Promate Solutions Corporation and Subsidiaries

Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Promate Solutions Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Promate Solutions Corporation and its subsidiaries (collectively, the "Group") as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of review

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

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2022 and 2021, combined total assets of these non-significant subsidiaries were NT$10,425 thousand and NT$4,798 thousand, respectively, representing 0.60% and 0.31%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT$724 thousand NT$1,760 thousand, respectively, representing 0.12% and 0.46%, respectively, of the consolidated total liabilities; for the three-month periods ended March 31, 2022 and 2021, the amounts of combined comprehensive income (loss) of these subsidiaries were (NT$12) thousand and NT$280 thousand, respectively, representing 0.02% and 0.54% respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Po Jen Weng .and Huei Ming Chen

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2022

<u>*Notice to Readers*</u>

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

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

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
ASSETS	**Amount**	%	**Amount**	%	**Amount**	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4, 6 and 28)	$ 554,777	32	$ 726,561	41	$ 850,613	55
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	14,979	1	10,594	1	9,102	1
Notes receivable (Notes 4, 9,22 and 28)	110	-	-	-	-	-
Accounts receivable (Notes 4, 9,22 ,28 and 30)	582,628	34	461,047	26	186,230	12
Accounts receivable from related parties (Notes 4, 9, 22, 28 and 29)	7,461	-	4,212	-	3,008	-
Other receivables (Notes 4, 9 and 28)	31,416	2	24,521	1	19,634	1
Inventories (Note 4 and 10)	346,348	20	346,426	20	285,601	19
Prepayments (Notes 15)	3,329	-	2,887	-	7,655	1
Other current assets (Note 15)	-	-	30	-	30	-
Total current assets	1,541,048	89	1,576,278	89	1,361,873	89
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 and 28)	87,846	5	85,519	5	49,292	3
Property, plant and equipment (Notes 4 and 12)	47,262	3	43,823	3	48,145	3
Right-of-use assets (Notes 4, 13 and 29)	37,806	2	42,836	2	61,390	4
Other intangible assets (Note 4 and14)	5,357	-	5,851	-	3,488	-
Deferred tax assets (Note 4 and 24)	8,440	1	8,983	1	10,447	1
Prepayments for business facilities (Note 15)	3,660	-	6,834	-	1,926	-
Guarantee deposits paid (Notes 15 and 28)	655	-	656	-	631	-
Total non-current assets	191,026	11	194,502	11	175,319	11
TOTAL	$ 1,732,074	100	$ 1,770,780	100	$ 1,537,192	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 4, 16,28 and 30)	$ 78,824	5	$ 76,221	4	$ -	-
Contract liabilities - current (Notes 4, 18 and 22)	73,827	4	69,004	4	56,884	4
Notes payable (Notes 17 and 28)	42	-	31	-	-	-
Accounts payable (Notes 17 and 28)	159,330	9	200,299	12	105,633	7
Accounts payable to related parties (Notes 17, 28 and 29)	114,201	7	181,574	10	39,774	3
Lease liabilities - current (Notes 4, 13, 28 and 29)	20,722	1	20,763	1	21,571	1
Other payables (Notes 18 and 28)	105,113	6	106,590	6	74,356	5
Other payables - related parties (Notes 18, 28 and 29)	704	-	607	-	904	-
Current tax liabilities (Notes 4 and 24)	19,432	1	8,813	1	29,620	2
Provisions - current (Note 19)	2,869	-	2,938	-	3,441	-
Other current liabilities (Note 18)	2,133	-	2,157	-	2,150	-
Total current liabilities	577,197	33	668,997	38	334,333	22
NON-CURRENT LIABILITIES						
Lease liabilities - noncurrent (Notes 4, 13, 28 and 29)	12,866	1	22,216	1	35,454	2
Provisions - noncurrent (Note 19)	1,455	-	1,386	-	1,683	-
Net defined benefit liabilities - noncurrent (Note 20)	10,273	1	10,408	1	14,904	1
Deferred tax liabilities (Notes 4 and 24)	4,571	-	924	-	119	-
Total non-current liabilities	29,165	2	34,934	2	52,160	3
Total liabilities	606,362	35	703,931	40	386,493	25
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 21 and 28)						
Share capital						
Ordinary shares	382,549	22	382,549	22	382,549	25
Capital surplus	386,829	22	386,829	22	386,829	25
Retained earnings						
Legal reserve	126,158	7	126,158	7	105,299	7
Special reserve	-	-	-	-	2,728	-
Unappropriated earnings	223,498	13	166,518	9	256,257	17
Total retained earnings	349,656	20	292,676	16	364,284	24
Other equity						
Exchange differences on translation of foreign financial statements	(454)	-	(391)	-	(244)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	7,132	1	5,186	-	17,281	1
Total other equity interest	6,678	1	4,795	-	17,037	1
Total equity attributable to owners of the Company	1,125,712	65	1,066,849	60	1,150,699	75
Total equity	1,125,712	65	1,066,849	60	1,150,699	75
TOTAL	$ 1,732,074	100	$ 1,770,780	100	$ 1,537,192	100

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

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	$ 516,478	100	$ 325,367	100
OPERATING COSTS (Notes 4,10, 14, 20, 23 and 29)				
Cost of sales	(387,073)	(75)	(223,433)	(69)
GROSS PROFIT	129,405	25	101,934	31
OPERATING EXPENSES (Notes 9, 13, 14, 20, 23 and 29)				
Selling and marketing expenses	(50,158)	(10)	(25,962)	(8)
General and administrative expenses	(7,945)	(2)	(7,949)	(3)
Research and development expenses	(17,781)	(3)	(16,384)	(5)
Expected credit (loss) gain	(300)	-	6,000	2
Total operating expenses	(76,184)	(15)	(44,295)	(14)
OPERATING PROFIT	53,221	10	57,639	17
NON-OPERATING INCOME (Note 13,23 and 29)				
Interest income	234	-	423	-
Other income	177	-	-	-
Other gains and losses	18,194	4	(619)	-
Finance costs	(269)	-	(444)	-
Total non-operating income and expenses	18,336	4	(640)	-
PROFIT BEFORE INCOME TAX	71,557	14	56,999	17
INCOME TAX EXPENSE (Notes 4 and 24)	(14,577)	(3)	(11,115)	(3)
NET PROFIT FOR THE PERIOD	56,980	11	45,884	14

(Continued)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 ,21and 24)				
Unrealized gain (loss) on investments in equity				
Instruments as at fair value through other comprehensive income	$ 2,327	-	$ 6,155	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	(381)	-	-	-
	1,946	-	6,155	2
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	(79)	-	(244)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	16	-	49	-
	(63)	-	(195)	-
Other comprehensive loss for the year, net of income tax	1,883	-	5,960	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 58,863	11	$ 51,844	16
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
From continuing operations				
Basic	$ 1.49		$ 1.20	
Diluted	$ 1.48		$ 1.19	

