15%.

(d) The Company established the Audit Committee on May 27, 2020 as such supervisors is not applicable. The remuneration of supervisors for the years ended December 31, 2020 was $810.

(e) The remuneration policies of the Company

i. Directors

(i) In accordance with the Article 27 of the Company's Articles of Incorporation, the directors of the company who carried out duties of the Company shall be entitled to remuneration, regardless of the operational profit or loss of the Company. The amount of remuneration shall be determined by the Board of Directors according to the usual level of the industry. In accordance with the Article 31(1) of the Company's Articles of Incorporation, if the Company records a profit in a year, no more than 5% of the profit shall be allocated to director's remuneration. If the Company records a loss, the allocation to director's remuneration shall be calculated after deducting the accumulated losses. Matters in relation to directors' remuneration shall be published according to the relevant laws and regulations and determined by the Board of Directors.

(ii) The remuneration of directors are submitted to the Board of Directors for discussion by the Salaries and Remuneration Committee according to the directors' remuneration payment method, directors' performance assessment result, level of involvement in the Company's operation, value of contribution, and take into reference the performance of the Company's operation and industry level.

ii. Managers

(i) In accordance with relevant laws and regulations, the remuneration of managers are proposed by the Salary and Remuneration Committee and resolved by the Board of Directors.

(ii) Refer to the industry and market level payment situation, and consider the results of individual performance evaluation, including investment time, responsibility, and goal achievement status, etc., to provide reasonable and attractive remuneration.

iii. Employees

Refer to the industry and market level payment situation, and consider the results of individual performance evaluation, including investment time, responsibility, and goal achievement status, etc., to provide reasonable and attractive remuneration.

B. Employees' compensation and directors' remuneration

(a) In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

(b) Employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements, $659 and $3,248, respectively. The employees' compensation and directors' and supervisors' remuneration will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense:

	Year ended December 31	
	2021	2020
Current tax:		
Prior year income tax over estimation (note)	$ -	($ 70,716)
Deferred tax:		
Origination and reversal of temporary differences (note)	(54,769)	77,633
Income tax (benefit) expense	($ 54,769)	$ 6,917

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31	
	2021	2020
Currency translation differences	($ 3,010)	($ 2,764)
Remeasurements of defined benefit obligations	(150)	12
	($ 3,160)	($ 2,752)

B. Reconciliation between income tax (benefit) expense and accounting profit

	Year ended December 31	
	2021	2020
Tax calculated based on (loss) profit before tax and statutory tax rate	$ (56,658)	$ 12,396
Expenses disallowed by tax regulation	16,739	(4,952)
Temporary differences not recognised as deferred tax assets (note)	(14,850)	70,189
Prior year income tax over estimation (note)	-	(70,716)
Income tax (benefit) expense	($ 54,769)	$ 6,917

Note：On 1 January 2019 (the date of initial application of IFRS 16－ Lease), our Company originally followed the Income Tax Act to calculate our tax payable. On May 22, 2020, the Ministry of Finance issued the Tax Ruling No. 10904546810 and ordered that Taiwan profit-seeking companies should recognise costs and expenses for tax purposes in line with the abovementioned IFRS 16. Consequently, in 2020, our Company companies adjusted the abovementioned over-estimated tax income, and reversed the original estimated deferred tax assets to $75,181 according to the Ruling.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
–Temporary differences				
Valuation loss and loss on market value decline and obsolete and slow-moving inventories	$ 8,418	$ 604	$ -	$ 9,022
Impairment loss on assets	1,513	(120)	-	1,393
Unused compensated absences payable	5,049	3,379	-	8,428
Defined benefit obligation	7,667	(6)	150	7,811
Decommissioning	4,373	(587)	-	3,786
Unrealised exchange loss	-	51	-	51
Exchange differences on translation	8,304	-	3,010	11,314
–Loss carryforwards	20,999	50,960	-	71,959
	56,323	54,281	3,160	113,764
Deferred tax liabilities:				
–Temporary differences				
Unrealised exchange gain	($ 488)	$ 488	$ -	$ -
	$ 55,835	$ 54,769	$ 3,160	$ 113,764

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
–Temporary differences				
Valuation loss and loss on market value decline and obsolete and slow-moving inventories	$ 10,307	($ 1,889)	$ -	$ 8,418
Impairment loss on assets	1,645	(132)	-	1,513
Book-tax difference on lease	95,191	(95,191)	-	-
Unused compensated absences payable	5,086	(37)	-	5,049
Defined benefit obligation	8,488	(809)	(12)	7,667
Decommissioning	4,025	348	-	4,373
Unrealised exchange loss	434	(434)	-	-
Exchange differences on translation	5,540	-	2,764	8,304
–Loss carryforwards	-	20,999	-	20,999
	130,716	(77,145)	2,752	56,323
Deferred tax liabilities:				
–Temporary differences				
Unrealised exchange gain	$ -	($ 488)	$ -	($ 488)
	$ 130,716	($ 77,633)	$ 2,752	$ 55,835

