Stock Code: 6188

Quanta Storage Inc.

2021
Annual Report

April 30, 2022

The Website for Annual Report Query:
Market Observatory Post System: http://mops.twse.com.tw
The Company's Website: http://www.qsitw.com

◎Spokesperson

Name: LEE, CHIH-JEN

Job Title: Assistant Vice President, Finance and Administration Center

Tel: (03)328-8090

E-mail: chih-jen.lee@qsitw.com

◎Deputy Spokesperson

Name: CHEN, MEI-CHUAN

Job Title: Head of Financial and Accounting Department

Tel: (03)328-8090

E-mail: lita.chen@qsitw.com

◎ Company and Factory Address and Telephone

Company Address: 6F, No. 58-2, Huaya 2nd Road, Guishan District, Taoyuan City

Factory Address: 6F, No. 58-2, Huaya 2nd Road, Guishan District, Taoyuan City

Tel: (03)328-8090

◎ Stock Transfer Agency

Name: Agency Department of CTBC Bank Co., Ltd.

Address: 5F, No. 83, Section 1, Chongqing South Road, Taipei City

Tel: (02) 6636-5566

Website: https://ecorp.ctbcbank.com/cts/index.jsp

◎ The Certified Public Accountants of the Financial Report for the Last Year

Name of CPAs: WU,TSAO-JEN and LIEN,SHU-LING

CPA Firm: KPMG Certified Public Accountants

Address: 68F, No. 7, Section 5, Xinyi Road, Xinyi District, Taipei City

Tel: (02) 8101-6666

Website: http://www.kpmg.com.tw

◎ Name of any exchanges where the Company's securities are traded offshore and the method of Inquiry of the information on the offshore securities: None

◎ Company website: http://www.qsitw.com

Table of Contents

One. Letters to the shareholders

As the world continued to be ravaged by the COVID-19 pandemic in 2021, both medical and economic activities were severely challenged. Various isolation policies and pandemic prevention measures adopted by countries around the world in response to the pandemic have also reshaped people's daily lifestyles, work patterns, and economic activities. With the ups and downs of the pandemic, changes in international monetary policies, and severe port congestion in global logistics, the supply of raw materials was unstable and prices fluctuated significantly. Meanwhile, geopolitical conflicts among major powers have resulted in uncertain factors, including sharp fluctuations in exchange rates. All of this has tested the resilience of business management.

Over the past year, Quanta Storage had experienced major outbreaks of the pandemic in Taiwan and its main production plant in Thailand, together with the instability of raw material logistics, changes in international monetary policies, unstable supply of raw materials, and sharp fluctuations in prices. Despite such an uncertain environment, we still tapped into our team's capabilities to quickly respond and adapt to overcome difficulties one by one. Thanks to the unremitting collective efforts of all our employees, our annual revenue and profit both bucked the trend and reached new highs in recent years.

The summary of the 2021 operational performance and 2022 operation prospects is as follows:

I. 2021 Operating Results and Plan

For operating and revenue, the company had a consolidated revenue of NT$11,028,508 thousand, a 5.27% increase compared to the NT$10,476,353 thousand of 2020. Gross profit of 2021 was NT$2,592,950 thousand, an increase of 11.91% compared to last year. Earnings per share were NT$3.57. The financial summary as follows:

Unit: NT$ thousand; %

Account	2021	2020	Increase / decrease amount	Increase / decrease %
Operating revenue	11,028,508	10,476,353	552,155	5.27
Gross profit	2,592,950	2,316,905	276,045	11.91
Net income from operations	976,717	1,032,266	(55,549)	(5.38)
Current period net profit	1,000,548	104,540	896,008	857.10

Note: According to the CPA's audited consolidated financial statement

Unit: %

Item		2021	2020
Financial structure	Ratio of liabilities to assets	39.07	37.52
	Ratio of long-term capital to property, plant and equipment	583.23	615.61
Debt service ability	Current ratio	242.01	247.46
	Quick ratio	206.71	214.70

Unit: %

Item		2021	2020
Profitability	Assets return ratio	7.68	0.88
	Equity return ratio	12.40	1.37
	Net profit ratio	9.07	1.00

Note: According to the CPA's audited consolidated financial statement

The company's ratio of liabilities to assets of these two years are 39.07% and 37.52%, respectively. Ratio of long-term capital to property, plant and equipment of these two years are 583.23% and 615.61%, respectively. As the ratio of long-term capital to property, plant and equipment is much higher than 100%, it shows that the long-term capital can fulfill the need of property, plant and equipment and the financial structure is solid. As for solvency, the quick ratio and current ratio being greater than 100% shows that the working capital can fulfill the need of current liabilities. Due to the business growth, our profitability, the return on assets, return on equity, and net profit ratio all increased significantly compared with 2020.

Regarding operations and management, Quanta Storage continues to invest in the development and applications of our new products to adopt to changes in market and ensure the constant development and competitiveness of the company. In the face of the ups and downs of the pandemic, changes in international monetary policies, and severe port congestion in global logistics, leading to unstable supply of raw materials and great fluctuation of prices, as well as geopolitical conflicts between major powers, resulting in great fluctuations in exchange rates and other uncertain factors, we will maintain a stable financial foundation and deepen our partnership with customers and suppliers, while continuing to tap into our team's capabilities to respond quickly and adapt to changes, to cope with the uncertainties in the general environment and ensure the company’s stable growth.

II. 2022 Operating Prospects

The year of 2022 will still be full of challenges. In addition to the continuous impact of the COVID-19 pandemic on people’s lifestyles and economic activities, international geopolitical conflicts continue to escalate, and monetary policy changes in the post-pandemic era will inevitably affect the global economy. Quanta Storage will maintain our solid financial foundation and cautiously face all of the possible fluctuations of the global economy while maintaining innovative thought and action. The company will also concentrate on developing new products and innovative applications, while continuing to tap into our team's capabilities to respond quickly and adapt to changes, to cope with the uncertainties in the general environment and ensure the company’s stable growth.

Facing the fiercely competitive business environment, the rapid market changes, and the ever-changing international situation, we have been convinced that maintaining a robust financial foundation and positive and innovative thinking and attitude, while tapping into our team's capabilities to respond quickly and adapt to changes will enable us to face the fluctuations in the general environment stably and continue to create corporate values. The company truly appreciates the support and encouragement from our shareholders.

Chairman: HO, SHI-CHI

Two. Company Profile

I. Date of incorporation registration: February 10, 1999.

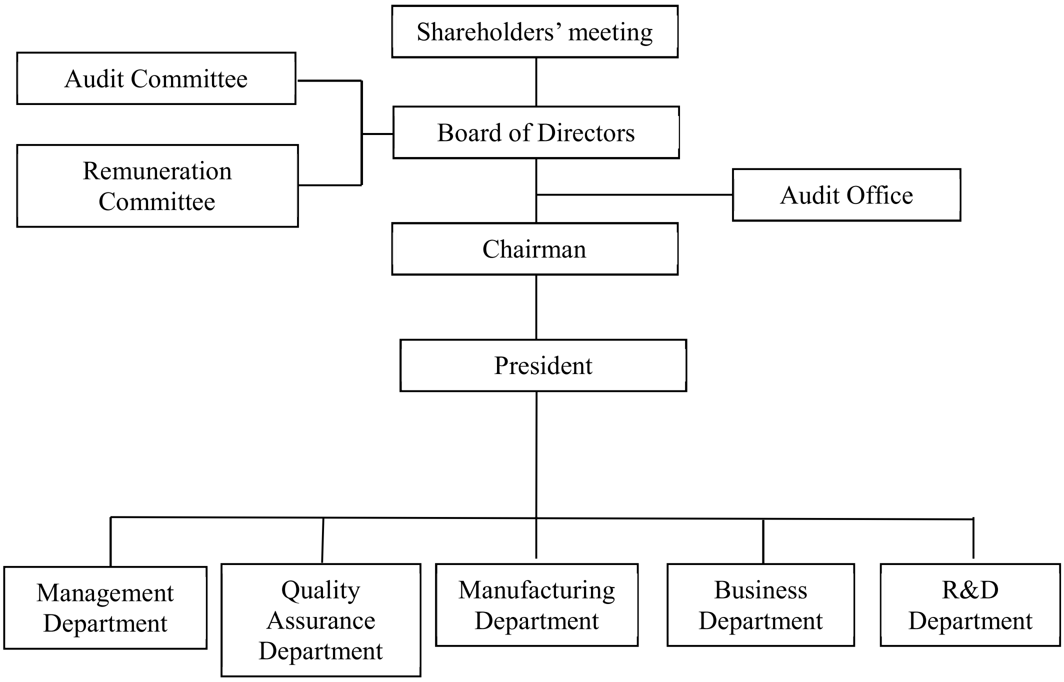
II. Organization and operations:

Year	Major Event
1999	• The Company was established in Taoyuan County with a capital of NT$200 million
2000	• Carried out initial public offering • Passed ISO-9001 quality certification
2002	• Registered with Taipei Exchange as a stock traded in the emerging stock market • Issued employee stock warrants • Officially listed on Taipei Exchange for trading
2007	• Invested in the establishment of Quanta Storage (Changshu) Ltd. • Ranked 154th in CommonWealth Magazine's Top 1000 Manufacturing Enterprises
2008	• Won the 16th Industrial Technology Development Excellent Enterprise Innovation Award from the Ministry of Economic Affairs • Ranked 82nd among the top 100 patents of Taiwan's Institutional Invention Patents of Intellectual Property Office
2009	• Invested in the establishment of Techman Electronics (Changshu) Co., Ltd. • Ranked 14th among the top 100 technology companies in 2009 by Business Next
2015	• Invested in the establishment of Techman Robot Inc.
2017	• Invested in the establishment of Techman Electronics (Thailand) Co., Ltd.
2021	• Purchased land on Wenming 1st Street, Guishan District, and built the headquarters office building and a R&D center • Relocated to 6F, No. 58-2, Huaya 2nd Road, Guishan District, Taoyuan City

Three. Corporate Governance Report

I. Organization:

1. Organizational structure



2. Overview of the functions of the main departments

Name of department name	Main responsibilities
Audit Committee	Supervise the adequacy of financial statements, evaluate the independence of certified public accountants (CPAs), the effective implementation of internal control, and compliance, as well as manage and control the Company's existing or potential risks.
Remuneration Committee	Formulate and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managers.
Audit Office	1.Check and evaluate whether the internal control system is sound and complete, and put forward suggestions for analysis and evaluation. 2.Evaluate the use of reasonable cost to achieve effective control and to improve quality.
Management Department	1.Execute personnel, administrative, and general affairs. 2.Develop and improve the organization, culture, and human resources. 3.Design, plan, and manage IT in the office. 4.Responsible for financial operations and planning. 5.Responsible for fund management, accounting, tax treatment, analysis of business, and other financial and accounting business.
Manufacturing Department	Engage in production, production management, and supply management to ensure that each production plan is achieved.
Quality Assurance Department	Implement quality control work and target plans, ISO control, product quality management, and relevant matters, and provide customer service.
Business Department	1.Engage in sales business and order-related matters. 2.Responsible for market information collection and marketing event planning and execution. 3.Respond to customers' related questions and provide them with assistance
R&D Department	Responsible for product development and design.