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

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company								
							Other Equity		
	Issued Capital			Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized gain on Financial Assets at Fair Value Through Other Comprehensive Income	
	Shares (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings			Total Equity
BALANCE AT JANUARY 1, 2021	38,255	$ 382,549	$ 386,829	$ 105,299	$ 2,728	$ 210,207	($ 49)	$ 11,292	$ 1,098,855
Net profit for the three months March 31, 2021	-	-	-	-	-	45,884	-	-	45,884
Other comprehensive income (loss) for the three months March 31, 2021, net of income tax	-	-	-	-	-	-	(195)	6,155	5,960
Total comprehensive income for the three months March 31, 2021	-	-	-	-	-	45,884	(195)	6,155	51,844
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	166	-	(166)	-
BALANCE AT MARCH 31, 2021	38,255	$ 382,549	$ 386,829	$ 105,299	$ 2,728	$ 256,257	($ 244)	$ 17,281	$ 1,150,699
BALANCE AT JANUARY 1, 2022	38,255	$ 382,549	$ 386,829	$ 126,158	$ -	$ 166,518	($ 391)	$ 5,186	$ 1,066,849
Net profit for the three months March 31, 2022	-	-	-	-	-	56,980	-	-	56,980
Other comprehensive income (loss) for the three months March 31, 2022, net of income tax	-	-	-	-	-	-	(63)	1,946	1,883
Total comprehensive income for the three months March 31, 2022	-	-	-	-	-	56,980	(63)	1,946	58,863
BALANCE AT MARCH 31, 2022	38,255	$ 382,549	$ 386,829	$ 126,158	$ -	$ 223,498	($ 454)	$ 7,132	$ 1,125,712

The accompanying notes are an integral part of the consolidated financial statement

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31 2022	For the Three Months Ended March 31 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 71,557	$ 56,999
Adjustments for:		
Expected credit loss (gain)/provision (reversal of provision) for bad debt expense	300	(6,000)
Depreciation expenses	8,531	9,313
Amortization expenses	494	539
Finance costs	269	444
Other adjustments to reconcile profit (loss)	-	(1,435)
Interest incomes	(234)	(423)
Dividend income	(1)	-
Loss (gain) on inventory impairment	4,000	(6,000)
Inventory scrap loss	1,001	64
Gain on Lease Modification	-	(111)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	202	(2,906)
Net (gain) loss on foreign currency exchange	-	(1,004)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,587)	6,158
Notes reveivable increase	(110)	-
Decrease (increase) in accounts receivable	(121,881)	90,167
Decrease (increase) in accounts receivable due from related parties	(3,249)	2,159
Decrease (increase) in other receivable	(6,895)	(11,044)
Decrease (increase) in inventories)	(4,923)	18,622
Decrease (increase) in prepayments	(442)	(5,147)
Decrease (increase) in other current assets	30	-
Increase (decrease) in contract liabilities	4,823	26,418
Increase (decrease) in notes payable	11	-
Increase (decrease) in accounts payable	(40,969)	(17,393)
Increase (decrease) in accounts payable to related parties	(67,373)	(3,618)
Increase (decrease) in other payable	(1,477)	(19,866)
Increase (decrease) in other payable to related parties	97	(51)

	For the Three Months Ended March 31 2022	For the Three Months Ended March 31 2021
Increase provisions	$ -	$ 1,035
Increase (decrease) in other current liabilities	(24)	(207)
Increase (decrease) in net defined benefit liability	(135)	(140)
Cash generated from operations	(160,985)	136,573
Interest received	234	423
Income tax paid	(133)	(14)
Net cash generated from operating activities	(160,884)	136,982
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	-	86,801
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	470
Other dividends received	1	-
Increase in prepayments f or business facilities	(1,941)	(1,208)
Acquisition of property, plant and equipment	(1,835)	-
Decrease in refundable depositsamortized cost	1	5
Net cash used in investing activities	(3,774)	86,068
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Increase in short-term loans	2,603	-
Payments of lease liabilities	(9,649)	(9,729)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,046)	(9,729)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(80)	(172)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(171,784)	213,149
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	726,561	637,464
CASH AND CASH EQUIVALENTS REPORTED IN THE STATEMENT OF FINANCIAL POSITION	$ 554,777	$ 850,613

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

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

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

(Reviewed, Not Audited)

1. GENERAL INFORMATION

Promate Solutions Corporation (the "Company") is a listed company established on May 29. 2000. The main business of the Company include research & development and manufacture of medical touch screen displays, embedded control systems, special application and industrial displays, and research & development of applicable software and hardware.

According to resolutions of the shareholders' meeting on June 10, 2013 , the department of special application product of Promate Electronic Co., Ltd had been transfer to the Company based on Business Mergers And Acquisitions Act. The purpose of division was due to organization adjustment of Promate Electronic Co. According to Board resolutions, the reference date of the division was August 1.2013. , the value of the division department was 123,900 thousand. The Company had been issued 8,260 thousand ordinary share priced at 15 for division.

The parent company of the Company is Promate Electronic Co., Ltd. with equity interests of 66.21% on March 31, 2022 and 2021.

The Company's shares have been listed on OTC trading at Taipei Exchange since March 2004.

The functional currency of the Company is the New Taiwan Dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on May 11, 2022.

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

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

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The Group are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

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

New IFRSs	Effect Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17-Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the changes in accounting policies that occur on or after the beginning of the.

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

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate, i.e., the Group's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

3) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed; ☐
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and ☐
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
b) The Group chose the accounting policy from options permitted by the standards;
c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

4) Amendments to IAS 8 “Definition of Accounting Estimates

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

5) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have beenprepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information includedin these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

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

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

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

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 11 and Table 4 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, for the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates.The estimates consider cashflow,growth rate, discount rate,profitability and relevant sighificant accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Except for the following, refer to the consolidated financial statements for the year ended December31,2021for the critical accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	$ 193	$ 165	$ 530
Checking accounts and demand deposits	288,696	385,676	402,619
Cash equivalents (investment with original maturities less than three months time deposits)			
Bank time deposit	180,000	340,720	390,000
Repurchase bond	85,888	-	57,464
	$ 554,777	$ 726,561	$ 850,613

The market rate intervals of cash in bank, and repurchase bond at the end of the reporting period were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Demand deposits	0.001%~0.08%	0.001%~0.08%	0.001%~0.35%
Time deposits	0.35%	0.13%~0.35%	0.34%~0.40%
Repurchase bond	0.30%~0.40%	-	0.45%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets at FVTPL - current			
Financial assets mandatorily classified as at FVTP:			
—Domestic listed shares	$ 8,283	$ 10,594	$ 9,102
—Foreign listed shares	6,696	-	-
	$ 14,979	$ 10,594	$ 9,102

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
Non-current			
Investments in equity instruments	$ 87,846	$ 85,519	$ 49,292

Investments in equity instruments at FVTOCI

	March 31, 2022	December 31, 2021	March 31, 2021
Non-current			
Domestic investments			
Listed shares			
HIGGSTEC Inc	$ 38,020	$ 37,595	$ 49,292
Foreign investments			
Private Funds			
Esquarre IoT Landing Fund, L.P	49,826	47,924	-
	$ 87,846	$ 85,519	$ 49,292

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivables			
At amortized cost			
Gross carrying amount	$ 110	$ -	$ -
Less: Allowance for impairment loss	-	-	-
	$ 110	$ -	$ -
Accounts receivables			
At amortized cost			
Gross carrying amount	$ 583,786	$ 461,905	$ 186,838
Gross carrying amount-related parties	7,461	4,212	3,008
Less: Allowance for impairment loss	(1,158)	(858)	(608)
	$ 590,089	$ 465,259	$ 189,238

	March 31, 2022	December 31, 2021	March 31, 2021
Overdue receivables			
Overdue receivables	$ 30	$ 30	$ 30
Less: Allowance for impairment loss	(30)	(30)	(30)
	$ -	$ -	$ -
Others receivables			
Tax refund receivables	$ 17,122	15,097	$ 9,046
Duty Tax refund receivables	1,938	2,104	2,175
Proceeds from sale of financial assets	12,356	7,320	8,413
	$ 31,416	$ 24,521	$ 19,634

a. Accounts receivables

At amortized cost

The average credit period of the sales of goods was 90-135 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