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	$ 100,056	$ 94,428	$ -	2029
2020	7,870	7,195	-	2030
2021	257,494	254,117	-	2031
	$ 365,420	$ 355,740	$ -	

	December 31, 2020			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	$ 100,056	$ 94,428	$ 11,237	2029
2020	4,937	4,262	13,071	2030
	$ 104,993	$ 98,690	$ 24,308	

E. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(25) (Loss) earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 228,523)	47,390	($ 4.82)
Diluted loss per share			
Loss attributable to ordinary shareholders of the parent	($ 228,523)	47,390	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	-	
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	($ 228,523)	47,390	($ 4.82)

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 55,065	47,390	$ 1.16
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 55,065	47,390	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	8	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 55,065	47,398	$ 1.16

(26) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2021	2020
Purchase of property, plant and equipment	$ 233,584	$ 261,526
Add: Opening balance of payable on equipment	50,675	41,116
Less: Ending balance of payable on equipment	(30,116)	(50,675)
Less: Reclassifications	(13,873)	(10,616)
Cash paid during the year	$ 240,270	$ 241,351

(27) Changes in liabilities from financing activities

	2021			
	Short-term borrowings	Lonf-term borrowings	Lease liabilities	Guarantee deposits received
At January 1	$ 500,000	$ -	$ 7,838,101	$ 114,808
Changes in cash flow from financing activities	150,000	200,000	(1,059,337)	(894)
Changes in other non-cash items	-	-	(41,400)	-
At December 31	$ 650,000	$ 200,000	$ 6,737,364	$ 113,914

	2020		
	Short-term borrowings	Lease liabilities	Guarantee deposits received
At January 1	$ -	$ 7,493,947	$ 100,828
Changes in cash flow from financing activities	500,000	(1,143,973)	13,980
Changes in other non-cash items	-	1,488,127	-
At December 31	$ 500,000	$ 7,838,101	$ 114,808

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by Eslite Corporation, which aggregately owns 54.67% of the Company's shares. The ultimate parent and ultimate controlling party of the Company is Eslite Corporation (Eslite).

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Eslite Corporation (Eslite)	Ultimate parent company
Faithful Standard Inc.	Entity controlled by key management
Fuli Interiors Inc. (Fuli)	Fellow subsidiary
Eslite Logistics Co. Ltd.	"
Eslite Development Corporation	"
Tairn Chan Inc.	"
Eslite Culture Hong Kong Ltd.	"
Eslite Spectrum Hong Kong Ltd.	Subsidiary of the Company
Eslite Hospitality Corporation	"
Eslite Spectrum Creativity Corporation	"
The Eslite Spectrum Investment Consulting (Shanghai) Co., Ltd.	"
The Eslite Spectrum Department Store (Shanghai) Co., Ltd.	"
Eslite Spectrum Department Store (Suzhou) Co., Ltd.	"
Eslite Spectrum Department Store (Shenzhen) Co., Ltd.	"
Galaxy Star Holdings Corporation	"
Eslite Spectrum Japan Corporation	"
Eslite Spectrum MF Corporation	"
Auspicious One Corporation	"
Eslite Spectrum Development & Management Corporation	"
Eslite Spectrum Malaysia Sdn. Bhd.	"
Eslite Foundation for Culture and Arts	Other related party

(3) Significant related party transactions and balances

A. Operating revenue

	Year ended December 31	
	2021	2020
Sales of goods:		
Ultimate parent company	$ 897	$ 1,050
Subsidiary of the Company	3,041	7,294
Tenant-counter operating revenue:		
Ultimate parent company	10,906	12,649
Subsidiary of the Company	4,567	3,827
Tenant-counter rental revenue:		
Ultimate parent company	177,034	251,425
Logistics and warehousing revenue:		
Ultimate parent company	171,689	-
Fellow subsidiary	7,476	-
Subsidiary of the Company	793	-
Other related party	110	-
Other operating revenue:		
Ultimate parent company	11,267	1,835
Subsidiary of the Company	3,082	215
Fellow subsidiary	-	9
	$ 390,862	$ 278,304

Goods, logistics and warehousing services are sold based on the price lists in force and terms that would be available to third parties. The tenant-counter rental revenue was primarily generated from the revenue share after monthly reconciliation based on the contract because the related parties set up counters in department stores, and the net revenue from setting up counters in the self-owned mall. Additionally, other operating revenue represents primarily the counter management revenue and mall operation and management revenue due from related parties.