II. Information on Directors, Supervisors, President, Vice Presidents, and Heads of Departments:

(I) Directors and Supervisors:

1. Information on directors and supervisors

April 6, 2022 Unit: Share

Job title	Nationality or place of registration	Name	Gender / Age	Date of election (accession)	Term of office	Date first elected	Shareholding upon elected		Current shareholding		Current shareholdings by spouse and minor child		Shareholding by nominee arrangement		Major experience (education)	Current positions held concurrently at the Company and other companies	Spouse or relative within second degree of kinship of other managers, directors, or supervisors			Remarks
							Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of Shareholding	Shares	Percentage of shareholding			Position	Name	Relation	
Chairman	Republic of China	HO, SHI-CHI	Male/ 51~60	2020.06.17	3 Years	2008.06.13	1,143,097	0.41%	1,143,097	0.41%	1,804,000	0.65%	4,053,000	1.46%	▪Doctoral Degree in Machinery, Imperial College London ▪President of Quanta Storage Inc.	Chairman of Techman Electronics (Changshu) Co., Ltd.,Techman Robot Inc., Techman Robot (Shanghai),Ltd. Director of Quanta Storage (Shanghai),Ltd., QSA, QHH, TMT, TRH, BVI, E-Forward, Cayman, Nu Inc. Supervisor of Shih-Wei Investment Inc.	-	-	-	-
Director	Republic of China	Quanta Computer Inc.	-	2020.06.17	3 Years	1999.02.03	82,881,664	29.78%	82,881,664	29.78%	0	0.00%	0	0.00%	–	Director of Quanta Venture Capital Co., Ltd., Daqi Investment Co., Ltd., Quanta Microsystems, Inc., Royaltek Company Ltd., Quanta Cloud Technology Inc., QIL, QCJ Corporation, QMB, QCTS, CDIB BioScience Ventures I, Inc., Ebn Technology Corporation, Cyberon Corporation Supervisor of QCJ Corporation	-	-	-	-
		Quanta Computer Inc. Representative : Alan Tsai	Male/ 51~60	2020.06.17	3 Years	2020.06.17	Not applicable.	Not applicable.	0	0.00%	0	0.00%	0	0.00%	▪Master's in Computer Management and Decision Sciences, National Tsing Hua University ▪President of Portable Computer Business Group, First International Computer, Inc.	Executive Vice President of Quanta Computer Inc.	-	-	-	-

April 6, 2022 Unit: Share

Job title	Nationality or place of registration	Name	Gender / Age	Date of election (accession)	Term of office	Date first elected	Shareholding upon elected		Current shareholding		Current shareholdings by spouse and minor child		Shareholding by nominee arrangement		Major experience (education)	Current positions held concurrently at the Company and other companies	Spouse or relative within second degree of kinship of other managers, directors, or supervisors			Remarks
							Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of Shareholding	Shares	Percentage of shareholding			Position	Name	Relation	
Director	Republic of China	Quanta Computer Inc. Representative : C.T. Huang	Male/ 71~80	2020.06.17	3 Years	2020.06.17	Not applicable.	Not applicable.	0	0.00%	0	0.00%	0	0.00%	▪Bachelor's in Electronic Engineering, Chung Yuan Christian University ▪Plant Manager, Kinpo Electronics, Inc.	Director and Executive Vice President of Quanta Computer Inc. Director of QMB Chairman of Tech-Front (Shanghai) Computer Co., Ltd, Tech-Com (Shanghai) Computer Co., Ltd, Tech Wave (Shanghai) Logistics Co., Ltd, Tech-Lead (Shanghai) Computer Co., Ltd, Tech-Giant (Shanghai) Computer Co., Ltd., Tech-Trend (Shanghai) Computer Co. Ltd., Tech-Full Computer (Changshu) Co., Ltd., Tech-front (Chongqing) Computer Co., Limited, Zhanyun (Shanghai) Electronic Co., Ltd., Dawei (Chongqing) Logistics Co., Ltd., Quanta Cloud (Chongqing) Technology, Dagong (Chongqing) Computer Co., Ltd., Quanta Storage (Shanghai) Ltd., Quanta Cloud Technology	-	-	-	-
Director	Republic of China	Quanta Computer Inc. Representative : Elton Yang	Male/ 51~60	2021.01.13	3 Years	2021.01.13	Not applicable.	Not applicable.	0	0.00%	0	0.00%	0	0.00%	▪MBA, NCCU ▪Vice President, Citibank	Quanta Computer Inc. Senior VP & CFO Director of Royaltek Company Ltd., Kenseisha Shanghai Precision Machining Process Co., Ltd., T Energy International Co., Ltd., Ryusei Group Co., Limited, Kenseisha Changshu Precision Machining Process Co., Ltd., Dragontech Metallic Industry Co.,Ltd., CDIB BioScience Ventures I, Inc., CDIB Capital Innovation Accelerator Co., Ltd., QMB, and QCE Chairman of Tech-Front (Shanghai) Computer Co., Ltd, Tech-Com (Shanghai) Computer Co., Ltd, Tech-front (Chongqing) Computer Co., Limited, Tech Wave (Shanghai) Logistics Co., Ltd., Tech-Lead (Shanghai) Computer Co., Ltd, Tech-Giant (Shanghai) Computer Co., Ltd., Tech-Trend (Shanghai) Computer Co. Ltd., Tech-Full Computer (Changshu) Co., Ltd., , Zhanyun (Shanghai) Electronic Co., Ltd., Dawei (Chongqing) Logistics Co., Ltd., Quanta Cloud (Chongqing) Technology, Dagong (Chongqing) Computer Co., Ltd., Quanta Cloud Technology	-	-	-	-

April 6, 2022 Unit: Share

Job title	Nationality or place of registration	Name	Gender / Age	Date of election (accession)	Term of office	Date first elected	Shareholding upon elected		Current shareholding		Current shareholdings by spouse and minor child		Shareholding by nominee arrangement		Major experience (education)	Current positions held concurrently at the Company and other companies	Spouse or relative within second degree of kinship of other managers, directors, or supervisors			Remarks
							Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of Shareholding	Shares	Percentage of Shareholding			Position	Name	Relation	
Independent Director	Republic of China	WANG, KUAN-SHEN	Male/ 61~70	2020.06.17	3 Years	2002.04.23	0	0.00%	0	0.00%	0	0.00%	0	0.00%	▪ Master's in Business Administration, Massachusetts Institute of Technology ▪ Managing Director of Goldman, Sachs & Co.	Chairman of Joint Management Consultancy Co., Ltd. Director of ECOVE	-	-	-	-
Independent Director	Republic of China	TSAI, YEOU-JYH	Male/ 51~60	2020.06.17	3 Years	2017.06.13	60,0000	0.02%	60,000	0.02%	0	0.00%	0	0.00%	▪ Doctoral Degree in Mechanical Engineering, Stanford University ▪ Engineer, Industrial Technology Research Institute ▪ Senior Manager, MediaTek Inc. ▪ Supervisor, Darwin Venture Co., Ltd.	Partner of Darwin Venture Co., Ltd.	-	-	-	-
Independent Director	Republic of China	CHEN, YEN-HAU	Male/ 51~60	2020.06.17	3 Years	2018.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	▪ Ph.D., Business Administration, National Taiwan University ▪ Assistant to CEO, EMBA Office, College of Management National Taiwan University ▪ Vice President, Online Business Department, ETMall ▪ Assistant Vice President, Deloitte Consulting/ICS Pte., Ltd.	Adjunct Assistant Professor, Global MBA, College of Management National Taiwan University Chairman of Weixin Consultancy Co., Ltd.	-	-	-	-

Note: The Company's institutional shareholder Quanta Computer Inc. sent Elton Yang to replace CHANG, CHIA-FENG as the representative of the institutional shareholder and to serve as director on January 13, 2021.

2. Major shareholder of institutional shareholder

April 16, 2022

Name of institutional shareholder	Major shareholder of institutional shareholder	Percentage of shareholding
Quanta Computer Inc.	Chien Yu Investment Co.,Ltd.	14.82%
	Barry Lam	10.76%
	Singapore Government Investment Account under the custody of Citibank Taiwan	2.85%
	C.C. Leung	2.14%
	He Se Trust Property Account under the custody of Mega International Commercial Bank	2.07%
	Cathay Life Insurance Co., Ltd.	2.04%
	Nan Shan Life Insurance Company, Ltd.	1.99%
	Yijiaxin Investment Co., Ltd.	1.64%
	Min Hsing Investment Co., Ltd.	1.57%
	New Labor Pension Fund	1.47%

3. Where the major shareholders of institutional shareholders are juridical persons, their major shareholders:

April 16, 2022

Name of juridical person	Major shareholder of juridical person	Percentage of shareholding
Chien Yu Investment Co.,Ltd.	Meishang Xuanhui Enterprise Co., Ltd.	68.49%
	Barry Lam	23.23%
	He Se	8.27%

4. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

April 16, 2022

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of public companies in which concurrently serves as an independent director
HO, SHI-CHI	Has the work experience in business, finance, accounting, or experience required for corporate business; and is not under any of the circumstances under Article 30 of the Company Act	Meets the requirements of Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act, so is independent.	-
Quanta Computer Inc. Representative: Alan Tsai	Has the work experience in business or experience required for corporate business; and is not under any of the circumstances under Article 30 of the Company Act	Meets the requirements of Article 27, paragraph 1, of the Company Act that institutional shareholders shall designate a natural person representative to perform their duties and Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act, so is independent.	-
Quanta Computer Inc. Representative: C.T. Huang	Has the work experience in business or experience required for corporate business; and is not under any of the circumstances under Article 30 of the Company Act	Meets the requirements of Article 27, paragraph 1, of the Company Act that institutional shareholders shall designate a natural person representative to perform their duties and Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act, so is independent.	-
Quanta Computer Inc. Representative: Elton Yang	Has the work experience in business, finance, accounting, or experience required for corporate business; and is not under any of the circumstances under Article 30 of the Company Act	Meets the requirements of Article 27, paragraph 1, of the Company Act that institutional shareholders shall designate a natural person representative to perform their duties and Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act, so is independent.	-
WANG, KUAN-SHEN	Has the work experience in business or experience required for corporate business for five years or more; and is not under any of the circumstances under Article 30 of the Company Act	1. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the company or its affiliates. 2. Does not and spouse and relatives within the second degree of kinship thereof (or by nominee arrangement) do not hold the company's shares in terms of the number and percentage. 3. Is not serving as a director, supervisor, or employee of a company with specific relations with the company. 4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years. 5. Independent directors of publicly listed companies should maintain their independence within the scope of their duties, so is not under any of the circumstances under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	-

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of public companies in which concurrently serves as an independent director
TSAI, YEOU-JYH	Has the work experience in business or experience required for corporate business for five years or more; and is not under any of the circumstances under Article 30 of the Company Act	1. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the company or its affiliates. 2. Does not and spouse and relatives within thesecond degree of kinship thereof (or by nominee arrangement) do not hold the company's shares in terms of the number and percentage. 3. Is not serving as a director, supervisor, or employee of a company with specific relations with the company. 4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years. 5. Independent directors of publicly listed companies should maintain their independence within the scope of their duties, so is not under any of the circumstances under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	-
CHEN, YEN-HAU	Has the work experience in business or experience required for corporate business for three years or more and is a lecturer at relevant management departments of universities; and is not under any of the circumstances under Article 30 of the Company Act	1. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the company or its affiliates. 2. Does not and spouse and relatives within the second degree of kinship thereof (or by nominee arrangement) do not hold the company's shares in terms of the number and percentage. 3. Is not serving as a director, supervisor, or employee of a company with specific relations with the company. 4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years. 5. Independent directors of publicly listed companies should maintain their independence within the scope of their duties, so is not under any of the circumstances under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	-

Note: Please refer to Table 1 on pages 5 to 7 for information on directors' and supervisors' professional qualifications and experience.