March 31, 2022

	Not Overdue	Overdue 1-30 Days	Overdue 31-60 Days	Overdue 61-90 Days	Overdue More than 91 Days	Total
Expected credit loss rate	0.01%	0.04%	0.04%	5.23%	4.12~100%	
Gross carrying amount	$ 551,368	$ 33,202	$ 3,051	$ 3,736	$ -	$ 591,357
Loss allowance (Lifetime ECL)	(96)	(70)	(6)	(986)	-	(1,158)
Amortized cost	$ 551,272	$ 33,132	$ 3,045	$ 2,750	$ -	$ 590,199

December 31, 2021

	Not Overdue	Overdue 1-30 Days	Overdue 31-60 Days	Overdue 61-90 Days	Overdue More than 91 Days	Total
Expected credit loss rate	0%	0%	3.86%	5.93%	9.12~100%	
Gross carrying amount	$ 432,786	$ 22,733	$ 10,213	$ 207	$ 178	$ 466,117
Loss allowance (Lifetime ECL)	-	-	(790)	(25)	(43)	(858)
Amortized cost	$ 432,786	$ 22,733	$ 9,423	$ 182	$ 135	$ 465,259

March 31, 2021

	Not Overdue	Overdue 1-30 Days	Overdue 31-60 Days	Overdue 61-90 Days	Overdue More than 91 Days	Total
Expected credit loss rate	0.01%	0.07%	4.32%	17.84%	16.85~100%	
Gross carrying amount	$ 153,857	$ 26,721	$ 9,228	$ -	$ 40	$ 189,846
Loss allowance (Lifetime ECL)	(10)	(26)	(532)	-	(40)	(608)
Amortized cost	$ 153,847	$ 26,695	$ 8,696	$ -	$ -	$ 189,238

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

	For the Three Months Ended March 31 2022	For the Three Months Ended March 31 2021
Accounts receivables		
Balance on January 1	$ 858	$ 6,608
Add: Amount of expected credit loss	300	-
Less: Amount of credit loss reversal	-	(6,000)
Balance on March 31	$ 1,158	$ 608
Overdue receivables		
Balance on January 1	$ 30	$ 30
Balance on March 31	$ 30	$ 30

Compared to the balance on January 1, 2022 and 2021, the gross carrying amount of accounts receivables on March 31, 2022 and 2021 increased $125,240 thousand and decreased $92,326 thousand. Due to increase in projected credit loss, the loss allowance

increased $300 thousand and decreased $6,000 thousand.
The Group's accounts receivable with pledge as loan guarantee. Please refer to Note 8 disclosure.

b. Other receivables

The Group does not accrue interest on other receivables. When determining the recoverability of other receivables, the Group considers any changes in the credit quality of other receivables from the original credit date to the balance sheet date. As historical experience shows that other receivables overdue for more than one year are not recoverable, the Company recognizes 100% allowance for bad debts for other receivables aged over one year. For other receivables aged within one year, the Company determines allowance for bad debt by reference to the past arrears of counterparties and analyzing their current financial position, in order to evaluate irrecoverable amounts.

There was no allowance for impairment loss of other receivables on March 31, 2022, December 31, 2021, and March 31, 2021.

10. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	$ 237,353	$ 219,235	$ 154,197
Work in process	35,169	36,705	35,569
Finished goods	64,074	64,717	92,276
Merchandise inventories	4,693	2,023	3,559
Stock in transit	5,059	23,746	-
	$ 346,348	$ 346,426	$ 285,601

Cost of Goods Sold were as follows:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Cost of Goods Sold	$ 382,034	$ 226,012
Labor cost	38	3,357
Loss (gain) on inventory impairment	4,000	(6,000)
Inventory Scrap	1,001	64
	$ 387,073	$ 223,433

The net realizable value of inventories is the increase in the sales price of the inventory in specific markets

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements:

The entity included in the consolidated statements is listed below.

Investor	Investee	Nature of Activities	Proportion of Ownership (%) March 31, 2022	Dec 31, 2021	March 31, 2021	Note
Promate Solutions Co., Ltd	Promate Japan Inc	Trade of electronic commodities	100%	100%	100%	a& b

a. Promate Japan Inc. was incorporated on March 2017 in Tokyo, Japan. It is 100% owner by the Company and the nature of its activities include trade of electronic commodities.

b. Promate Japan Inc. is not a significant subsidiary and their financial statements has not been reviewed.

The financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT$10,425 thousand and NT$4,798 thousand, respectively, representing 0.60% and 0.31%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT$724 thousand and NT$1,760 thousand, respectively, representing 0.12% and 0.46%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2022 and 2021, the amounts of combined comprehensive income (loss) of these subsidiaries were (NT$12) thousand and NT$280 thousand, representing 0.02%, 0.54% of the consolidated total comprehensive income.

12. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2022	December 31, 2021	March 31, 2021
Assets used by the Group	$ 47,262	$ 43,823	$ 48,145

Assets used by the Group:

	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Leasehold Improvements	Total
Cost						
Balance at January 1, 2022	$ 74,003	$ 2,810	$ 10,758	$ 69,061	$ 13,375	$170,007
Addition	176	-	1,659	-	-	1,835
Reclassification	-	-	-	5,115	-	5,115
Balance at March 31, 2022	$ 74,179	$ 2,810	$ 12,417	$ 74,176	$ 13,375	$176,957
Accumulated depreciation						
Balance at January 1, 2022	$ 47,625	$ 2,810	$ 10,214	$ 53,840	$ 11,695	$126,184
Depreciation expenses	1,625	-	69	1,600	217	3,511
Balance at March 31, 2022	$ 49,250	$ 2,810	$ 10,283	$ 55,440	$ 11,912	$129,695
Carrying amount at	$ 24,929	$ -	$ 2,134	$ 18,736	$ 1,463	$ 47,262

March 31, 2022						
Carrying amount at January 1 2022/December 31, 2021	$ 26,378	$ -	$ 544	$ 15,221	$ 1,680	$ 43,823
Cost						
Balance at January 1, 2021	$ 72,642	$ 2,810	$ 10,688	$ 62,593	$ 15,083	$163,816
Reclassification	-	-	-	3,170	-	3,170
Disposal	-	-	-	(2,210)	-	(2,210)
Balance at March 31, 2021	$ 72,642	$ 2,810	$ 10,688	$ 63,553	$ 15,083	$164,776
Accumulated depreciation						
Balance at January 1, 2021	$ 40,911	$ 2,810	$ 9,739	$ 48,950	$ 12,460	$114,870
Depreciation expenses	1,805	-	116	1,806	244	3,971
Disposal	-	-	-	(2,210)	-	(2,210)
Balance at March 31, 2021	$ 42,716	$ 2,810	$ 9,855	$ 48,546	$ 12,704	$116,631
Carrying amount at March 31, 2021	$ 29,926	$ -	$ 833	$ 15,007	$ 2,379	$ 48,145

There was no indication of an impairment loss; therefore, the Group did not perform impairment assessment. during the three months ended March 31, 2022 and 2021.