B. Acquisition of goods and services

	Year ended December 31	
	2021	2020
Presented as ‘operating costs’		
Trademark licensing fee:		
Ultimate parent company	$ 52,807	$ 37,897
Purchases:		
Ultimate parent company	673,295	12,005
Presented as ‘operating expenses’		
Logistics, warehousing and distribution fee:		
Fellow subsidiary	-	6,163
Subsidiary of the Company	11	-
Commissioned service fee and information service fee:		
Ultimate parent company	130,411	155,494
Subsidiary of the Company	28,200	18,162
Fellow subsidiary	2,133	6,000
Entity controlled by key management	1,440	1,440
Marketing promotion fee:		
Subsidiary of the Company	29,028	42,500
Ultimate parent company	20,510	14,567
	$ 937,835	$ 294,228

(a) Trademark licensing

i. The Company entered into a trademark licensing agreement with Eslite Corporation to grant the Company the rights to use the licensed trademark on the licensed products/services in specific region starting from January 1, 2021. The licensee is not allowed to transfer the trademark granted under this agreement to the third party and relicensing to the third party is also prohibited without the licensor’s written consent.

ii. The Company entered into an overseas trademark licensing agreement with Eslite to grant the Company the rights to use the licensed trademark on the licensed products/services in specific region starting from September 27, 2020. Eslite agreed that the Company can relicense the trademark granted under this agreement to the third party after the consent of Eslite.

(b) Other transactions were based on normal commercial terms.

C. Other non-operating revenue

	Year ended December 31	
	2021	2020
Presented as ‘other income’		
Management services revenue		
Ultimate parent company	$ 192,692	$ 42,217
Subsidiary of the Company	8,907	9,500
Fellow subsidiary	8,735	-
	$ 210,334	$ 51,717

D. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable		
Ultimate parent company	$ 29,319	$ 5,927
Subsidiary of the Company	1,539	1,194
Fellow subsidiary	867	-
Other related party	17	-
	31,742	7,121
Other receivables		
－Management service revenue receivable and payments on behalf of others		
Ultimate parent company	50,828	19,858
Subsidiary of the Company		
-Eslite Hospitality Corporation	86,527	-
-Auspicious One Corporation	17,418	-
-Others	228	719
Fellow subsidiary	4,725	-
	159,726	20,577
	$ 191,468	$ 27,698

The receivables from subsidiary of the Company, Eslite Hospitality Corporation and Auspicious One Corporation, pertains to loans granted by the Company. Please refer to Note 7(3)I for details.

E. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable		
Ultimate parent company	$ 451,555	$ 234,851
Subsidiary of the Company	5,523	4,179
Fellow subsidiary	4,787	1,170
	461,865	240,200
Other payables		
－acquisition of property, plant and equipment		
Fellow subsidiary	96	20,180
Subsidiary of the Company	10,422	-
	10,518	20,180
	$ 472,383	$ 260,380

Accounts payable were primarily generated from the monthly reconciliation based on the contract because the related parties set up counters in the Company's mall and the Company sold merchandise to customers. As for the payment generated as a result of purchase of merchandise, the parties shall reconcile the accounts at specified time in accordance with the contract.

F. Property transactions

(a) Acquisition of property, plant and equipment

	Year ended December 31	
	2021	2020
Ultimate parent company	$ 89,553	$ 592
Fellow subsidiary		
-Fuli	31,724	58,010
-Others	4,031	-
	$ 125,308	$ 58,602

(b) Acquisition of financial assets:

				Year ended December 31, 2021
	Accounts	No. of shares	Objects	Consideration
Subsidiary of the Company				
Eslite Spectrum Malaysia Sdn. Bhd.	Investments accounted for using equity method	2,200,100	stocks	$ 14,985

	Accounts	No. of shares	Objects	Year ended December 31, 2020 Consideration
Subsidiary of the Company				
Eslite Hospitality Corporation	Investments accounted for using equity method	10,972,500	stocks	$ 109,725
Eslite Spectrum Development & Management Corporation	〃	100,000	〃	1,000
				$ 110,725

(c) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2021	December 31, 2020
Fellow subsidiary		
-Fuli	$ 15,570	$ 24,422

Aforementioned property transaction was based on mutual agreement.

G. Lease - Lease of malls, offices and storage space

(a) The Company leased buildings and structures from related parties and the contract was as follows: Rental contracts are made for periods of 1 to 10 years. Payments are a fixed rent or a fixed commission rate on the gross sales based on the contract.

Names of leased buildings	Lessor
Lonsin Mall	Eslite Development Corporation/ Tairn Chan Inc. (note)
Jianbei office	Eslite

Note：Lonsin Mall was spun off from Eslite Development Corporation to Tairn Chan Inc. on August 1,2020.