5. Board diversity and independence:

   I. Board diversity: The company advocates and respects the Board diversity policy. To strengthen corporate governance and facilitate the sound development of the composition and structure of the Board of Directors, the Board diversity policy helps to improve the company's overall performance. Board members are outstanding talents with great abilities, and they possess diverse capabilities in different fields, including basic composition (such as age, gender, and nationality), industry experience, relevant skills (such as accounting, industry, finance, marketing, or technology), business judgment, business management, leadership and decision-making, and crisis management. To enhance the Board functions and achieve the goals of corporate governance, Article 23 of the company's Corporate Governance Best Practice Principles states that the Board of Directors as a whole shall possess the following abilities : A. business judgment, B. accounting and financial analysis, C. business management, D. crisis management, E. industry knowledge, F. an international perspective, G. leadership, and H. decision-making.

Core item of diversity / Name of director	Gender	Nationality	Age		Years of service			Employee	Business judgment	Finances and accounting	Management	Crisis management	Industry knowledge	International perspective	Leadership	Decision-making ability
			60 or under	61 or above	1~5	6~10	10 or above									
HO, SHI-CHI	Male	Republic of China	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alan Tsai	Male	Republic of China	✓		✓				✓		✓	✓	✓	✓	✓	✓
C.T. Huang	Male	Republic of China		✓			✓		✓		✓	✓	✓	✓	✓	✓
Elton Yang	Male	Republic of China	✓		✓				✓	✓	✓	✓	✓	✓	✓	✓
WANG, KUAN-SHEN	Male	Republic of China	✓				✓		✓	✓	✓	✓	✓	✓	✓	✓
TSAI, YEOU-JYH	Male	Republic of China	✓			✓			✓		✓	✓	✓	✓	✓	✓
CHEN, YEN-HAU	Male	Republic of China	✓		✓				✓		✓	✓	✓	✓	✓	✓

   II. Independence of the Board of Directors: There are seven directors (including three independent directors) on the 8th Board of Directors; the percentage of directors who are also employees is 14% and independent directors 43%. With their extensive industry experience and professional abilities, they are able to provide professional advice and judgment in a timely manner and independently and impartially exercise judgment as a whole. They are not under any of the circumstances stipulated in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act, so they are independent.

(II) Information on the President, Vice Presidents, and Heads of Departments:

April 16, 2022 Unit: Share

Position	Nationality	Name	Gender	Date elected	Shareholding		Shareholding by spouse and minor child		Shareholding by nominee arrangement		Major experience (education)	Current positions concurrently held at other companies	Spouse or relatives within second degree of kinship of managers			Remarks
					Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %			Position	Name	Relation	
President	Republic of China	CHANG, CHIA-FENG	Male	January 13,2021	744,346	0.27%	3,724	0.00%	0	0.00%	▪ Department of Electrical Engineering, China University of Science and Technology ▪ Executive Vice President of Quanta Storage Inc. ▪ President of Quanta Storage (Shanghai), Ltd. and Techman Electronics (Changshu) Co., Ltd.	Chairman of JVM and JVMT Director of Quanta Storage (Shanghai),Ltd., Techman Electronics (Changshu) Co., Ltd., TMT, Techman Robot Inc., Techman Robot (Shanghai),Ltd.	-	-	-	-
Vice President	Canada	LIU, WEN-CHUNG	Male	August 01, 2019	0	0.00%	0	0.00%	0	0.00%	▪ Bachelor of Science, University of Manitoba ▪ Vice President of Quanta Storage Inc.	President of TMT	-	-	-	-
Assistant Vice President	Republic of China	LEE, CHIH-JEN	Male	August 01, 2020	0	0.00%	0	0.00%	0	0.00%	▪ Master of Accounting and Management Decision-making Team, EMBA, National Taiwan University ▪ Manager of Audit Department of Deloitte & Touche ▪ Manager of Accounting Department of Pou Chen Corporation ▪ Deputy Director of Financial Center of Quanta Computer Inc. ▪ Financial and Accounting Manager and Spokesperson of Quanta Storage Inc.	Supervisor of Techman Robot Inc. Director of TMT, JVM, JVMT Independent Director of Asia Neo Tech Industrial Co., Ltd. ,Big Sunshine Co., Ltd.	-	-	-	-
Assistant Vice President	Republic of China	PENG, WEN-KUAN	Male	January 01, 2022	50,506	0.02%	0	0.00%	0	0.00%	▪ Ph.D., Mechanical Engineering, National Cheng Kung University ▪ Head of R&D of Quanta Storage Inc.	None	-	-	-	-
Assistant Vice President	Republic of China	YIP, WAI-CHEE	Female	January 01, 2022	0	0.00%	0	0.00%	0	0.00%	▪ University of Glasgow (MBA), University of Hong Kong (M.Phil) ▪ Director of Quanta Storage Inc.	None	-	-	-	-

(III) Remuneration paid to Directors, Supervisors, President, and Vice Presidents in the last year

1. Remuneration of general directors and independent directors (disclosure of individual names and remuneration methods in the corresponding range):

December 31, 2021 Unit: NTD Thousand/Thousand Shares

Position	Name	Remuneration of directors								Sum of A, B, C, and D and as percentage of net income after tax (Note 2)		Remuneration for concurrently servings as employees								Sum of A, B, D, E, F, and G and as a percentage of net income after tax (Note 2)		Remuneration from investees other than subsidiaries or parent company
		Remuneration (A)		Pension upon retirement (B) (Note 4)		Directors' remuneration (C)		Service expenses (D) (Note 1)				Salaries, bonuses, special allowances, etc. (E)		Pension upon retirement (F)		Employee compensation (G) (Note 3)						
																The Company		All companies included in the financial statements				
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company (%)	All companies included in the financial statements (%)	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Amount of cash	Amount of stock	Amount of cash	Amount of stock	The Company (sum and %)	All companies included in the financial statements (sum and %)	
Director	HO, SHI-CHI Quanta Computer Inc. Representative : C.T. Huang Quanta Computer Inc. Representative : Alan Tsai Quanta Computer Inc. Representative : Elton Yang	0	0	0	0	0	0	0	0	0 0.00%	0 0.00%	9,809	12,534	0	0	3,742	0	3,742	0	13,551 1.36%	16,276 1.64%	-
Independent Director	WANG, KUAN-SHEN TSAI, YEOU-JYH CHEN, YEN-HAU	0	0	0	0	0	0	3,000	3,000	3,000 0.30%	3,000 0.30%	0	0	0	0	0	0	0	0	3,000 0.30%	3,000 0.30%	-

Note 1: It refers to the directors' relevant professional service fees in 2021. (Directors' relevant professional service fees include honoraria, special allowances, various allowances, dormitory, any company car assigned, and other physical items provided; independent directors' relevant professional service fees, based on the resolution adopted by the Board of Directors of the Company, are only honoraria).

2: The Company's net income after tax for 2021 was NT$993,231 thousand.

3: It refers to the directors who have received employee compensation (including stock and cash) for concurrently serving as employees concurrently (including the President, Vice President, other managers, and employees) in the last year. The amount of cash is a tentative estimate.

4: The actual amount paid and the amount contributed for directors' pension as per the old and new pension systems were both NT$0 in 2021. The actual amount paid to directors who served as employees concurrently in 2021 was NT$0, and the amount contributed as per the new system was NT$14 thousand.

Range of remuneration

Range of remuneration paid to directors of the Company	Name of director			
	Sum of A, B, C, and D		Sum of A, B, C, D, E, F, and G	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Below NT$1,000,000	HO, SHI-CHI Quanta Computer Inc. Representative: Alan Tsai Quanta Computer Inc. Representative: C.T. Huang Quanta Computer Inc. Representative: Elton Yang	HO, SHI-CHI Quanta Computer Inc. Representative: Alan Tsai Quanta Computer Inc. Representative: C.T. Huang Quanta Computer Inc. Representative: Elton Yang	Quanta Computer Inc. Representative: Alan Tsai Quanta Computer Inc. Representative: C.T. Huang Quanta Computer Inc. Representative: Elton Yang	Quanta Computer Inc. Representative: Alan Tsai Quanta Computer Inc. Representative: C.T. Huang Quanta Computer Inc. Representative: Elton Yang
NT$1,000,000 (inclusive) – NT$2,000,000 (non-inclusive)	WANG,KUAN-SHEN, TSAI,YEOU-JYH, and CHEN,YEN-HAU	WANG,KUAN-SHEN, TSAI,YEOU-JYH, and CHEN,YEN-HAU	WANG,KUAN-SHEN, TSAI,YEOU-JYH, and CHEN,YEN-HAU	WANG,KUAN-SHEN, TSAI,YEOU-JYH, and CHEN,YEN-HAU
NT$2,000,000 (inclusive) – NT$3,500,000 (non-inclusive)	-	-	-	-
NT$3,500,000 (inclusive) – NT$5,000,000 (non-inclusive)	-	-	-	-
NT$5,000,000 (inclusive) – NT$10,000,000 (non-inclusive)	-	-	-	-
NT$10,000,000 (inclusive) – NT$15,000,000 (non-inclusive)	-	-	HO, SHI-CHI	HO, SHI-CHI
NT$15,000,000 (inclusive) – NT$30,000,000 (non-inclusive)	-	-	-	-
NT$30,000,000 (inclusive) – NT$50,000,000 (non-inclusive)	-	-	-	-
NT$50,000,000 (inclusive) – NT$100,000,000 (non-inclusive)	-	-	-	-
NT$100,000,000 or above	-	-	-	-
Total	7 people	7 people	7 people	7 people

2. Remuneration of President and Vice Presidents (disclosure of individual names and remuneration methods in the corresponding range):