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

Machinery equipment	3-10 years
Transportation equipment	5 years
Office equipment	3-5 years
Miscellaneous equipment	3-20 years
Leasehold improvements	3-10ears

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amounts			
Buildings	$ 37,010	$ 41,921	$ 60,116
Transportation	796	915	1,274
	$ 37,806	$ 42,836	$ 61,390

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021

Addition to right-of-use assets	$ -	$ 5,438
Depreciation charge for right-of-use assets		
Buildings	$ 4,901	$ 5,223
Inventory Scrap	119	119
	$ 5,020	$ 5,342

Due to the early termination of the lease contract during current period, the company's right of-use assets and lease liabilities were reduced by NT$3,754 thousand and NT$3,865 thousand respectively. Thus, it resulted in a lease modification benefit of NT$111 thousand during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amounts			
Current	$ 20,722	$ 20,763	$ 21,571
Non-current	$ 12,866	$ 22,216	$ 35,454

Discounted rate ranges of lease liabilities were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Buildings	3%	3%	3%
Transportation	5.69%	5.69%	5.69%

c. Material lease-in activities and terms

The Gloup leased a number of cars for use by business personnel or warehouse personnel for 3 years. The lease contracts for these cars do not contain terms for the right of renewal or the right of purchase.

The Gloup also leased certain buildings for the use as plant and office in a period of 5 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Expenses relating to low-value asset leases	$ 157	$ 47
Total cash outflow for lease	($ 9,806)	($ 9,776)

14. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance on January 1, 2022	$ 15,659

	Computer Software
Balance on March 31, 2022	$ 15,659
Accumulated amortization	
Balance on January 1, 2022	$ 9,808
Amortization expenses	494
Balance on March 31, 2022	$ 10,302
Carrying amount on March 31, 2022	$ 5,357
Carrying amount on January 1, 2022/December 31, 2021	$ 5,851
Cost	
Balance on January 1, 2021	$ 18,379
Balance on March 31, 2021	$ 18,379
Accumulated amortization	
Balance on January 1, 2021	$ 14,352
Amortization expenses	539
Balance on March 31, 2021	$ 14,891
Carrying amount on March 31, 2021	$ 3,488

Besides amortization expense, the Group did not acquire, dispose, nor impair any other intangible assets between three months ended March 31, 2022 and 2021.
Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years

Amortization expenses summarized by function:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Operating costs	$ -	$ -
Selling and marketing expenses	27	27
General and administrative expenses	188	512
Research and development expenses	279	-
	$ 494	$ 539

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021

15. OTHER ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Current			
Prepayments			
Prepayment for purchases and expenses	$ 3,329	$ 2,887	$ 7,513
Offsets against business tax payable	-	-	142
	3,329	2,887	7,655
Others current assets			
Temporary payment	-	30	30
	$ 3,329	$ 2,917	$ 7,685
Non-current			
Prepayments for equipment	$ 3,660	$ 6,834	$ 1,926
Refundable deposits	655	656	631
Overdue receivables (Note 9)	30	30	30
Allowance for impairment loss - overdue receivables	(30)	(30)	(30)
	$ 4,315	$ 7,490	$ 2,557

16. BORROWINGS

	March 31, 2022	December 31, 2021	March 31, 2021
Short-Term Borrowings			
Secured borrowings(Note30)			
Bank loans - export letters of credit	$ 78,824	$ 76,221	$ -

The weighted average effective interest rate for export L/C documentary loan which were secured by the Group’s notes receivable (refer to Note 30) with maturity date between April 19, 2022 and May 31, 2022 was 0.786% per annum as of March 31, 2022 and December 31, 2021

17. NOTES AND ACCOUNTS PAYABLE

	March 31, 2022	December 31, 2021	March 31, 2021

	March 31, 2022	December 31, 2021	March 31, 2021
Notes payable			
Non-trade	$ 42	$ 31	$ -
Accounts payable			
Accounts payable	$ 159,330	$ 200,299	$ 105,633
Accounts payable - related parties	114,201	181,574	39,774
	$ 273,531	$ 381,873	$ 145,407

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Current			
Other payables			
Payables for salaries or bonuses	$ 37,867	$ 52,312	$ 21,289
Payables for annual leave	7,650	8,050	7,750
Payables for compensation of employees and remuneration of directors (Note 23)	26,500	19,500	30,300
Accrued commissions	18,953	15,282	2,218
Payable for service	1,415	1,371	1,438
Accrued freights	2,087	2,315	1,494
Other	10,641	7,760	9,867
	105,113	106,590	74,356
Other payables-related party (Note 29)			
Other	704	607	904
	$ 105,817	$ 107,197	$ 75,260
Contract liability(Note22)			
Advance payment	$ 73,827	$ 69,004	$ 56,884
Others liability			
Receipts under custody and others	$ 2,133	$ 2,157	$ 2,150

19. PROVISIONS

	March 31, 2022	December 31, 2021	March 31, 2021
Current			
Warranties*	$ 2,869	$ 2,938	$ 3,441
Non-current			
Warranties*	$ 1,455	$ 1,386	$ 1,683

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Balance on January 1	$ 4,324	$ 5,524
Additional provisions recognized	-	1,035
Rotate unused	-	(1,435)
Balance on March 31	$ 4,324	$ 5,124

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under sale of goods legislation. The estimate had been made on the basis of historic warranty trends, and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined retirement benefit plans was NTD$13 thousand and NTD$18 thousand for the three months ended March 31, 2022 and 2021, respectively. They were calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2021 and 2020, respectively.

21. EQUITY

a. Share capital

Common stock

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	100,000	100,000	100,000
Shares authorized	$1,000,000	$1,000,000	$1,000,000
Number of shares issued and fully paid (in thousands)	38,255	38,255	38,255
Shares issued	$ 382,549	$ 382,549	$ 382,549

The authorized shares include 4,000 thousand shares allocated for the exercise of employee stock options.

b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	$ 386,829	$ 386,829	$ 386,829

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, refer to employees' compensation and remuneration of directors in Note 23, (g).

Taking into account future capital expenditure requirements and long-term financial planning of the Company, the total dividends paid in any given year may not be less than 50% of the distributable earnings in that year. However, cumulative distributable earnings cannot be distributed if it is less than 20% of the total paid-up capital. Dividends could be distributed either through cash or shares, and cash dividends shall not be less than 10% of the total dividends for the year.

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

The company is in accordance with the provisions of the No. 1090150022 order of the Financial supervisory Commission R.O.C .The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly I the unappropriated earning for current period is used if the prior unappropriated earnings is not sufficient. Before the Articles is amendments, the special reserve is appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 and 2020 that were approved in the board of directors on March 15, 2022 and in the shareholders' meetings June 22, 2021, respectively, were as follows:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Legal reserve	$ 16,572	$ 20,859
Reversal of special surplus reserve	-	(2,728)
Cash dividends	147,281	191,274
Cash dividends per share (NT$)	3.85	5

The appropriation of earnings for 2021 are subject to the resolution in the shareholders' meeting to be held on June 14, 2022

d. Special reserves

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Balance on January 1	$ -	$ 2,728
Balance on March 31	$ -	$ 2,728

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Balance on January 1	($ 391)	($ 49)
Current period:		
Exchange differences arising on translating the financials statements of foreign operations	(79)	(244)
Income tax related to gains arising on translating the financial statements of foreign operations	16	49

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Other comprehensive income recognized for the period	(63)	(195)
Balance on March 31	($ 454)	($ 244)

2) Unrealized gain or loss on Financial Assets at FVTOCI

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Balance on January 1	$ 5,186	$ 11,292
Recognized for the year		
Unrealized gain (loss)- equity instruments	2,327	6,155
Unrealized gain (loss)- tax expense	(381)	-
Other comprehensive Income recognized for the year	1,946	6,155
Gain (loss) on disposal of equity instruments transfer to retained earnings	-	(166)
Balance on March 31	$ 7,132	$ 17,281

22. REVENUE

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Revenue from contracts with customers:		
Revenue from the sale of goods	$512,662	$301,105
Design & development revenue	2,373	20,654
Service revenue	1,443	3,608
	$516,478	$325,367

a. Revenue from sales to customers

Revenue from the sale of goods

Goods are categorized into computer monitors and customized products for manufacturing engineering. The Group engages in the sale of embedded control systems, medical displays, and application-specific display modules at the agreed prices stipulated in contracts, quotations or orders.

Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

b. Contract balances

	March 31, 2022	December 31, 2020	March 31, 2021	January 1, 2021
Trade receivables (Note 9)	$ 590,199	$ 465,259	$ 189,238	$ 275,564
Contract liabilities (Note 18)				
Sale of goods	$ 73,827	$ 69,004	$ 56,884	$ 30,466

c. Disaggregation of revenue

For the three months ended March 31, 2022

	Embedded Control	Medical Touch c	Application specific	Others	Total
Goods or service					
Revenue from sale of goods	$118,540	$141,686	$211,066	$ 41,370	$512,662
Service revenue	457	990	2,369	-	3,816
	$118,997	$142,676	$213,435	$ 41,370	$516,478

For the three months ended March 31, 2021

	Embedded Control	Medical Touch	Application specific	Others	Total
Goods or service					
Revenue from sale of goods	$ 89,551	$117,559	$56,115	$ 37,880	$301,105
Service revenue	1,784	1,697	20,664	117	24,262
	$ 91,335	$119,256	$ 76,779	$ 37,997	$325,367

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Interest income

	For the Three Months Ended March 31 2022	For the Three Months Ended March 31 2021
Bank deposits	$ 186	$ 284
Financial assets at amortized cost	48	139
	$ 234	$ 423

b. Other income

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Dividend income	$ 1	$ -
Others	176	-
	$ 177	$ -

c. Other gains and losses

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Gain (loss) on financial instruments		
Mandatorily measured at FVTPL	($ 202)	$ 2,906
Net foreign exchange gain (losses)	18,428	(3,636)
Gain on Lease Modification	-	111
Others	(32)	-
	$ 18,194	($ 619)

d. Finance costs

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Interest on lease liabilities	($ 269)	($ 444)

There was no interest capitalization in the combined company from January 1 to March 31, 2022 and 2021.

e. Depreciation and amortization

	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
An analysis of deprecation by function		
Operating costs	$ 2,648	$ 2,662
Operating expenses	5,883	6,651
	$ 8,531	$ 9,313
An analysis of amortization by function		
Operating costs	$ -	$ -
Operating expenses	494	539
	$ 494	$ 539

f. Employee benefits expense

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Short-term benefits	$ 54,300	$ 43,175
Post-employment benefits(Note 20)		
Defined contribution plans	1,428	1,487
Defined benefit plans	13	18
	1,441	1,505
Other employee benefits	1,822	1,447
Total employee benefits expense	$ 57,563	$ 46,127
An analysis of employee benefits expense by function		
Operating costs	$ 12,826	$ 13,185
Operating expenses	44,737	32,942
	$ 57,563	$ 46,127

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation at the rates of no less than 7.5%~10% and remuneration of directors at the rates of no higher than 3%, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2022 and 2021, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Employees' compensation	7.65%	7.5%
Remuneration of directors	1.28%	1.5%

Amount

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Employees' compensation	$ 6,000	$ 4,700
Remuneration of directors	$ 1,000	$ 900

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

The compensation to employees and remuneration to the directors of 2021 and 2020 were approved by the Company's board of directors on March 15, 2022 and March 23, 2021respectively, were as below:

	2021		2020	
	Employees' compensation	Remuneration of directors	Employees' compensation	Remuneration of directors
The Board of Directors issue pay amounts	$ 16,500	$ 4,000	$ 20,600	$ 4,100
Annual consolidated financial statements authorized	$ 16,500	$ 3,000	$ 20,600	$ 4,100

There was difference between the will pay amounts of employees' compensation and remuneration of directors and the amounts recognized in the company financial statements by the Board of Directors on March 15, 2022 and will be adjusted in 2022 income.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021.

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

h. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Foreign exchange gains	$ 28,833	$ 7,839
Foreign exchange losses	(10,405)	(11,475)
Net gain (loss)	$ 18,428	($ 3,636)

i. The reversal of impairment of non-financial instruments

	For the Three Months Ended March 31 2022	For the Three Months Ended March 31 2021
Inventories (included in costs of goods sold)	($ 4,000)	$ 6,000

24. INCOME TAXES RELATING TO CONTINUING OPERATION

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Current tax		
In respect of the current period	$ 10,753	$ 7,556

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Deferred tax		
In respect of the current period	3,824	3,559
Income tax expense recognized in profit or loss	$ 14,577	$ 11,115

b. Income tax expense recognized in other comprehensive income

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 16	$ 49
Unrealized gain on FVTOCI financial assets	(381)	-
Income tax recognized in other comprehensive income	($ 365)	$ 49

c. Income tax assessments

The tax returns of the Company through 2019 have been assessed by tax authorities. The tax returns of subsidiary Promate Japan prior to 2019 have not been assessed by tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Basic earnings per share		
From continuing and discounted operations	$ 1.49	$ 1.20
Basic earnings per share	$ 1.49	$ 1.20
Diluted earnings per share		
From continuing and discounted operations	$ 1.48	$ 1.19
Total	$ 1.48	$ 1.19

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

Net Profit for the Year

	For the Three Months Ended March 31 2022	For the Three Months Ended March 31 2021
Income for the year attributable to owners of the Company	$ 56,980	$ 45,884
Earnings used in the computation of basic earnings per share	$ 56,980	$ 45,884
Earnings used in the computation of diluted earnings per share	$ 56,980	$ 45,884

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

Unit: NT$ Per Share

	For the Three Months Ended March 31 2022	For the Three Months Ended March 31 2021
Weighted average number of ordinary shares in computation of basic earnings per share	38,255	38,255
Effect of potentially dilutive ordinary shares:		
Employees' compensation	305	340
Weighted average number of ordinary shares used in the computation of diluted earnings per share	38,560	38,595

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

26. **CASH FLOW INFORMATION**

a. Non-cash transactions

For the three months ended March 31, 2022and 2021, the Group entered into the following non-cash investing and financing activities :

The Group reclassified prepayments for equipment amounting to $5,115 thousand and $3,170 thousand, respective, to property, plant and equipment for the three months ended March 31, 2022 and 2021, respectively.

b. Reconciliation of liabilities arising from financing activities:

For the three months ended March 31, 2022

	Balance as of January 1, 2022	Cash Flows	Non-cash Changes: New Lease	Non-cash Changes: Interest Amortized	Non-cash Changes: Disposals	Non-cash Changes: Foreign Exchange Difference	Balance as of March 31, 2022
Short-term borrowings	$ 76,221	$ 2,603	$ -	$ -	$ -	$ -	$ 78,824
Lease liabilities	42,979	(9,649)	-	269	-	(11)	33,588
	$119,200	($ 7,046)	$ -	$ 269	$ -	($ 11)	$112,412

For the three months ended March 31 2021

	Balance as of January 1, 2021	Cash Flows	Non-cash Changes: New Lease	Non-cash Changes: Interest Amortized	Non-cash Changes: Disposals	Non-cash Changes: Foreign Exchange Difference	Balance as of March 31, 2021
Lease liabilities	$ 64,737	($ 9,729)	$ 5,438	$ 444	($ 3,865)	$ -	$ 57,025

27. CAPITAL MANAGEMENT

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

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Group engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Group.

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

28. FINANCIAL INSTRUMENTS

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

The management of the Group believes the carrying amounts of financial assets and financial liabilities not measured at fair value that are very close to maturity or whose future prices equals their carrying amounts, approximates their fair values.