(b) Rent expense

	Year ended December 31 2021	2020
Ultimate parent company	$ 6,771	$ 6,771
Fellow subsidiary	-	4,543
	$ 6,771	$ 11,314

(d) Lease liabilities

(i) Outstanding balance:

	December 31, 2021		December 31, 2020	
Current lease liabilities				
Ultimate parent company	$	4,290	$	4,230
Fellow subsidiary		2,330		2,286
	$	6,620	$	6,516
Non-current lease liabilities				
Ultimate parent company	$	1,478	$	5,768
Fellow subsidiary		8,908		12,063
	$	10,386	$	17,831

(ii) Interest expense

	Year ended December 31			
	2021		2020	
Ultimate parent company	$	108	$	167
Fellow subsidiary		189		232
	$	297	$	399

I. Contribution

	Year ended December 31			
	2021		2020	
Other related party	$	-	$	6,000

Aforementioned donation was primarily used to promote and strengthen cultural art and its creative development environment.

I. Loans to /from related parties (Presented as ‘other receivables - related parties’)

(a) Loans to related parties

(i) Outstanding balance:

	December 31, 2021		December 31, 2020	
Subsidiary of the Company				
-Eslite Hospitality Corporation	$	80,154	$	-
-Auspicious One Corporation		17,000		-
	$	97,154	$	-

(ii) Interest income

	Year ended December 31	
	2021	2020
Subsidiary of the Company		
-Eslite Spectrum Department Store (Suzhou) Co. Ltd.	$ -	$ 15
-Eslite Hospitality Corporation	231	297
-Auspicious One Corporation	16	-
	$ 247	$ 312

The loans to subsidiary of the Company are repayable within 1 year and carry interest at 1.15%~1.80% and 1.30%~1.35% per annum for the years ended December 31, 2021 and 2020, respectively.

J. Endorsements and guarantees provided to related parties:

(a) As of December 31, 2021 and 2020, the endorsement guarantee amount provided by the Company to merchandise vouchers issued by the ultimate parent company was $50,000.

(b) As of December 31, 2021 and 2020, the endorsement guarantee amount provided by the ultimate parent company to merchandise vouchers issued by the Company was $100,000.

(c) As of December 31, 2021 and 2020, the fellow subsidiary- Fuli Interiors Inc. provided guarantee in the amount of $399,721 for the Company's construction contract.

(d) As of December 31, 2021, the Company provided guarantee in the amount of $8,110 for the lease agreement of the subsidiary of the Company- Eslite Spectrum Malaysia Sdn. Bhd.

(4) Key management compensation

	Year ended December 31	
	2021	2020
Salaries and other short-term employee benefits	$ 29,126	$ 24,636
Post-employment benefits	432	324
	$ 29,558	$ 24,960

8. PLEDGED ASSETS

Details of the Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2021	December 31, 2020	Purpose
Demand deposits (presented as 'other current financial assets')	$ -	$ 5,857	Trust Fund
Time deposits (presented as 'Current financial assets at amortised cost')	82,683	131,483	Trust Fund and lease performance guarantee
Guarantee deposits paid	337,794	321,745	Lease and construction performance guarantee
	$ 420,477	$ 459,085	

The Company issued gift certificates and set up separate trust accounts with Yuanta Commercial Bank in order to meet the regulations of Mandatory Provisions to be Included in and Prohibitory Provisions of Standard Form Contract for all sorts of gift certificates. As of December 31, 2021 and 2020, the amounts deposited in the account by the Company were $0 and $34,657, respectively.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Except for the transaction described in Note 7, the other significant commitments are as follows:

A. As of December 31, 2021, the Company issued notes for rental payment totaling $1,407,843 in advance for the leased business premises.

B. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2021	December 31, 2020
Property, plant and equipment	$ 12,547	$ 130,121
Intangible assets	8,541	12,854
	$ 21,088	$ 142,975

C. In September 2018, the Company entered into a licensing agreement with Yurindo Co., Ltd. (Yurindo) to grant Yurindo the non-exclusive rights to use the licensed trademark on licensed products/services in the licensed business premises. Yurindo is not allowed to transfer or relicense the trademark granted under this agreement to the third party. The royalties are charged based on the agreement entered into by both parties. Additionally, to assist the operation of licensed business premises, the Company entered into a consulting services agreement with the Company's second-tier companies, Eslite Spectrum MF Corporation and Yurindo. Eslite Spectrum MF Corporation provides related operating technique to Yurindo as "operation consultant". The consulting service fee is charged based on the contract throughout the contract period.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On February 24, 2022, the Board of Directors of the Company proposed to offset deficit and distribute capital surplus in cash for the year ended December 31, 2021. Please refer to Note 6(18) for details.