December 31, 2021 Unit: NTD Thousand/Thousand Shares

<table>
<tr><th rowspan="3">Position</th><th rowspan="3">Name</th><th colspan="2">Salary (A) (Note 1)</th><th colspan="2">Pension upon retirement (B) (Note 5)</th><th colspan="2">Bonuses, special allowances, etc. (C) (Note 2)</th><th colspan="4">Employee compensation (D) (Note 3)</th><th colspan="2">Sum of A, B, C, and D and as percentage of net income after tax (%) (Note 4)</th><th rowspan="3">Remuneration from investees other than subsidiaries or parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All companies included in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All companies included in the financial statements</th><th rowspan="2">The Company (sum and %)</th><th rowspan="2">All companies included in the financial statements (sum and %)</th></tr>
<tr><th>Amount of cash</th><th>Amount of stock</th><th>Amount of cash</th><th>Amount of stock</th></tr>
<tr><td>President</td><td>CHANG, CHIA-FENG</td><td rowspan="3">10,103</td><td rowspan="3">12,785</td><td rowspan="3">6,284</td><td rowspan="3">6,284</td><td rowspan="3">11,200</td><td rowspan="3">11,200</td><td rowspan="3">5,025</td><td rowspan="3">0</td><td rowspan="3">5,025</td><td rowspan="3">0</td><td rowspan="3">32,612
3.28%</td><td rowspan="3">35,294
3.55%</td><td rowspan="3">-</td></tr>
<tr><td>Vice President</td><td>LIU, WEN-CHUNG</td></tr>
<tr><td>Financial and Accounting Manager</td><td>LEE, CHIH-JEN</td></tr>
</table>

Note 1: It refers to the President's and Vice Presidents' salary, duty allowance, and severance payment in 2021.
2: It refers to the President's and Vice Presidents' various bonuses, incentives, honoraria, special expenses, various allowances, dormitory, any company car assigned, other physical items provided, and other rewards in 2021.
3: The amount of employee compensation in 2021 is a tentative estimate.
4: The Company's net income after tax for 2021 was NT$993,231 thousand.
5: The actual pension amount paid to the President and Vice Presidents in 2021 was NT$6,284 thousand. , and the amount contributed as per the new pension method was NT$324 thousand.

Range of remuneration

Range of remuneration paid to the President and Vice Presidents of the Company	Name of the President and Vice Presidents	
	The Company	All companies included in the financial statements
Below NT$1,000,000	-	-
NT$1,000,000 (inclusive) – NT$2,000,000 (non-inclusive)	-	-
NT$2,000,000 (inclusive) – NT$3,500,000 (non-inclusive)	-	-
NT$3,500,000 (inclusive) – NT$5,000,000 (non-inclusive)	LEE, CHIH-JEN	LEE, CHIH-JEN
NT$5,000,000 (inclusive) – NT$10,000,000 (non-inclusive)	LIU,WEN-CHUNG	LIU,WEN-CHUNG
NT$10,000,000 (inclusive) – NT$15,000,000 (non-inclusive)	-	-
NT$15,000,000 (inclusive) – NT$30,000,000 (non-inclusive)	CHANG, CHIA-FENG	CHANG, CHIA-FENG
NT$30,000,000 (inclusive) – NT$50,000,000 (non-inclusive)	-	-
NT$50,000,000 (inclusive) – NT$100,000,000 (non-inclusive)	-	-
NT$100,000,000 or above	-	-
Total	3 people	3 people

4. Name of the managers who received employee compensation and the distribution

December 31, 2021 Unit: NTD Thousand

<table>
<tr><th></th><th>Position</th><th>Name</th><th>Amount of stock (Note 1)</th><th>Amount of cash (Note 1)</th><th>Total</th><th>Total amount as a percentage of net income after tax (%) (Note 2)</th></tr>
<tr><td rowspan="3">Managers</td><td>President</td><td>CHANG, CHIA-FENG</td><td rowspan="3">-</td><td rowspan="3">5,025</td><td rowspan="3">5,025</td><td rowspan="3">0.51%</td></tr>
<tr><td>Vice President</td><td>LIU, WEN-CHUNG</td></tr>
<tr><td>Financial and Accounting Manager</td><td>LEE, CHIH-JEN</td></tr>
</table>

Note: 1. The amount of employee compensation in 2021 is a tentative estimate.
2. The Company's net income after tax for 2021 was NT$993,231 thousand.

(IV) Analysis of the total remuneration paid to directors, supervisors, President, and Vice Presidents of the Company in the last two years by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax as in the standalone financial statements, and the description of the relevance of the remuneration policy, standards, and packages, and procedures for determining remuneration to business performance and future risks:

1. Analysis of the total remuneration paid to directors, supervisors, President, and Vice Presidents of the Company in the last two years by the Company and all companies in the consolidated financial statements as a percentage of the net income after tax:

Year	The Company	All companies in the consolidated financial statements
2020	26.38%	33.62%
2021 (estimated)	3.59%	3.86%

Note: The Company’s remuneration policy for directors, supervisors, President, and Vice Presidents has not changed. The increase in the percentage in 2020 was mainly due to a decrease in net income after tax as a result of an increase in non-operating expenses in 2020.

2. The relevance of the Company’s remuneration policy, standards, and packages, and procedures for determining remuneration to business performance and future risks:
The Company's remuneration policy for directors and supervisors is set out in the Company's Articles of Incorporation, which has authorized the Board of Directors to determine their remuneration based on the degree of their participation in the Company's operations and the value of their contribution, while with reference to industry standards; the remuneration of the President, and Vice Presidents is determined as per the Company’s relevant personnel regulations and the dividend policy as in the Company's Articles of Incorporation.

III. Operation of Corporate Governance:

(I) Information on the Operation of the Board of Directors:

The Board of Directors had held (A) 12 meetings in the last year, and the attendance of directors is as follows:

Position	Name	Attendance in person B	Attendance by proxy	Actual attendance (%) [B/A]	Remarks
Chairman	HO, SHI-CHI	12	0	100.00%	
Director	Quanta Computer Inc. Representative: Alan Tsai	12	0	100.00%	
Director	Quanta Computer Inc. Representative: C.T. Huang	12	0	100.00%	
Director	Quanta Computer Inc. Representative: Elton Yang	12	0	100.00%	
Independent Director	WANG, KUAN-SHEN	12	0	100.00%	
Independent Director	TSAI, YEOU-JYH	11	1	91.67%	
Independent Director	CHEN, YEN-HAU	12	0	100.00%	

Other additional information:

I. For board meetings that meet any of the following circumstances, specify the date, session, the content of the proposal, independent directors' opinions and the Company's response to such opinions:

(I) Matters as in Article 14-3 of the Securities and Exchange Act.

Board of Directors	Content of motion and subsequent response	Matters as in Article 14-3 of the Securities and Exchange Act.	Independent directors' objections or reserved opinions
8th term 5th meeting 2021.01.13	1. The resignation of the Chairman	✓	None
	2. Proposal to appoint the President	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The motions was approved by all the directors present.			
8th term 6th meeting 2021.03.19	1. 2020 Business Report	✓	None
	2. 2020 consolidated and parent company-only financial statements	✓	None
	3. 3. Proposal for the 2020 distribution of remuneration to employees and directors	✓	None
	4. Proposal for the 2020 Earning Distribution of the Company	✓	None
	5. Determination of 2020 cash dividends distribution	✓	None
	6. Proposal to distribute cash from the capital reserve.	✓	None
	7. The Company's 2020 "Assessment of the Effectiveness of Internal Control" and "Statement on the Internal Control System"	✓	None

	8. Submit the proposal for the lifting of the non-compete clause for newly elected directors	✓	None
	9. For the schedule of the listing of Techman Robot Inc. and to meet the shareholding dispersal standards, the Company suggests to release stock in the methods below before listing	✓	None
	10. The Company's regular assessment of the independence of the CPAs	✓	None
	11. Ratified the additional lease-in of Quanta Computer Inc.'s property for office in Linkou	✓	None
	12. Proposal for derivative trading with Hong Kong Branch, DBS Bank Limited	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: Director HO, SHI-CHI recused himself from Motion 3; director Elton Yang recused himself from Motion 8 due to a conflict of interests. Other motions were approved by all the directors present.			
8th term 10th meeting 2021.08.06	1. The Remuneration Committee submitted a proposal for the suggestions about the 2020 managers' employee compensation	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: Director HO, SHI-CHI recused himself from Motion 1 due to conflicts of interest. Other motions were approved by all the directors present.			
8th term 11th meeting 2021.10.19	1. The Company intended to purchase a plant and land from affiliate, Quanta Computer Inc., for the construction of the headquarters office building and a R&D center	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: Directors Alan Tsai, C.T. Huang, and Elton Yang recused themselves from Motion 1 due to conflicts of interest. Other motions were approved by all the directors present.			
8th term 12th meeting 2021.11.05	1. The Company's proposal for remuneration paid to CPAs	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The motions was approved by all the directors present.			
8th term 13th meeting 2021.12.22	1. Proposal for the Company's relocation	✓	None
	2. Established the 2022 business plan	✓	None
	3. Set out 2022 internal audit plans for the Company and its subsidiaries	✓	None
	4. Increased capital in subsidiary, Techman Electronics (Thailand) Co., Ltd.	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The motions was approved by all the directors present.			

Board of Directors	Content of motion and subsequent response	Matters as in Article 14-3 of the Securities and Exchange Act.	Independent directors' objections or reserved opinions
8th term 14th meeting 2022.01.21	1. Proposal to relieve the restrictions on competing business for managers	✓	None
	2. The Remuneration Committee submitted a proposal for the suggestions about the 2021 year-end bonus paid to the Company's top-level managers	✓	None
	3. The Remuneration Committee submitted a proposal for the suggestions about the 2022 top-level managers' salary structure and annual salary adjustment.	✓	None
	4. Proposal for the 2021 distribution of remuneration to employees and directors	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: Director HO, SHI-CHI recused himself from Motions 2–4 due to conflicts of interest. Other motions were approved by all the directors present.			
8th term 15th meeting 2022.02.25	1. Ratification of liability insurance renewal for directors and key staff	✓	None
	2. 2021 Business Report	✓	None
	3. 2021 consolidated and parent company-only financial statements	✓	None
	4. Plan for investing in domestic TWSE/TPEx listed stocks	✓	None
	5. Amendment to the Asset Acquisition and Disposal Procedures	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The motions was approved by all the directors present.			
8th term 16th meeting 2022.03.18	1. The Company's 2021 "Assessment of the Effectiveness of Internal Control" and "Statement on the Internal Control System"	✓	None
	2. The Company's regular assessment of the independence of the CPAs	✓	None
	3. The Company's 2021 evaluation of the Board (including functional committees') performance	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The motions was approved by all the directors present.			

(II) In addition to said motions, the resolutions adopted by the Board of Directors on which independent directors have objections or reserved opinions on record or in a written statement: None.