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

1.Fair value hierarchy

Balance as of March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 8,283	$ -	$ -	$ 8,283

	Level 1	Level 2	Level 3	Total
Foreign listed shares	6,696	-	-	6,696
Total	$ 14,979	$ -	$ -	$ 14,979
Financial assets at FVTOCI				
Investments in equity				
Securities listed in ROC	$ 38,020	$ -	$ -	$ 38,020
Domestic unlisted shares and domestic emerging market shares	-	-	49,826	49,826
Total	$ 38,020	$ -	$ 49,826	$ 87,846

Balance as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 10,594	$ -	$ -	$ 10,594
Financial assets at FVTOCI				
Investments in equity				
Securities listed in ROC	$ 37,595	$ -	$ -	$ 37,595
Domestic unlisted shares and domestic emerging market shares	-	-	47,924	47,924
Total	$ 37,595	$ -	$ 47,924	$ 85,519

Balance as of March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 9,102	$ -	$ -	$ 9,102
Financial assets at FVTOCI				
Investments in equity				
－Securities listed in ROC	$ 49,292	$ -	$ -	$ 49,292

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

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

For the three months ended March 31 2022

Financial assets	Financial assets at FVTPL Equity Instrument
Balance at January 1	$ 47,924
Recognized in other comprehensive income	1,902
Balance at March 31	$ 49,826
Unrealized gain (loss) for the current year included in profit or loss relating to assets held at the end of	$ 1,902

the year

3.. Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Gloup measures the fair value of its investments on domestic unlisted shares by using the market approach and using asset-based approach. The comparable company method of market approach is based on the transaction price ,consider the different between the evaluated company and the comparable company,calculate fair value with appropriate multiplirt. The asset-based approach assesses the fair value by calculating the value of each asset and liability by reflect the overall fair value.

c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets			
Fair value through profit or loss (FVTPL)			
Mandatory at FVTPL	$ 14,979	$ 10,594	$ 9,102
Financial assets at amortized (Note 1)	1,177,047	1,216,997	1,060,116
Financial assets at FVTOCI equity instruments			
Investments in equity instruments	87,846	85,519	49,292
Financial liabilities			
Measured at amortized cost (Note 2)	458,214	565,322	220,667

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

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payables, and other payable.

d. Financial risk management objectives and policies

The Group’s major financial instruments included equity and debit investments, accounts receivables, accounts payables, loan, and lease liabilities. The Group’s Corporate Treasury monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Group’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below).

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

a) Foreign currency risk

The Company and its subsidiaries had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by using forward exchange contracts, which was governed by the Group's policies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in exchange rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	U.S. Dollar Impact	
	For the Three Months Ended March 31, 2022	**For the Three Months Ended March 31, 2021**
Profit or loss	$ 4,105	$ 2,091

(i) This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables and accounts payables, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency increase during the current year mainly due to the increase of accounts receivable balance in the USD In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest rate risk

The Group evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
－Financial assets	$ 265,888	$ 340,720	$ 447,464
－Financial liabilities	$ 78,824	$ 76,221	$ -
Cash flow interest rate risk			
－Financial assets	$ 288,696	$ 385,676	$ 403,149

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2022 and 2021 would increase /decrease by $361 thousand and $504 thousand, which was mainly attributable to the Group's exposure to the floating-interest rates on bank deposits.

The Group's sensitivity to interest rates reduced during the year, mainly affected by the decrease in bank deposits with variable interest rates.

c) Other price risk

The Group was exposed to equity price risk through its investments in mutual funds. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 3% higher/lower, the pre-tax other comprehensive income for the three months ended March 31, 2022 and 2021 would have increased/decreased by $449 thousand and $273 thousand, as a result of the changes in fair value of financial assets at FVTOCI.
If equity prices had been 3% higher/lower, the pre-tax profit for the three months ended March 31, 2022, and 2021, would have increased/decreased by $2,635 thousand and $1,479 thousand, as a result of the changes in fair value of financial assets at FVTPL.

The Group's sensitivity to equity prices increased mainly because of its increase in financial assets investment

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period,, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be mainly from the following:

a) The carrying amount of the financial assets recognized in the balance sheets; and
b) The maximum amount payable by the Group due to financial guarantees provided by the Group, regardless of possibility.

Financial assets are potentially affected by the failure of the Group's counterparties to fulfill their contractual obligations. The Group's credit risk is evaluated based on contracts whose fair value at the end of the financial reporting period is positive. The Group's counterparties are financial institutions and companies with sound credit ratings. The Group has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. The Group has signed a contract with the bank to sell accounts receivable, and there is no need to guarantee to the ability of debtors in accounts receivable to affect fulfillment of debt obligations due to credit risk within the bank's underwriting limit. Hence, the management of the Group believes that the credit risk of the Group has declined significantly

Accounts receivable from customers exceeding 5% of the total accounts receivable accounted for 64.6%, 63.4%, and 58.9% of the Group's accounts receivable balance as of March 31, 2022, December 31, 2021, and March 31, 2021, respectively.

The maximum credit exposure of the Group is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group's available unutilized bank loan facilities set out in section (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

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

March 31, 2022

	Less Than 1 Year	1-5 Years
Non-interest bearing liabilities		
Notes payable	$ 42	$ -
Trade payable	273,531	-
Other payable	105,817	-
Lease liabilities	21,366	13,105
Fixed Rate		
Short-term borrowings	78,824	-
	$479,580	$ 13,105

Additional information about the maturity analysis for lease liabilities:

	Less Than 1 Year	1-5 Years
Lease liabilities	$ 21,366	$ 13,105

December 31, 2021

	Less Than 1 Year	1-5 Years
Non-interest bearing liabilities		

	Less Than 1 Year	1-5 Years
Notes payable	$ 31	$ -
Trade payable	381,873	-
Other payable	107,197	-
Lease liabilities	21,383	22,771
Fixed Rate		
Short-term borrowings	76,440	-
	$586,924	$ 22,771

Additional information about the maturity analysis for lease liabilities:

	Less Than 1 Year	1-5 Years
Lease liabilities	$ 21,383	$ 22,771

March 31, 2021

	Less Than 1 Year	1-5 Years
Non-interest bearing liabilities		
Notes payable	$ -	$ -
Trade payable	145,407	-
Other payable	75,260	-
Lease liabilities	22,804	42,936
	$243,471	$ 42,936

Additional information about the maturity analysis for lease liabilities:

	Less Than 1 Year	1-5 Years
Lease liabilities	$ 22,804	$ 42,936

b) Financing facilities

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank overdraft facilities			
－Amount used	$ 87,868	$ 82,221	$ 10,000
－Amount unused	221,132	219,219	184,140
	$ 309,000	$ 301,440	$ 194,140

29. TRANSACTIONS WITH RELATED PARTIES

The parent company of the Company is Promate Electronic Co., Ltd., which held 66.21% of the Company's ordinary shares on March 31, 2022 December 31, 2021 and March 31, 2021.