12. OTHERS

(1) Capital management

The Company's main objective when managing capital is to maintain an optimal capital structure to support the operations and to maximize stockholders' equity.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 61,979	$ 55,472
Financial assets at amortised cost		
Cash and cash equivalents	426,329	375,319
Notes receivable	82,683	131,483
Accounts receivable (including related parties)	7,276	9,015
Finance lease receivable	654,064	468,435
Other current financial assets (including other receivable)	258,367	293,478
Guarantee deposits paid	201,080	63,745
Financial assets at amortised cost	337,794	321,745
	$ 2,029,572	$ 1,718,692
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 650,000	$ 500,000
Accounts payable (including related parties)	10	294
Other payables (including related parties)	1,515,452	1,198,066
Gift certificate payable (presented as 'other current liabilities')	380,278	266,413
Long-term notes and accounts payable	143,748	132,757
Long-term borrowings	200,000	-
Guarantee deposits received	113,914	114,808
	$ 3,003,402	$ 2,212,338
Lease liability	$ 6,737,364	$ 7,838,101

B. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the HKD, RMB and JPY. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is based on the principle of natural hedge.

iii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD); other certain subsidiaries' functional currency: HKD, RMB and JPY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31,2021					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
HKD：NTD	$ 3,074	3.55	$ 10,913	1%	$ 109	$ -
USD：NTD	59	27.68	1,633	1%	16	-
Financial liabilities						
Monetary items						
USD：NTD	$ 924	27.68	$ 25,576	1%	$ 256	$ -
GBP：NTD	319	37.30	11,899	1%	119	-
EUR：NTD	157	31.32	4,917	1%	49	-

	December 31, 2020					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
JPY：NTD	$ 31,682	0.28	$ 8,871	1%	$ 89	$ -
USD：NTD	75	28.48	2,136	1%	21	-
Financial liabilities						
Monetary items						
EUR：NTD	$ 384	35.02	$ 13,448	1%	$ 134	$ -
USD：NTD	269	28.48	7,661	1%	77	-
HKD：NTD	328	3.67	1,204	1%	12	-

iv. Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Company.

	Year ended December 31,2021		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
JPY：NTD	$ -	0.24	($ 339)
HKD：NTD	-	3.55	(291)
EUR：NTD	-	31.32	(142)
USD：NTD	-	27.68	446

	Year ended December 31, 2020		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
JPY：NTD	$ -	0.28	$ 261
USD：NTD	-	28.48	193
RMB：NTD	-	4.38	190

Price risk

i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2021 and 2020 would have increased/decreased by $620 and $555, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company has no significant exposure to interest rate risk of debt instruments.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. The Company manages its credit risk taking into consideration the entire company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments are past due over 30 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.

iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As of December 31, 2021 and 2020, the Company has no written-off financial assets that are still under recourse procedures.

vii. (i) For the customers with good credit, the expected loss rate was 0.07%. As of December 31, 2021 and 2020, the total carrying amount and loss allowance of notes and accounts receivable were $436,943, $378,302 and $306, $265, respectively.

(ii) The Company used the forecastability of boom information to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

	Not past due	Up to 90 days past due	Over 90 days past due	Total
At December 31, 2021				
Expected loss rate	0.42%~1.00%	2.78%~4.95%	100.00%	
Total book value	$ 199,570	$ 22,497	$ 493	$ 222,560
Loss allowance	$ 510	$ 1,781	$ 493	$ 2,784

	Not past due	Up to 90 days past due	Over 90 days past due	Total
At December 31, 2020				
Expected loss rate	0.23%~0.32%	4.94%~9.40%	100.00%	
Total book value	$ 92,843	$ 7,634	$ 764	$ 101,241
Loss allowance	$ 518	$ 546	$ 764	$ 1,828

(iii)Based on historical experience, the Company applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On December 31, 2021 and 2020, accounts receivable and loss allowance amounted to $4,930 and $3, respectively.

viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	Year ended December 31	
	2021	2020
At January 1	$ 2,093	$ 2,421
Provision for impairment	2,564	861
Write-offs	(1,564)	(1,189)
At December 31	$ 3,093	$ 2,093

ix. For investments in debt instruments at amortised cost, the credit rating levels are presented below:

	December 31, 2021			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 82,683	$ -	$ -	$ 82,683

	December 31, 2020			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 131,483	$ -	$ -	$ 131,483

The financial assets at amortised cost held by the Company are all time deposits with maturity over three months. The credit risk rating has no significant abnormal situation.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The company has the following undrawn borrowing facilities:

	December 31, 2021	December 31, 2020
Floating rate		
Expiring within one yeae	$ 991,145	$ 1,097,527

iii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities

December 31, 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 650,000	$ -	$ -	$ -	$ 650,000
Notes payable	10	-	-	-	10
Accounts payable (including related parties)	1,515,452	-	-	-	1,515,452
Other payables (including related parties)	380,278	-	-	-	380,278
Gift certificate payable (presented as 'other current liabilities')	143,748	-	-	-	143,748
Long-term borrowings	-	-	-	200,000	200,000
Lease liability	328,759	956,203	1,267,640	4,528,631	7,081,233

Non-derivative financial liabilities

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 500,000	$ -	$ -	$ -	$ 500,000
Notes payable	294	-	-	-	294
Accounts payable (including related parties)	1,198,066	-	-	-	1,198,066
Other payables (including related parties)	266,413	-	-	-	266,413
Gift certificate payable (presented as 'other current liabilities')	132,753	-	-	-	132,753
Lease liability	344,141	1,009,951	1,277,711	5,705,909	8,337,712

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through other comprehensive income, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, other financial assets, guarantee deposits paid, notes payable, accounts payable, other payables and guarantee deposits received are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 61,979	$ 61,979

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 55,472	$ 55,472

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

ii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

iii. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. The f did not use derivative financial instruments.

F. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021
	Equity instruments
At January 1	$ 55,472
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	6,507
At December 31	$ 61,979

	2020
	Equity instruments
At January 1	$ 53,311
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	2,161
At December 31	$ 55,472

G. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and making any other necessary adjustments to the fair value.

Treasury segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 61,979	Market comparable companies	Note 1	27.53	Note 2

	Fair value at December 31, 2020		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	$	55,472	Market comparable companies	Note 1	24.64	Note 2

Note 1: Price to book ratio, multiple discount for lack of marketability.

Note 2: The higher the multiple, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

K. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement.

(4) Others

Our Company is affected by the global pandemic of COVID-19, a number of countries adopted closed management and issued entry restrictions, leading to continuous economic contraction, and changes to the overall consumption pattern. During the time of epidemic alert, our Company acted according to the policies of these different countries by shortening the opening hours of our stores or suspending our business temporarily. We also adjusted our epidemic prevention measures of our catering services in order to contain the spread of the virus. These measures led to decrease in customer flow and business in our physical sales channel. To cope with the negative impact of the epidemic, our Company had taken the following measures:

A. Adjust operational strategies

Subject to the prevention of epidemic policies, our Company adjusted the opening hours of our stores and service hours of our catering services on a rolling basis. We continued to refined our business performance, reinforced our customers' loyalty and reliability, and at the same time stabilised and improved our business on sales and instalment of kitchen equipment which is less effected by the epidemic. Also, our Company actively promoted our online sale and developed small community stores, so to enable our products and services to penetrate into the lives of our customers without the constraint of physical forms. In conjunction with the existing resources of our Company, we increased the variety of our products, carried out sales promotions, improved our cash flow and logistics. We reinformed both our online and offline sales channels and adjusted our sales strategies according to the changed consumption pattern under the pandemic.

B. Government grant and negotiation for rent concession

Our Company has successively obtain Government grant on various aspects including employees' remunerations, working capital and rent concession. We shall continue to seek rent concession from our landlords actively. Please refer to Note 6(9) and (21).

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the significant transactions for the year ended December 31, 2021 are as follow:

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries and associates): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Information of major shareholder

Information of major shareholders: Please refer to table 8.

14. SEGMENT INFORMATION

Not applicable.

ESLITE SPECTRUM CORPORATION
Loans to others
For the year ended December 31, 2021

Table 1

Expressed in thousands of TWD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum balance for the period	Ending balance	Amount actually drawn	Interest rate	Nature of loan (Note 2)	Transaction amount	Reason for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Financing limits for each borrowing company (Note 3)	Financing company's total financing amount limits (Note 4)	Footnote
0	ESLITE Spectrum Corporation	Eslite Hospitality Corporation	Other receivables - related parties	Yes	$ 100,000	$ 100,000	$ 80,000	1.15%	2	$ -	Operating capital	$ -	None	-	$ 335,557	$ 335,557	
0	ESLITE Spectrum Corporation	Auspicious One Corporation	Other receivables - related parties	Yes	30,000	30,000	17,000	1.80%	2	-	Operating capital	-	None	-	335,557	335,557	
1	Eslite Spectrum Department Store (Suzhou) Co., Ltd.	The Eslite Spectrum Department Store (Shanghai) Co., Ltd.	Other receivables - related parties	Yes	109,600	108,600	108,600	1.50%	2	-	Operating capital	-	None	-	804,624	804,624	
1	Eslite Spectrum Department Store (Suzhou) Co., Ltd.	Eslite Spectrum Department Store (Shenzhen) Co., Ltd.	Other receivables - related parties	Yes	102,578	58,644	58,644	1.50%	2	-	Operating capital	-	None	-	804,624	804,624	
2	The Eslite Spectrum Investment Consulting (Shanghai) Co., Ltd	The Eslite Spectrum Department Store (Shanghai) Co., Ltd.	Other receivables - related parties	Yes	50,416	49,956	41,303	1.50%	2	-	Operating capital	-	None	-	209,536	209,536	
3	Eslite Spectrum Hong Kong Limited	Eslite Culture Hong Kong Limited	Other receivables - related parties	Yes	91,996	91,658	91,658	2.10%	2	-	Operating capital	-	None	-	162,613	162,613	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.
Note 2: The column of ‘Nature of loan’ shall fill in‘1’as‘Buiness transaction’or‘2’as‘Short-term financing’.
Note 3: In accordance with the Company’s “Procedures for Provision of Loans”, limit on loans to a single party is 40% of the Company’s net assets.
For companies having business relationship with the Company, limit on loans granted to a single party is the amount of business transactions occurred between the creditor and borrower in the latest one year.
For the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans granted to a single party is 4 times of creditor’s net assets.
For the subsidiary, Eslite Spectrum Hong Kong Limited, limit on loans granted to a single party is 40% of Eslite Spectrum Hong Kong Limited’s net assets.
For companies having business relationship with Eslite Spectrum Hong Kong Limited, limit on loans granted to a single party is the amount of business transactions occurred between the creditor and borrower in the latest one year
Note 4: In accordance with the Company’s “Procedures for Provision of Loans”, ceiling on total loans granted to others for business transactions or short-term financing is 40% of the Company’s net assets
For the foreign companies which the Group holds 100% of the voting rights directly or indirectly, ceiling on total loans granted to others is 4 times of creditor’s net assets.
For the subsidiary, Eslite Spectrum Hong Kong Limited, ceiling on total loans granted to others for business transactions or short-term financing is 40% of Eslite Spectrum Hong Kong Limited’s net assets.