II. Disclosure regarding recusal for interest-conflicting proposals, including the names of directors concerned, the content of proposals, reason for recusal, and the voting process:

Date	Content of proposal	Reasons for recusal
2021.03.19	Proposal for the 2020 distribution of remuneration to employees and directors	Mr. HO, SHI-CHI, the related party in this proposal, recused himself from the discussion and voting because of conflicts of interest.
	Submit the proposal for the lifting of the non-compete clause for newly elected directors	Mr. Elton Yang, the related party in this proposal, recused himself from the discussion and voting because of conflicts of interest.

Date	Content of proposal	Reasons for recusal
2021.08.06	The Remuneration Committee submitted a proposal for the suggestions about the 2020 managers' employee compensation	Mr. HO, SHI-CHI, the related party in this proposal, recused himself from the discussion and voting because of conflicts of interest.
2021.10.19	The Company intended to purchase a plant and land from affiliate, Quanta Computer Inc., for the construction of the headquarters office building and a R&D center	Mr. Alan Tsai, C.T. Huang, and Elton Yang, the related parties in this proposal, recused themselves from the discussion and voting because of conflicts of interest.
2022.01.21	The Remuneration Committee submitted a proposal for the suggestions about the 2021 year-end bonus paid to the Company's top-level managers	Mr. HO, SHI-CHI, the related party in this proposal, recused himself from the discussion and voting because of conflicts of interest.
	The Remuneration Committee submitted a proposal for the suggestions about the 2022 top-level managers' salary structure and annual salary adjustment.	
	Proposal for the 2021 distribution of remuneration to employees and directors	

III. A publicly listed company shall disclose the cycle and period, scope, method, and content of the self-evaluation (or peer evaluation) of the performance of the Board of Directors: Please refer to the description of " Implementation Status of Board Evaluation".

IV. Evaluation of the objective of strengthening the functions of the Board of Directors (such as setting up an audit committee or enhancing information transparency) and the implementation in the current year and the last year:

1. The Company has established the Rules of Procedure for Board of Directors Meetings as per the law, and the relevant functions and operations of the board are implemented in accordance with the Rules and relevant laws and regulations. To improve the Company's information transparency, the relevant information is placed on the Market Observatory Post System (MOPS) and the Company's website to disclose material resolutions adopted by the board meetings to investors.
2. To implement corporate governance and improve the remuneration system for the Company's directors and managers, the Company's Board of Directors resolved a decision to establish a remuneration committee as per Article 14-6 of the Securities and Exchange Act on December 28, 2011. The Company reviews its directors' and managers' performance evaluation standards, annual and long-term performance targets, and remuneration policy, system, standard, and structure while regularly assessing the achievement percentage of the Company's directors and managers' performance targets to determine the content and amount of individual salary and remuneration based on the evaluation results as per the performance evaluation standards.
3. To establish a sound corporate governance system for the Company, improve supervisory functions, and enhance the management functions, the Company established an Audit Committee on June 13, 2017 as per Article 14-4 of the Securities and Exchange Act, and formulated the Audit Committee Charter for compliance. The committee aims to supervise the proper presentation of the Company's financial statements, the selection (dismissal), independence, and performance of CPAs, the effective execution of the Company's internal control, and the Company's compliance with relevant laws and regulations while managing and controlling the existing or potential risks. The committee members perform their duties faithfully as set out in the Charter as prudent administrators, and are responsible to the Board of Directors, and shall submit their resolutions to the board for resolutions or report to it.

(II) The implementation status of the performance evaluation of the Board of Directors

Pursuant to the Company’s Rules of the Performance Evaluation o Directors, the Board of Directors and functional committees shall engage in the performance evaluation based on the evaluation indicators at the end of each year and complete it before the end of the first quarter of the following year, to ensure that the board and functional committees operate as per relevant laws and regulations. The results of the Board performance evaluation in 2021 have been submitted to the Board of Directors and published on the Company's website.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	From January 1, 2021 to December 31, 2021	Board of Directors	Internal questionnaires are adopted to evaluate the overall operation of the board and functional committees, directors’ participation, understanding of the Company, and responsibilities, as well as continuing education.	1. Degree of participation in the operation of the company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control
		Individual directors		1. Keeping abreast of the company's goals and mission 2. Awareness of the duties of a director 3. Degree of participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control
		Functional committees		1. Degree of participation in the operation of the company 2. Awareness of the duties of functional committee members 3. Improvement of the quality of the functional committees' decision making 4. Composition and election of functional committee members 5. Internal control

(III) Operations of the Audit Committee:

The Audit Committee had held 8 (A) meetings in the last year, and the attendance of independent directors is as follows:

Position	Name	Attendance in person (B)	Attendance by proxy	Actual attendance (%) (B/A)	Remarks
Independent Director	WANG, KUAN-SHEN	8	0	100.00%	
Independent Director	TSAI, YEOU-JYH	7	1	87.50%	
Independent Director	CHEN, YEN-HAU	8	0	100.00%	

Other additional information:

I. For Audit Committee meetings that meet any of the following circumstances, specify the date, session, the content of the proposal, independent directors' objections, reservations, or major suggestions, Audit Committee' resolution results, and the Company's response to such opinions:

(I) Matters under Article 14-5 of Securities and Exchange Act

Audit Committee	Content of motion and subsequent response	Matters under Article 14-5 of the Securities and Exchange Act.	Independent directors' objections, reservations, or major suggestions
2nd term 3th meeting 2021.03.19	1. The Company's 2020 Business Report and Financial Statements	✓	None
	2.The Company's 2020 "Assessment of the Effectiveness of Internal Control" and "Statement on the Internal Control System"	✓	None
	3.For the schedule of the listing of Techman Robot Inc. and to meet the shareholding dispersal standards, the Company suggests to release stock in the methods below before listing	✓	None
	4.The Company's regular assessment of the independence of the CPAs	✓	None
	5.Ratified the additional lease-in of Quanta Computer Inc., property for office in Linkou	✓	None
	6.Proposal for derivative trading with Hong Kong Branch, DBS Bank Limited	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The proposals above were approved by the members of the Audit Committee, and submitted to the Board of Directors for resolution.			
2nd term 6th meeting 2021.08.06	1. The Company's consolidated financial report for the second quarter of 2021.	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The proposals above were approved by the members of the Audit Committee, and submitted to the Board of Directors for resolution.			
2nd term 7th meeting 2021.10.19	1. The Company intended to purchase a plant and land from affiliate, Quanta Computer Inc., for the construction of the headquarters office building and a R&D center	✓	None

Independent directors' opinion: None.
The Company's response to independent directors' opinion: None.
Resolution result: The proposals above were approved by the members of the Audit Committee, and submitted to the Board of Directors for resolution.

Audit Committee	Content of motion and subsequent response	Matters under Article 14-5 of the Securities and Exchange Act.	Independent directors' objections, reservations, or major suggestions
2nd term 8th meeting 2021.11.05	1. The Company's proposal for remuneration paid to CPAs	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The proposals above were approved by the members of the Audit Committee, and submitted to the Board of Directors for resolution.			
2nd term 9th meeting 2021.12.22	1. Set out 2022 internal audit plans for the Company and its subsidiaries	✓	None
	2. Increased capital in subsidiary, Techman Electronics (Thailand) Co., Ltd.	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The proposals above were approved by the members of the Audit Committee, and submitted to the Board of Directors for resolution.			
2nd term 10th meeting 2022.02.25	1. The Company's 2021 Business Report and Financial Statements	✓	None
	2. Plan for investing in domestic TWSE/TPEx listed stocks	✓	None
	3. Amendment to the Asset Acquisition and Disposal Procedures	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The proposals above were approved by the members of the Audit Committee, and submitted to the Board of Directors for resolution.			
2nd term 11th meeting 2022.03.18	1. The Company's 2021 "Assessment of the Effectiveness of Internal Control" and "Statement on the Internal Control System"	✓	None
	2. The Company's regular assessment of the independence of the CPAs	✓	None
Independent directors' opinion: None.			
The Company's response to independent directors' opinion: None.			
Resolution result: The proposals above were approved by the members of the Audit Committee, and submitted to the Board of Directors for resolution.			

(II) Except for said issues, other issues that have not been approved by the Audit Committee but have been adopted by at least two-thirds of all directors:
None.

II. Disclosure regarding recusal for interest-conflicting proposals, including the names of independent directors concerned, the content of proposals, reason for recusal, and the voting process: None.

III. Communication between independent directors and the internal chief auditor, and CPAs (shall include material issues, methods, and results in the communication in respect of the Company's financial and business status):

1. The Company established an Audit Committee on July 13, 2017, with independent directors as ex officio members. In addition to quarterly meetings to keep abreast of the Company's operating status in a timely manner, it actively participates in the operation of the board and express its opinions in a timely manner.
2. The Company's independent directors communicate with the internal chief auditor by phone, fax, or email at any time, and the internal chief auditor reports on the execution and improvement of the audit plan regularly while communicating and exchanging opinions regarding the effectiveness of the execution of the Company's internal control. The interaction is positive. The internal chief auditor attends board meetings in a non-voting capacity to report on the audit business and engage in the question and answer session and discussion. If necessary, the internal chief auditor will also attend board meetings in a non-voting capacity to answer questions, and the relevant communication situation is disclosed on the official website.
   The CPAs attended the Audit Committee meetings on March 19, 2021, November 5, 2021, and February 25, 2022 in a non-voting capacity and maintained smooth communication with independent directors while reporting on key audit matters, corporate governance, and the latest legal amendments.

The Audit Committee is to assist the Board of Directors in supervising the quality and integrity of the implementation of the Company's accounting, auditing, and financial reporting processes.
Annual major tasks of the Audit Committee:

⦿ Appropriate presentation of financial statements	⦿ Evaluation of qualifications and independence of CPAs
⦿ Audit and accounting policy and procedures	⦿ Appointment, dismissal, or remuneration of CPAs
⦿ Internal control system and relevant policies and procedures	⦿ Major asset or derivative financial product transactions
⦿ Performance of the Audit Committee's responsibilities	⦿ Compliance

(IV) Corporate governance implementation and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Has the Company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	√		To implement and establish a good corporate governance system and strengthen the operations, the Company has formulated the Corporate Governance Best Practice Principles, and reviews and amends as per relevant provisions of the latest laws and regulations at any time, and published them on the official website and MOPS as resolved by the Board of Directors.	No deviation
II. The Company's shareholding structure and shareholders' equity				
(I) Has the Company established internal operating procedures to handle shareholders' suggestions, doubts, disputes, and litigation matters, and implement them in accordance with the procedures?	√		(I) The Company has established a spokesperson system and an email box with dedicated personnel in charge of relevant issues. The shareholders' meeting is handled as per the Rules of Procedure for Shareholders Meetings. In the case of litigation and other relevant issues, they will be handed over to the Company's legal affairs unit.	No deviation
(II) Does the Company keep abreast of the list of major shareholders and the ultimate controlling parties of such shareholders?	√		(II) The Company always keeps abreast of the major shareholders with the actual control power and the ultimate controlling parties of such shareholders based on the shareholders' register provided by the stock affairs agency. It also files the changes in shareholdings by insiders, namely directors, managers, and major shareholders holding 10% of the shares on a monthly basis.	No deviation