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

a. Names and categories of related parties

Name	Related Party Category
Promate Electronic Co., Ltd	The Company's Parent company
Promate Electronic (Shenzhen) Co., Ltd	Subsidiary of Promate
Promate Electronic (Shanghai) Co., Ltd	Subsidiary of Promate
PROMATE ELECTRONICS COMPANY USA	Subsidiary of Promate
Weikeng Industrial Co., Ltd	Substantive related party-chairman is a director of the Company
HIGGSTEC Inc.	The management - parent company of the Company is the corporate director of the Company

b. Operating revenues

Line Item	Related Party Category/Name	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Sale of goods	The Company's Parent company	$ 6,958	$ 3,065
	Subsidiary of Promate	51	5
	The management	228	215
		$ 7,237	$ 3,285
Repairs	The Company's Parent company	$ 33	$ 14

c. Purchases of goods

Related Party Category/Name	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Promate Electronic Co., Ltd	$ 142,735	$ 39,458
Substantive related party-chairman is a director of the Company	6,866	4,104
The management	6,103	1,531
	$ 155,704	$ 45,093

The related-party transactions were conducted under normal terms.

d. Receivables from related parties (excluding loans to related parties)

Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
The Company's parent company	$ 7,215	$ 3,568	$ 2,776
Subsidiary of Promate	-	-	5
The management	246	644	227
	$ 7,461	$ 4,212	$ 3,008

The outstanding accounts receivables from related parties are unsecured. For the three months ended March 31, 2022 and 2021, no impairment loss was recognized for accounts receivables from related parties.

e. Other receivables from related parties

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payables	The Company's Parent company	$ 100,063	$ 168,978	$ 34,246
	Substantive related party-chairman is a director of the Company	7,943	7,889	4,829
	The management	6,195	4,707	699
		$ 114,201	$ 181,574	$ 39,774
Other payables	Subsidiary of Promate	$ 704	$ 607	$ 904

The outstanding accounts payables to related parties are unsecured.

f. Lease arrangements

Acquisition of right-of-use assets

Related Party Category/Name	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Acquisition of right-of-use assets		
Substantive related parties	$ -	$ 5,438

Line Item	Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Lease liabilities	The Company's Parent company	$ 16,323	$ 21,765	$ 26,807
	Substantive related party-chairman is a director of the Company	3,449	4,139	4,758
		$ 19,772	$ 25,904	$ 31,565

Related Party Category/Name	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Interest expense		
The Company's Parent company	$ 132	$ 210
Substantive related party - chairman is a director of the Company	26	35
	$ 158	$ 245
Gain on Lease Modification		
Substantive related parties	$ -	$ 111

Lessor	Location	Lease Term Payment Method
The Company's Parent company	Chingpu Plant	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT$929,000.

Lessor	Location	Lease Term Payment Method
Substantive related party-chairman is a director of the Company	Office building along Huanshan Road, Neihu District	The lease term begins on January 1, 2019 and ends on December 31, 2023. Rent is paid every six months, where the monthly rent is NT$111,000。(In January 1, 2021, the lease was early terminated)
Substantive related party-chairman is a director of the Company	Office building along Huanshan Road, Neihu District	The lease term begins on January 1, 2021 and ends on December 31, 2024. Rent is paid every six months, where the monthly rent is NT$119,000。

g. Other transactions with related parties

Line Item	Related Party Category/Name	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Operating Cost – Ousourcing expenses	The management	$ 133	$ -
Research and development expense	The Company's Parent company	$ 334	$ 465
	Substantive related party - chairman is a director of the Company	-	88
	The management	594	89
		$ 928	$ 642
Professional service fees	Subsidiary of Promate	$ 2,281	$ 2,277
IT information expense	The Company's Parent company	$ 1,220	$ 1,220

h. Compensation of key management personnel

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Short-term employee benefits	$ 7,181	$ 3,289
Other long-term employee benefits	86	113
	$ 7,267	$ 3,402

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

30.ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings: :

	March 31, 2022	December 31, 2021	March 31, 2021
Account Receivables(Note9)	$ 78,824	$ 76,221	$ -

31.SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group has all issued letters of guarantee for tariff guarantee amounted to $6,000 thousand , $6,000 thousand and $10,000 thousand, respectively.
b. As of March 31, 2022, the Group has all issued letters of guarantee for performance guarantee amounted to $3,044 thousand , respectively.
c. As of March 31, 2022, December 31, 2021 and March 31, 2021, commitments due to contracts for the acquisition of equipment were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Contract amount			
Paid amount	$ 3,660	$ 6,834	$ 1,926
Unpaid amount	2,030	10,231	3,114
	$ 5,690	$ 17,065	$ 5,040

32.SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

Unit: In Thousands for Currencies

March 31, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 25,008	28.63 （USD：NTD）	$ 715,847
USD	216	122.39 （USD：JPY）	6,172
EUR	163	31.92 （EUR：NTD）	5,191
GBP	45	37.62 （GBP：NTD）	1,697
JPY	13,466	0.24 （JPY：NTD）	3,168
			$ 732,075

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 10,666	28.63 （USD：NTD）	$ 305,304

	Foreign Currencies	Exchange Rate	Carrying Amount
USD	157	122.39 （USD：JPY）	4,483
EUR	18	31.92 （EUR：NTD）	570
			$ 310,357

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 27,499	27.68 （USD：NTD）	$ 761,179
USD	180	115.02 （USD：JPY）	4,984
EUR	92	31.52 （EUR：NTD）	2,912
GBP	76	37.50 （GBP：NTD）	2,849
JPY	9,994	0.24 （JPY：NTD）	2,403
			$ 774,327
Financial liabilities			
Monetary items			
USD	14,096	27.68 （USD：NTD）	$ 390,183
USD	125	115.02 （USD：JPY）	3,458
EUR	16	31.52 （EUR：NTD）	519
JPY	1,570	0.24 （JPY：NTD）	378
			$ 394,538

March 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 11,045	28.54（USD：NTD）	$ 315,166
Financial liabilities			
Monetary items			
USD	3,717	28.54 （USD：NTD）	$ 106,054

The Group is mainly exposed to the fluctuations other than USD. For the three months ended March 31, 2022 and 2021, realized foreign exchange gains(losses) were $2,842thousand and ($1,057)thousand, respectively; Unrealized foreign exchange gains(losses) were $15,586 thousand and($2,579) thousand, respectively.

33.OTHERS ITEMS

On April 29, 2021, the Company's board of directors resolved to subscribe Esquarre IoT Landing Fund,L.P. in US$5 million. The investments in private funds accounted for 12.79% of the company's total equity of the current period. As of March 31, 2022, the Company has invested US$1,723 thousand and measured at fair value through other comprehensive income. Please refer to Note 8 disclosure.

34.SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and information in investees:
   1) Financing provided to others. (None)
   2) Endorsement/guarantee provided. (None)
   3) Marketable securities held. (Table 1)
   4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 2)
   5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)
   6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)
   7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)
   8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)
   9) Trading in derivative instruments. (None)
   10) Significant transactions between the Company and subsidiaries. (None)

b. Information of investees. (Table 4)

c. Information on investments in mainland China (None)

d. Information of major shareholders: The following is the information of major shareholders: Name of major shareholder, number of shares owned and percentage of ownership of shareholders whose percentage of ownership of shareholders is higher than 5%. (Table 5)

35.SEGMENT INFORMATION

Information reported to the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to the requirements of IAS 34, the Group engages in organization management and resource allocation in a single operating segment, and its business is concentrated in a single industry related to mainframes and peripheral equipment for point-of-sale systems. In addition, the Group provides segment information reviewed by the CODM, whose basis of measurement is similar to that of financial statements. Therefore, the revenue and total assets of reportable segments for the three months ended March 31, 2022 and 2021 can be determined by reference to the balance sheet and consolidated statement of profit and loss for the three months ended March 31, 2022 and 2021.

The CODM considers the sales units engaging in the sale of mainframes and peripheral equipment in each country as separate operating segments. But for financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

a. These operating segments have similar long-term gross profit margins.
b. Similar product nature and transaction method.
c. Products are delivered to customers in the same way.