ESLITE SPECTRUM CORPORATION

Provision of endorsements and guarantees to others

For the year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of 2021 (Note 4)	Outstanding endorsement/ guarantee amount at 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	ESLITE Spectrum Corporation	ESLITE CORPORATION	3	$ 838,894	$ 50,000	$ 50,000	$ 4,350	$ -	5.96%	$ 838,894	N	N	N	
0	ESLITE Spectrum Corporation	Eslite Spectrum Malaysia Sdn. Bhd.	2	$ 838,894	$ 8,216	$ 8,110	$ 8,110	$ -	0.97%	$ 838,894	Y	N	N	

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:
(1)Having business relationship.
(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7)Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”, and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

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

Note 5: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

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

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

ESLITE SPECTRUM CORPORATION

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

For the year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021 Number of shares	Book value	Ownership (%)	Fair value	Footnote
ESLITE Spectrum Corporation	Ordinary shares	PUJEN Land Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,251 thousand	$ 61,979	0.80%	$ 61,979	
Eslite Spectrum Creativity Corporation	Ordinary shares	ORIENTEA ENTERPRISE CO., LTD.	-	Financial assets at fair value through other comprehensive income	177 thousand	13,500	15%	13,500	

ESLITE SPECTRUM CORPORATION

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

For the year ended December 31, 2021

Table 4

Expressed in thousands of TWD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance (Note)	Percentage of total notes/accounts receivable (payable)	Footnote
ESLITE Spectrum Corporation	ESLITE CORPORATION	Parent	Tenant-counter operating and rental revenue	$ 187,440	4.95%	15-45 days	Same as general transaction	15-45 days	($ 88,533)	5.84%	Note
ESLITE Spectrum Corporation	ESLITE CORPORATION	Parent	Logistics and warehousing revenue	171,690	4.53%	15-45 days	Same as general transaction	15-45 days	$ 19,307	2.92%	
Eslite Spectrum Hong Kong Limited	Eslite Culture Hong Kong Limited	Fellow subsidiary	Tenant-counter operating and rental revenue	162,333	37.99%	15-45 days	Same as general transaction	15-45 days	(79,651)	49.38%	Note
ESLITE Spectrum Corporation	ESLITE CORPORATION	Parent	Purchases	673,370	26.77%	15-45 days	Same as general transaction	15-45 days	($ 363,022)	23.95%	

Note: Accounts payable were primarily generated from the monthly reconciliation based on the contract because the related parties set up counters in the Group’s mall and the Group sold merchandise to customers.

ESLITE SPECTRUM CORPORATION

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

For the year ended December 31, 2021

Table 5

Expressed in thousands of TWD

(Except as otherwise indicated)

					Overdue receivables				
Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
Eslite Spectrum Department Store (Suzhou) Co., Ltd.	The Eslite Spectrum Department Store (Shanghai) Co., Ltd.	Fellow subsidiary	$ 112,760	None	$ -	-	$ -	$ -	

ESLITE SPECTRUM CORPORATION

Information on investees

For the year ended December 31, 2021

Table 6

Expressed in thousands of TWD

(Except as otherwise indicated)