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Does the Company establish and implement a risk control mechanism and firewalls between its affiliates and itself?	√		(III) All affiliates of the Company operate independently, and each affiliate has its own internal control system for compliance, amends the relevant regulations of its Approval Authority Management Regulations based on its business needs, executes the system as per relevant regulations.	No deviation
(IV) Whether the Company established internal regulations prohibiting insider trading against non-public information?	√		(IV) The Company has formulated the Operating Procedures for the Processing of Internal Material Information and Prevention of Insider Trading and reviews and amends it regularly. It has also established the internal control system, and organizes timely education and awareness-increasing activities while informing the directors, managers, and employees of the system to avoid violations of laws and regulations or insider trading. Changes in the equity held by insiders (directors, managers, and shareholders holding more than 10% of the total shares) are filed to the MOPS on a monthly basis as per the relevant provisions of the Securities and Exchange Act.	No deviation
III. Composition and responsibilities of the board of directors (I) Has the Board of Directors formulated a Board diversity policy and specific management objectives and implemented them accordingly?	√		(I) Pursuant to the Corporate Governance Best Practice Principles, the Rules of Procedure for Board of Directors Meetings, and the Diversity Policy for the Board Members, the Company shall focus on diversity in the composition of the board, the qualifications of directors, restrictions on shareholdings and concurrent jobs held, determination of independence, nomination	No deviation

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			and election methods, fulfillment of responsibilities, and other rules. The Company has also established well-defined regulations as the basis for Board diversity, thereby optimizing the functions of the Board. The seven directors elected this year include three independent directors. With different professional backgrounds or professional fields, they all have the knowledge, skills, and competency necessary to perform their duties so as to improve the Company's board structure and relevant diversity indicators.	
(II) In addition to the remuneration committee and the audit committee set up in accordance with the law, does the Company set up other functional committees voluntarily?	√		(II) The Company established a Remuneration Committee and an Audit Committee to evaluate the relevant regulations regarding directors and managers and the relevant internal regulations that need to be complied with as per the law, to improve the functions of the Board. The Company currently has not yet established other types of functional committees, which may be established if necessary based on relevant needs.	No deviation
(III) Does the Company formulate the board of directors' performance evaluation regulations and methods, and conduct annual and regular performance evaluations while reporting the results of the performance evaluation to the board of directors as a reference for individual directors' remuneration and nomination for re-election?	√		(III) To implement corporate governance and enhance the functions of the Company's Board of Directors, the Company has set up performance targets to enhance the operation and efficiency of the board, and formulated the board of directors' performance evaluation regulations and methods, including internal self-evaluation by the board, self-evaluation by directors, peer evaluation, and evaluation by external professional institutions, experts, or other appropriate	No deviation

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			methods. The evaluation is conducted annually, and the evaluation results are sent to the board for review and improvement while as a reference for salary, remuneration, and nomination for director re-election.	
(IV) Does the Company regularly assess the independence of CPAs?	√		(IV) The Company appoints KPMG Certified Public Accountants to handle relevant financial and tax audit and certification, submits CPAs' resume to the board for review and evaluation every year to confirm whether they are any company's directors, supervisors, or managers, or hold a position with major influences to a point that it involves conflicts of interest. The board also reviews the CPA firm's independence, professional capabilities, and the reasonableness of its audit fees. The firm will only be appointed after the review and resolution are passed by board. Relevant information, such as the CPAs' independence evaluation standards, and the CPAs' statement on independence obtained are disclosed on the official website, In the most recent years, the Board of Directors evaluated the independence of CPAs on March 27, 2021 and March 18, 2022, respectively. Please refer to (Note) for the details of the evaluation results.	No deviation
IV. Dose the Company appoint an appropriate number of suitable corporate governance personnel, and engage a corporate governance officer to be in charge of corporate governance-related matters (including but not limited to providing directors and supervisors	√		The Company has engaged a corporate governance officer in charge of coordinating the operation of the social responsibility system, corporate governance, and relevant affairs of stakeholders, and the officer shall regularly report on the implementation to the board. Said business includes	No deviation

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
with materials required to perform duties, assisting directors and supervisors with compliance, handling matters related to the meetings of the Board of Directors and shareholders’ meetings as per the law, handling corporate registration matters, and preparing the minutes of the meetings of the Board of Directors and shareholders’ meeting)?			providing materials required by the relevant directors to perform their duties, handling relevant matters for the board meetings, the Audit Committee, and the shareholders meeting as per the laws, handling corporate registration, preparing the meetings minutes of the board, the Audit Committee, and the shareholders’ meeting, and matters related to shareholders' equity.	
V. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers), and set up a dedicated area for stakeholders on the Company’s website, and respond to important corporate social responsibility issues that stakeholders are concerned about appropriately?	√		The Company has formulated the "Corporate Social Responsibility Best Practice Principles and set up sections dedicated to corporate social responsibility, stakeholders, and investors on the official website, containing information, such as issues of concern for different groups (including shareholders, competent authorities, suppliers, employees, customers, and society), communication channels, and response methods.	No deviation
VI. Does the Company appoint a professional stock affairs agency to handle the affairs of shareholders’ meetings?	√		The Company has appointed a professional stock affairs agency, that is the Agency Department of CTBC Bank Co., Ltd., to assist with matters related to the shareholders' meeting.	No deviation
VII. Public Disclosure of Information (I) Does the Company set up a website to disclose financial business and corporate governance information?	√		(I) The Company attaches importance to shareholders’ rights to know, complies with relevant regulations on information disclosure as required, discloses the Company's finances, business, insiders’ shareholdings, and corporate governance on the Company's website, and announces information on the MOPS for shareholders. Website: http://www.qsitw.com/page/tw/index.html	No deviation

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Does the Company adopt other means for disclosure (such as setting up an English website, appointing personnel to collect and disclose relevant information, properly implementing the spokesperson system, and placing the process of investor conferences on the website)?	√		(II) The Company has adopted a spokesperson system with dedicated personnel responsible for collecting and disclosing the Company's information, and updating the latest information on the official website from time to time as a reference for general investors.	No deviation
(III) Does the Company publicly announce and file the annual financial report within two months after the end of each fiscal year and announce and file the financial reports for the first, second, and third quarters and the monthly operation status prior to the specified deadline?	√		(III) The Company files the annual financial report within three months after the end of each fiscal year, and files the quarterly financial reports and monthly operation status prior to the specified deadline as per the To-Do List for Companies Listed on Taipei Exchange.	No deviation
VIII. Does the Company have other important information to facilitate better understanding of its corporate governance operations (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?	√		(I) Employees' rights and interests: The Company attaches importance to employees' rights and interests, and has purchased labor and health insurance and contributed labor pension funds for employees as per the regulations to protect their legal rights and interests. (II) Employee care: The Company has set up an Employee Welfare Committee, and contributes employee welfare funds as per the law, while attaching importance to employee benefits and enabling employees to be entitled to various benefits and subsidies and group activities. Also, with a good education and training system, the Company has established a positive relationship with employees, which features mutual trust and mutual reliance. (III) Investor relations: The Company has set up a section dedicated to investors on the official website, which	No deviation

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			discloses relevant financial and stock affairs information to investors, and has adopted a spokesperson system with dedicated personnel responsible for handling relevant issues. (IV) Supplier relationship: The Company has always maintained a positive partnership with its suppliers, and it has set up a complaint mailbox to provide suppliers to report on any violations of procurement discipline, so as to ensure that suppliers have fair competition opportunities to optimize the overall production costs. (V) takeholders' rights and interests: Stakeholders may communicate with the Company on a two-way basis to make suggestions while the Company respects and safeguards their legitimate rights and interests. (VI) The directors and supervisors' education and training: The Company's directors are from diversified professional backgrounds, and all are engaged in their own professional fields. They also participate in the directors' continuing education courses every year. Where there are the latest relevant laws and regulations or any updates, the Company will inform all directors of said matters in real time for them to comply with applicable laws. It will also file relevant maters to the MOPS as per the regulations of the competent authority. (VII)Implementation of the risk management policy and risk measurement standards: The Company has	

Assessment criteria	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			established relevant management regulations for important management indicators and executed them as per the management regulations. (VIII) Implementation of customer policies: The Company has passed the ISO9001, ISO/TS16949 quality management system, ISO14001, OHSAS18001, QC080000, Code of Conduct, Responsible Business Alliance (RBA), and electrostatic discharge management (ESD) S20.20, as well as the Occupational Health and Safety System and the Hazardous Substance Process Management System to ensure that the Company's customer policies are implemented and the objectives are achieved. (IX) The Company's purchase of liability insurance for directors and supervisors: The Company has purchased liability insurance for directors as per the Articles of Incorporation, and regularly reports on the insured amount and contribution rate to the board for ratification of policy renewal while filing the information to MOPS as per the requirement of the competent authority.	
IX. Please specify the status of the improvement based on the corporate governance evaluation report released by the Corporate Governance Center of TWSE in the most recent year, and the prioritized improvement actions and measures for remaining deficiencies that have not yet been improved: The Company continues to improve as per the results of the corporate governance evaluation, including updating relevant regulations, regularly making amendment based on the latest information, actively implementing sustainable development initiatives, and disclosing the implementation results and the latest relevant information on the official website for investors' reference.				

Note: CPA independence evaluation standards for 2022

Assessment criteria	Evaluation results	Independence
1. Whether the CPA has direct or material indirect financial interests with the Company, affecting the independence.	No	Yes
2. Whether the CPA is currently serving as or served as a director or supervisor of the Company or any of its related parties in the last two years, or other positions with direct and significant influence on the audit case.	No	Yes
3. Whether the CPA has his/her independence questioned due to the position of or the defense from the Company and its related parties.	No	Yes
4. Whether the CPA has a close relationship with the Company or its related parties, directors, supervisors, or managers, and may be overly concerned about or feel overly empathy with to the Company's interests.	No	Yes
5. Whether the CPA is or feels intimidated by the Company, so that it may not be able to maintain objectivity and clarify his/her professional doubts.	No	Yes
6. Whether the CPA is aware of the laws and regulations governing insider trading, and shall not use the Company’s undisclosed information to trade the Company’s securities nor shall he/she disclose its undisclosed material information to ant third party for the trading of securities after accepting the audit project.	Yes	Yes
7. Whether the CPA did not provide the Company with non-audit services that may affect his/her independence from the commencement date of the financial statement period to the date at which the appointment was accepted.	Yes	Yes
8. Whether the CPA engages in any other circumstances that may affect his/her independence.	No	Yes

(IV)The composition, responsibilities, and operation of the Remuneration Committee: The Company's Board of Directors resolved to establish the Remuneration Committee on December 28, 2011. Its main responsibilities include putting forth suggestions about directors' and managers' performance evaluation and their remuneration policy, system, standard, and structure.