TABLE 1

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
March 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	March 31, 2021				Note (Note 4)
				Number of Shares	Carrying Amount (Noted 3)	Percentage of Ownership (%)	Fair Value	
Promate Solutions Corporation	Repurchase agreements							
	ADCB Finance (Cayman) Limited	None	Cash and cash equivalents	-	$ 28,310 (USD 989)	-	$ 28,310 (USD 989)	
	Bank of China Ltd.	〃	〃	-	328 (USD 11)	-	328 (USD 11)	
	Cooperatieve Rebobank U.A 〔Utrecht Branch〕	〃	〃	-	18,778 (USD 656)	-	18,778 (USD 656)	
	ABN AMRO Bank N.V	〃	〃	-	9,847 (USD 344)	-	9,847 (USD 344)	
	Citigroup Inc.	〃	〃	-	28,625 (USD 1,000)	-	28,625 (USD 1,000)	
					$ 85,888		$ 85,888	
	Ordinary shares							
Promate Solutions Corporation	YAGEO CORPORATION	None	Financial assets at fair value through profit or loss -current	500	$ 217	-	$ 217	Domestic listed company
	Taiwan Semiconductor Manufacturing Co., Ltd .	〃	〃	1,500	896	-	896	〃
	Asia Vital Components Co., Ltd.	〃	〃	11,000	1,281	-	1,281	〃
	INTERNATIONAL GAMES SYSTEM CO.,LTD	〃	〃	2,000	1,532	-	530	〃
	Avalue Technology Incorporation	〃	〃	18,000	1,069	-	572	〃
	KO JA (CAYMAN) CO., LTD.	〃	〃	13,500	856	-	209	〃
	Sports Gear Co., Ltd	〃	〃	35,000	2,432	-	680	〃
	Adobe Inc	〃	〃	80	1,043 (USD 36)	-	1,043 (USD 36)	Foreign listed company
	Apple Inc	〃	〃	100	500 (USD 17)	-	500 (USD 17)	〃
	(The) Home Depot, Inc	〃	〃	50	428 (USD 15)	-	428 (USD 15)	〃
	Intuitive Surgical, Inc	〃	〃	50	432 (USD 15)	-	432 (USD 15)	〃
	Microsoft Corporation	〃	〃	50	441 (USD 15)	-	441 (USD 15)	〃
	Micron Techonology, Inc	〃	〃	150	335 (USD 12)	-	335 (USD 12)	〃

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	March 31, 2021				Note (Note 4)
				Number of Shares	Carrying Amount (Noted 3)	Percentage of Ownership (%)	Fair Value	
Promate Solutions Corporation	NVIDLA Corporation	None	Financial assets at fair value through profit or loss -current	160	1,250 (USD 44)	-	1,250 (USD 44)	Foreign listed company
	Taiwan Semiconductor Manufacturing Company Limited	〃	〃	250	$ 746 (USD 26)	-	$ 746 (USD 26)	〃
	Tesla, Inc	〃	〃	20	617 (USD 22)	-	617 (USD 22)	〃
	Unity Software Inc	〃	〃	150	426 (USD 15)	-	426 (USD 15)	
	ASML Holding N.V.	〃	〃	25	478 (USD 17)	-	478 (USD 17)	
					$ 14,979		$ 14,979	
	Higgstec Inc	〃	Financial assets at fair value through other comprehensive income -noncurrent	1,062,000	$ 38,020		$ 38,020	Domestic listed company
Promate Solutions Corporation	Private funds.							
	Esquarre IoT Landing Fund,L.P.	None	Financial assets at fair value through other comprehensive income -noncurrent		$ 49,826 (USD 1,773)		$ 49,826 (USD 1,773)	Foreign unlisted company

Note 1: Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities as promulgated in IFRS 9 "Financial Instruments."

Note 2: When the issuers of marketable securities are not related parties, this column can be left blank

Note 3: If measured by fair value, please fill in the carrying balance, which is adjusted through fair value valuation with loss allowance deducted, in the carrying amount column; if not measured by fair value, please fill in the carrying balance at amortized cost (loss allowance is already deducted).

Note 4: The number of shares of securities, the amount pledged as security or pledged for loans, and the restrictions on use under some agreements shall be stated in the remarks column if the securities presented herein have such conditions.

Note 5: Please refer to Table 4 for relevant information on investments in subsidiaries.

TABLE2

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 2022

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

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counter Party (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance	
					Share	Amount	Share	Amount	Share	Carrying Amount	Book cost	Gain (Loss) on Disposal	Share	Amount
Promate Solutions Corporation	Fund -ADCB Finance (Cayman) Limited	CASH AND CASH EQUIVALENTS	China Bills Finance Corporation Foreign Branch Fund	None	-	$ -	-	$ 82,349 (USD2,967)	-	$ 54,656 (USD 1,979)	$ 54,632 (USD 1,978)	$ 24	-	$ 28,310 (USD 989)

Note1. Marketable securities in this table refer to stocks, bonds, beneficiary certificates, and other relevant derivative securities

Note2 Marketable securities investor by equity need wrire this item if none.

Note3. The accumulated amount of purchase and sales shall be calculated separately based on market value to see if the amount exceed NT$300 million or 20% of the Company's paid-in capital.

Note4. Paid-in capital referred to herein is the parent company's paid-in capital.In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

TABLE 3

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Term	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Solutions Corporation	Promate Electronic Co., Ltd	Parent company	Purchase	$ 142,735	40.57%	Net 60 days after monthly closing	-	-	Accounts payable $ 100,063	36.58%	

Note 1. Where related parties' transaction conditions are different from the general ones, the situation and reasons of the differences shall be stated in the column of unit price and credit granting period.
Note 2. In case of advance payment (receipt), the reasons, contractual terms, the amount, and differences from general transactions shall be stated in the remarks column.
Note 3. Paid-in capital referred to herein is the parent company's paid-in capital. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of the equity attributable to owners of the parent in the calculation.

TABLE 4

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars/Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2022			Net Income (Loss) of the Investee (Note 2(2))	Investment Gain (Loss) (Note 2(3))	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Promate Solutions Corporation	PROMATE JAPAN Inc	Japan	Trade of electronic commodities	$ 2,791	$ 2,791	100,000	100%	$ 3,525	$ 350	$ 350	

Note 1: Where a public company has a foreign holding company and the consolidated financial report is the main financial report according to local laws and regulations, the disclosure of information on foreign investees may only include the holding company's relevant information.

Note 2: In cases other than those described in Note 1, the following information shall be provided:

1) "Investee name," "region," "main business items," "the original investment amount," and "the final stake" shall be filled in in order according to the reinvestment situation of the (public) Company and the reinvestment situation of each investee directly or indirectly controlled, and the relationship between each investee and the (public) Company shall be indicated in the remarks column (e.g., a subsidiary or a sub-subsidiary).
2) In the column of "Profit and loss of investee in the current period," the current profit and loss amount of each investee shall be filled in.

3) In the column of "investment gains and losses recognized in the current period," only the recognized profit and loss amount of each subsidiary that is directly invested by the (public) Company and each investee assessed by equity method shall be filled in, and the rest is not required to be filled in.Where the "gains and losses of subsidiaries that are invested directly are recognized for the current period," it shall be confirmed that the gains and losses of the subsidiaries have included their investment gains and losses that shall be recognized in accordance with the regulations.

PROMATE SOLUTIONS CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
March 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Major Shareholder	Shares	
	Number of Shares	Number of Shares
Promate Electronic Co., Ltd	25,327,500	66.21%

Note 1: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.