Investor	Investee (Note 1.2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Balance as at December 31, 2021: Number of shares	Balance as at December 31, 2021: Ownership (%)	Balance as at December 31, 2021: Book value	Net profit (loss) of the investee (Note 2(2))	Share of profit (loss) of investee (Note 2(3))	Footnote
ESLITE Spectrum Corporation	Galaxy Star Holdings Corporation	Cayman Islands	Holding and reinvestment business	$ 374,896	$ 374,896	20,000,000	100	$ 409,718	$ 80,134	$ 80,134	The Company's subsidiary
ESLITE Spectrum Corporation	Eslite Hospitality Corporation	Taiwan	Hotel management business	150,000	150,000	15,000,000	100	33,174	(100,896)	(102,145)	The Company's subsidiary
ESLITE Spectrum Corporation	Eslite Spectrum Creativity Corporation	Taiwan	Investment in and agency of cultural and creative business	60,000	60,000	6,000,000	100	24,467	(13,382)	(13,382)	The Company's subsidiary
ESLITE Spectrum Corporation	Eslite Spectrum Japan Corporation	Japan	Operation of department	35,666	35,666	2,600	100	22,034	(1,651)	(1,651)	The Company's subsidiary
ESLITE Spectrum Corporation	Eslite Spectrum Development & Management Corporation	Taiwan	Management consultancy	1,000	1,000	100,000	100	990	2	2	The Company's subsidiary
ESLITE Spectrum Corporation	Eslite Spectrum Malaysia Sdn. Bhd.	Malaysia	Operation of department	14,985	-	2,200,100	100	12,474	(1,537)	(1,537)	The Company's subsidiary
Galaxy Star Holdings Corporation	Eslite Spectrum Hong Kong Limited	Hong Kong	Operation of department	360,937	360,937	89,256,000	100	406,533	80,515	-	The Company's subsidiary
Eslite Spectrum Japan Corporation	Eslite Spectrum MF Corporation	Japan	Management consultancy	16,568	16,568	6,039	61	12,507	142	-	The Company's subsidiary
Eslite Spectrum Creativity Corporation	Auspicious One Corporation	Taiwan	Food and beverage business	38,750	35,750	3,875,000	66.81	4,397	(20,679)	-	The Company's subsidiary

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

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

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

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

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

ESLITE SPECTRUM CORPORATION

Information on investments in Mainland China

For the year ended December 31, 2021

Table 7

Expressed in thousands of TWD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method (Note 1)	Beginning balance of accumulated amount of investment from Taiwan	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the period: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the period: Remitted back to Taiwan	Ending balance of accumulated amount of investment from Taiwan (Note 3)	Net income (loss) of the investee company	Ownership held by the Company (direct or indirect)	Investment income (loss) (Note 4)	Book value as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan	Footnote
Eslite Spectrum Department Store (Suzhou) Co., Ltd.	Operation of department store	$ 56,472	(2)	$ 63,565	$ -	$ -	$ 63,565	$ 70,697	100	$ 70,697	$ 201,156	$ -	
The Eslite Spectrum Department Store (Shanghai) Co., Ltd.	Operation of department store	65,160	(2)	74,062	-	-	74,062	(2,548)	100	(2,548)	(152,712)	-	
The Eslite Spectrum Investment Consulting (Shanghai) Co., Ltd	Investment management consulting	47,784	(2)	55,616	-	-	55,616	628	100	628	52,384	-	
Eslite Spectrum Department Store (Shenzhen) Co., Ltd.	Operation of department store	86,880	(3)	-	-	-	-	20,866	100	20,866	(33,926)	-	

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.(the investee in the third area is Galaxy Star Holdings Corporation)

(3) Others

Note 2: The paid-in capital of Eslite Spectrum Department Store (Suzhou) Co. Ltd., The Eslite Spectrum Department Store (Shanghai) Co., Ltd, The Eslite Spectrum Investment Consulting (Shanghai) Co., Ltd. and Eslite Spectrum Department Store (Shenzhen) Co. Ltd. were RMB13,000 thousand, RMB15,000 thousand, RMB11,000 thousand and RMB 20,000 thousand, respectively.

Note 3: As of December 31, 2021, the accumulated amounts of remittance from Taiwan to Mainland China of Eslite Spectrum Department Store (Suzhou) Co. Ltd., The Eslite Spectrum Department Store (Shanghai) Co., Ltd. and The Eslite Spectrum Investment Consulting (Shanghai) Co., Ltd. were RMB13,000 thousand, RMB15,000 thousand and RMB11,000 thousand, respectively

Note 4: Investment income (loss) recognised by the Company for the year ended December 31, 2021 is valued and disclosed based on financial statements audited and attested by R.O.C. parent company's CPA.

Company name	Ending blance of accumulated remittance from Taiwan to Mainland China (Note 5)	Investment amount authorized by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 6)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 7)
The Eslite Spectrum Corporation	$ 193,243	$ 193,243	$ -

Note 5: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 was RMB39,000 thousand.

Note 6: Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) was RMB39,000 thousand.

Note 7: In accordance with "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area" which was amended on August 27, 2008, the Company obtained the proof document which meet the range of operating headquarters from Industrial Development Bureau, Ministry of Economic Affairs (expiry period from December 11, 2019 to December 10, 2022), thus, there was no need to calculate the investment limit.

ESLITE SPECTRUM CORPORATION

Major shareholders information

For the year ended December 31, 2021

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
ESLITE CORPORATION	24,420,489	51.53%
Bank SinoPac as Custodian for Fareast Fortune Investment Limited Investment Account	4,200,000	8.86%