1. Information on the members of the Remuneration Committee

Identity	Criteria / Name	Professional qualifications and experience	Independence criteria	Number of other public companies at which serving as a member of the remuneration committee concurrently
Independent Director (Convener)	WANG, KUAN-SHEN	Has the work experience in business or experience required for corporate business for five years or more; and is not under any of the circumstances under Article 30 of the Company Act	1. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the company or its affiliates. 2. Does not and spouse and relatives within the second degree of kinship thereof (or by nominee arrangement) do not hold the company's shares in terms of the number and percentage. 3. Is not serving as a director, supervisor, or employee of a company with specific relations with the company. 4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years. 5. Remuneration Committee members of publicly listed companies should maintain their independence within the scope of their duties, so is not under any of the circumstances under Article 3, paragraph 1 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	None

Independent Director	TSAI, YEOU-JYH	Has the work experience in business or experience required for corporate business for five years or more; and is not under any of the circumstances under Article 30 of the Company Act	1. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the company or its affiliates. 2. Does not and spouse and relatives within the second degree of kinship thereof (or by nominee arrangement) do not hold the company's shares in terms of the number and percentage. 3. Is not serving as a director, supervisor, or employee of a company with specific relations with the company. 4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years. 5. Remuneration Committee members of publicly listed companies should maintain their independence within the scope of their duties, so is not under any of the circumstances under Article 3, paragraph 1 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	None
Independent Director	CHEN, YEN-HAU	Has the work experience in business or experience required for corporate business for three years or more and is a lecturer at relevant management departments of universities; and is not under any of the circumstances under Article 30 of the Company Act	1. Is not and spouse and relatives within the second degree of kinship thereof are not serving as directors, supervisors, or employees of the company or its affiliates. 2. Does not and spouse and relatives within the second degree of kinship thereof (or by nominee arrangement) do not hold the company's shares in terms of the number and percentage. 3. Is not serving as a director, supervisor, or employee of a company with specific relations with the company. 4. Did not receive remuneration for providing business, legal, financial, accounting, or other services to the company or its affiliates in the last two years. 5. Remuneration Committee members of publicly listed companies should maintain their independence within the scope of their duties, so is not under any of the circumstances under Article 3, paragraph 1 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.	None

Note: Please refer to Table 1 on page 7 for information on independent directors' professional qualifications and experience.

2. Information on the operation of the Remuneration Committee

(1) The Company's Remuneration Committee is composed of 3 members.

(2) The term of office of the current committee members: From June 17, 2020 to June 16, 2023. The Remuneration Committee held 3 meetings (A) in the last year. The qualifications and attendance of the members are as follows:

Position	Name	Attendance in person (B)	Attendance by proxy	Actual attendance (%) (B/A)	Remarks
Convener	WANG, KUAN-SHEN	3	0	100%	
Committee member	TSAI, YEOU-JYH	3	0	100%	
Committee member	CHEN, YEN-HAU	3	0	100%	

Other additional information:

I. Where the Board of Directors declines to adopt or modifies a suggestion of the remuneration committee, it shall specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (e.g. the remuneration passed by the Board of Directors exceeds the suggestion of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

II. Where there were resolutions of the Remuneration Committee regarding which members expressed objection or reserved opinions on record or in a written statement, the date of the meeting, session, content of the motion, all members' opinions ,and the response to members' opinion shall be specified: None.

Remuneration Committee	Content of motion and subsequent response	Objections or reserved opinions
4th term 4th meeting 2021.03.10	1. Discussion on the total remuneration of directors, managers, and employees of the Company for 2020	None
Independent directors' opinion: None.		
The Company's response to independent directors' opinion: None.		
Resolution result: The proposals above were approved by the members of the Remuneration Committee, and submitted to the Board of Directors for resolution.		
4th term 5th meeting 2021.08.06	1. Suggestions about the 2020 managers' employee compensation	None
Independent directors' opinion: None.		
The Company's response to independent directors' opinion: None.		
Resolution result: The proposals above were approved by the members of the Remuneration Committee, and submitted to the Board of Directors for resolution.		
4th term 6th meeting 2022.01.21	1. Discussion and determination of various salaries and remuneration items	None
	2. Proposal for the suggestions about the amount of 2021 year-end bonuses for the Company's managers	None
	3. Proposal for adjustment to manager's 2022 salary structure and annual salary	None
	4. Total remuneration of directors, managers, and employees of the Company for 2021	None
Independent directors' opinion: None.		
The Company's response to independent directors' opinion: None.		
Resolution result: The proposals above were approved by the members of the Remuneration Committee, and submitted to the Board of Directors for resolution.		

III. The meeting agenda is set by the convener, and other members may also submit motions to the committee for discussion.

IV. The remuneration of the directors and managers of the Company is determined based on the provisions of Article 25 of the Company's Articles of Incorporation, and no greater than 3% of the balance shall be allocation for the remuneration of the directors. The Company refers to the usual payment level in the industry and considers the results of personal performance evaluation, the time contributed, the responsibilities assumed, the achieving of personal targets, the performance at other job positions, the Company's compensation for the same position in recent years, the degree of participation in the operation, and the value of contribution. Then, based on the achievement of the Company's short-term and long-term business targets, the Company's financial position, the Company evaluates the reasonableness of the correlation between personal performance, the Company's operating performance, and future risks, and determines reasonable remuneration. It also reviews directors' and managers' remuneration system timely based on actual operating conditions and relevant laws and regulations.

Performance evaluation results of directors (including independent directors) and managers in 2021:

Position	Name	Personal target	Performance target	Remarks
Director	HO, SHI-CHI	✓	✓	
Director	Alan Tsai	✓	✓	
Director	C.T. Huang	✓	✓	
Director	Elton Yang	✓	✓	
Independent Director	WANG, KUAN-SHEN	✓	✓	Only honoraria were paid
Independent Director	TSAI, YEOU-JYH	✓	✓	
Independent Director	CHEN, YEN-HAU	✓	✓	
Managers	CHANG, CHIA-FENG	✓	✓	
Managers	LIU, WEN-CHUNG	✓	✓	
Managers	LEE, CHIH-JEN	✓	✓	

The Company's internal evaluation items for the individual performance evaluation of directors and managers in 2021 included the occurrence of moral hazard incidents for directors and managers or other risk events that cause damage to the Company's image and goodwill, improper internal management, and personnel fraud. The Company also considers the directors' and managers' target-achieving rate and contribution to the operating profit, calculates their remuneration percentages, before submitting the proposal to the Remuneration Committee for discussion. After the resolution adopted by the Remuneration Committee, it is reported to the Board of Directors.

The personal and performance targets set for the directors and managers were all achieved effectively.

(VI) Status of promotion of sustainable development and deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
I. Has the Company established exclusively (or concurrently) dedicated units to promote sustainable development, and has the Board of Directors placed personnel at the senior management in charge of the promotion and monitored the promotion?	√		The Chairman as the convener reviews the Company's core operational capabilities and formulates the Company's medium- and long-term sustainable development plan together with a number of top-level managers in different fields. Through quarterly meetings and issues, we identify sustainability issues related to the Company's operations and stakeholders' concern, formulate corresponding strategies and approaches, plan and implement the annual plan, and track the implementation effectiveness, to ensure that the sustainable development strategy is duly implemented in the Company's daily operations. The convener reports to the Board of Directors on the implementation results of sustainable development and future work plans every six months. The Board of Directors evaluates the probability of the success of each proposed strategy through a semi-annual report, regularly reviews the progress of the strategy, and adjusts it at any time as per the actual situation.	No deviation
II. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?	√		The Company's risk assessment covers the Company as well as subsidiaries in China and Thailand based on their significant influence on our operations. We perform analyses as per the principle of materiality (environment, corporate governance, and society) and establish effective identification, measurement, and risk management policies in accordance with the Articles of Incorporation and relevant laws and regulations and based on the development trend of corporate	No deviation

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>social responsibility at home and abroad as well as the Company’s overall operating activities and social and corporate governance issues, while taking specific actions to reduce the impact of relevant risks.
<table>
<tr><th>Material issue</th><th>Risk assessment criteria</th><th>Description</th></tr>
<tr><td>Environment</td><td>Environmental impact and management</td><td>Adopt a process safety management and systematic management cycle to effectively reduce pollution emissions and the impact on the environment.
Obtain ISO14001 environmental management certification and regularly conduct greenhouse gas inventory in accordance with ISO140641, while continuing to implement carbon reduction measures to reduce emissions according to the results.</td></tr>
<tr><td>Corporate governance</td><td>Socioeconomic compliance.</td><td>Implement internal control mechanisms to ensure that all personnel and operations duly comply with relevant laws and regulations.
Pass ISO9001, ISO14001, ESD20.20, OHSAS18001, QC080000, and ISO/TS16949 system certifications and implement the EICC Code of Conduct at the production sites.
The Company reports on changes</td></tr>
</table></td><td></td></tr>
</table>

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			in operations and updates the latest relevant laws and regulations at the quarterly business performance meetings.	
			Society | Occupational and product safety | The Company establishes an occupational health and safety target management plan, formulates emergency response plans, organizes fire and earthquake drills regularly, and arranges regular training for employees in special positions and chemical operation. The Company establishes employee complaint mailboxes and telephone complaint channels, and sets up diverse employee communication channels for internal employees. All suppliers shall sign a procurement contract, which requires them to comply with the sustainable development policy and sign the Supplier Sustainable Development Commitment.	
III. Environmental issues (I) Does the Company establish an appropriate environmental management system based on its industrial characteristics?	√		(I) Following the ISO14001 and ISO45001 management systems, the Company has established work environment and employee personal safety protection measures and continued to pass third-party verification. With such management systems, we conduct major environmental	No deviation

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			evaluations and occupational safety and health risk control, adopt a target and project management model to set out emergency response measures, and prioritize improvement measures. Those with lower risks are controlled by means of operational control methods. Meanwhile, we conduct greenhouse gas inventory every year to track the effectiveness of emission reduction. These efforts have achieved significant results.	
(II) Is the Company committed to improving the energy use efficiency and using recycled materials with a low impact on the environment?	√		(II) The Company is committed to improving the utilization efficiency of various resources and using recycled materials with a low impact on the environment so that the resources on Earth can be used sustainably. The Company, in addition to setting various environmental management indicators, uses EU RoHS compliant materials to make effective use of resources to reduce waste generated, and entrusts professional qualified businesses as certified by the environmental protection agency to dispose of waste, thereby alleviating the effect on the environment.	No deviation
(III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures against climate issues?	√		(III) The Company formulates climate change adaptation and mitigation management plans in accordance with the impact of climate change on our operating activities, reviews the implementation status, and discusses future plans, and reports to the Board of Directors. We actively advocate energy conservation and environmental protection policies, set out the Company's environmental protection, energy conservation and carbon reduction,	No deviation

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			and greenhouse gas reduction management goals and strategies, review the established strategies and goals every half a year, examine the implementation status, and discuss future plans. Related management policies are disclosed on the official website.	
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management?	√		(IV)The Company prepares annual greenhouse gas inventory report as per ISO14064-1. For the volume of greenhouse gas emitted into the atmosphere, the greenhouse gas reduction measures are effectively implemented, to slow down the global warming trend, and the responsibility is fulfilled as a part of the global village. To continue to achieve reduction, we continue to track the reduction and implement policies, including material design and selection and power-saving production. As for our water-saving plan, we strive to conserve water in daily life, to maximize the benefits of available water resources. The Company gives priority to reuse waste in the factories to reduce the use of raw materials before recycling them for reuse. We have formulated relevant management policies for greenhouse gas emissions, water consumption, and the total weight of other waste materials to achieve sustainable development. The relevant management policies are disclosed on the official website. (Note)	No deviation

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><th>Item</th><th>2020 (tons)</th><th>2021 (tons)</th></tr><tr><td>GHG emission</td><td>17,435.81</td><td>16,866.40</td></tr><tr><td>Water consumption</td><td>65,961.88</td><td>94,550.00</td></tr><tr><td>Total weight of waste</td><td>1,434.55</td><td>910.90</td></tr></table></td><td></td></tr>
<tr><td>IV. Social Issues
(I) Does the Company establish policies and procedures in compliance with regulations and internationally recognized human rights principles?</td><td>√</td><td></td><td>(I) The Company refers to international human rights conventions to formulate and disclose human rights protection policies, observes relevant labor laws and Code of Conduct - Responsible Business Alliance, and relevant international regulations, national and local laws and regulations; the Company respects internationally recognized basic labor human rights principles, and by continuously improvement of work, protects employees’ human rights. The Company also encourages suppliers to comply with relevant standards, to reduce the risk of violations and occupational safety and health losses. Relevant policies and regulations are specified in the Company's internal regulations and disclosed on the official website.</td><td>No deviation</td></tr>
<tr><td>(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits) and appropriately reflected the business performance or results in the employee remuneration policy?</td><td>√</td><td></td><td>(II) Employee remuneration: The salary system is determined with reference to the market salary level and work experience, and salary adjustments are made every year based on individuals’ performance to maintain the overall salary competitiveness.
Employee benefit measures: The Company has formulated "Working Rules" to regulate employees'</td><td>No deviation</td></tr>
</table>

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			relevant reasonable benefit measures (including salary-regular salary adjustment; vacation-paternity leave, vaccination leave, family care leave, and other benefits-flexible working hours), and we arrange free health checkup once every two years. The Company has set up an employee welfare committee to plan and provide employees with various benefit measures, including employee travel subsidies, gift certificates for three major holidays, birthday gifts, marriage, maternity, and funeral condolence money. Diversity and equality in the workplace: The Company has established a policy to protect human rights regardless of gender. In 2021, the average proportion of female employees in the Company was 30.20%, and the average proportion of female managers was 21.50%. Operational performance reflected in employee salaries: As per the Articles of Incorporation, if the Company makes a profit, it shall allocate no less than 5% of the balance as employee compensation to appropriately reflect our operational performance in employees salaries to share our operational results.	
(III) Has the Company provided employees with a safe and healthy working environment and regularly conducted safety and health training?	√		(III) The Company formulates policies in accordance with the Occupational Safety and Health Act and the regulations on relevant customer or groups and respects relevant stakeholders' requirements for occupational safety and health, so as to build a healthy and happy workplace. The Company takes the ISO45001 management system as a	No deviation

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			benchmark, to identify all sources of company-wide environmental and safe hazards, establish an occupational health and safety target management plan, formulate emergency response plans, and conduct regular fire and earthquake drills. The special positions and chemical operators are arranged for regular trainings, to achieve a good prevention for management and execution for eliminating safety accidents. We arrange free health checkup once every two years and specialist doctors and nurses are invited to provide medical consultation services and health education to employees onsite. No occupational accident occurred in 2021.	
(IV) Has the Company established an effective career development training program for employees?	√		(IV) The Company has planned a complete competency training program for managers and employees at all levels, including new employee training, professional advanced training, and manager training. In addition, we arrange relevant internal education and training monthly and external training courses related to work from time to time for employees to participate, to assist them in continuing to learn and grow through diverse learning methods, thereby enhancing their competencies and career development.	No deviation
(V) Has the Company complied with the relevant regulations and international standards and formulated policies for consumer or customer protection and grievance procedures with respect to	√		(V) The Company uses green and environmental-friendly materials to manufacture products, as the protection of customers' health and safety, with good after-sales services, and keeps customer information confidential. The Company respects and protects intellectual property	No deviation

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
consumer health and safety, customer privacy, marketing and labeling of products and services?			rights. The legal department conducts professional reviews of product patents and intellectual property rights, and complies with relevant laws and international standards for products and service processes.	
(VI) Has the Company established supplier management policies which require suppliers to comply with regulations on environmental protection, occupational safety and health or labor rights, and reported the implementation?	√		(VI) For the suppliers expected to partner with, the procurement unit requires them to fill in the "Supplier Evaluation Data Sheet" and conducts routine audits or on-site evaluations of their actual conditions. The evaluation includes the vendor's compliance with the sustainable development principles, and acquisition of conflict minerals and usage surveys. To promote economic, environmental and social progress, and achieve sustainable development goals, the Company requires all partner suppliers to sign procurement contracts, specifying that suppliers must strictly observe the sustainable development policies. If there is any violation of social responsibility or anything that have a significant impact on the environment and society, the contract will be terminated or cancelled.	No deviation
V. Has the Company referred to international reporting standards or guidelines in its preparation of sustainable development reports and other reports which disclose the Company's non-financial information? Have the abovementioned reports obtained the verification or assurance opinions from		√	The Company has not yet prepared a sustainable development report but has only formulated the "Sustainable Development Best Practice Principles" to follow in order to manage economic, environmental and social risks and impacts. While being engaged in business operations, the Company actively promote sustainable development to conform to international development trends, enhance national economic contribution,	No deviation

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
third-party certification organizations?			improve the quality of life of employees, communities, and society, and promote a competitive advantage based on sustainable development.	

VI. If the Company has formulated its own Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the difference between its operation and the established Principles:

To promote sustainable development, the Company has established the Sustainable Development Best Practice Principles. The Company makes its contribution in environmental protection, social contribution, social service, social welfare, consumer rights, human rights, safety and health and other social responsibility activities from time to time. The Company strictly observes labor laws and regulations and business ethics and actively implements various sustainable development initiatives based on the domestic and international development trend of sustainable development and the Company's own overall operating activities. We regularly review the implementation of these principles and make improvements accordingly. So far, the implementation in well-aligned with these principles.

VII. Other important information to help understand the efforts in promotion of sustainable development:

To ensure the quality and volume of products and environment, the Company has established IECQ/QC080000 hazardous substance process management system, to promote design and development for eliminating prohibited substances, controlling its green partner from sources, managing process to prevent cross-contamination, full participation in continuous product waste reduction, sustainably satisfying regulations and customers' requirement. Through the supply chain HSF (Hazardous Substance Free) management, HSF training to all personnel, and hazardous substance testing related to parts, the goal of green homes is to be achieved. In order to meet the low-carbon environmental trend and sustainable development requirements, ISO14064 was established to inventory the carbon emissions of the Company and products, to formulate relevant emission reduction plans and measures, meeting the continuous improvement requirements of regulations and customers.

Item	Implementation			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	

Note:

I. Individual GHG emission (t-CO2e):

Greenhouse gas	CO_2		CH_4		N_2O		HFCs		PFCs		SF_6		Total volume of GHG emission	
Year	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Emission volume (t-CO_2e/year)	11,639.78	12,379.94	81.51	72.28	2.97	1.66	0.00	0.00	0.00	0.00	0.00	0.00	11,724.26	12,453.88
Percentage to the total emission	99.28%	99.41%	0.70%	0.58%	0.02%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%

II. Volume of GHG emission for each scope and emission type:

Year	2020						2021					
Scope	Scope 1				Scope 2	Scope 3	Scope 1				Scope 2	Scope 3
Type of emission	Stationary combustion	Mobile combustion	Production process	Fugitive emission	Indirect emission from energy	Other indirect emission	Stationary combustion	Mobile combustion	Production process	Fugitive emission	Indirect emission from energy	Other indirect emission
Emission volume (t-CO_2e/year)	0.04	86.69	0.00	80.88	11,556.66	0.00	0.04	48.29	0.00	71.94	12,333.61	0.00
Percentage	0.00%	0.74%	0.00%	0.69%	98.57%	0.00%	0.00%	0.39%	0.00%	0.58%	99.03%	0.00%
Emission volume (t-CO_2e/year)	167.61				11,556.66	0.00	120.27				12,333.61	0.00
Percentage	1.43%				98.57%	0.00%	0.97%				99.03%	0.00%

(VII) Implementation of Ethical Corporate Management and Differences with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons:

Assessment criteria	Implementation status			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
I. Setting ethical management policies and programs (I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team?	√		(I) The Company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency. In order to implement the ethical corporate management policy and actively prevent the occurrence of unethical conducts, the Company has formulated the Ethical Corporate Management Best Practice Principles, approved by the Board of Directors, to regulate the matters that employees should pay attention to when conducting business. In addition, because the Company values the ethics and integrity of employees, employees are required to sign the "Employee Integrity Contract" for the self-discipline to be ethical with integrity. The "Rules for Employees" specify that employees should be cautious and ethical in their words and deeds, upholding honesty and credibility when handling official affairs as the principle; for any information related to the Company's business and technology, the confidentiality shall be strictly observed without leaking; and	No deviation

Assessment criteria	Implementation status			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
			employees shall not use their positions to profit themselves or others; and shall not accept rebates, improper gifts, entertainment or other illegal benefits due to their duties or conducts breaching their duties.	
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	√		(II) In addition to requiring employees to sign the "Employee Integrity Contract," the Company also requires suppliers to sign the contract of ethics and integrity for procurement activities with higher risk of unethical conduct within the business scope, and provides a whistleblower mailbox, establishes "Ethical Corporate Management Best Practice Principles" to prevent improper conducts.	No deviation
(III) (III) Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?	√		(III) The Company has the "Ethical Corporate Management Best Practice Principles" in place to prevent unethical conducts, and the "Working Rules" that include ethics-related conducts as part of the spirit of service. The provisions precisely regulate employees' behaviors or ethics, and are reviewed and amended regularly every year, to comply with operating procedures. The relevant regulations are announced on the official website.	No deviation
II. Implementation of ethical management				

Assessment criteria	Implementation status			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
(I) Does the Company evaluate the ethic records of the transaction object and conclude the terms regarding the ethic conducts in the agreement signed with them?	√		(I) The contracts between the company and suppliers specify relevant clauses: all suppliers should understand QSI Group’s policies, social responsibilities and gain considerable trust in the market. Suppliers and their agents should maintain the highest ethical standards, including business reputation, no improper interests, information disclosure, intellectual property rights, fair trading, advertising and competition, identity protection, social cooperation, among other things, to regulate ethical conducts.	No deviation
(II) Has the Company established a specialized unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a year) reports policies on ethical operations, programs on prevention of unethical conduct and the status of supervision to the board?	√		(II) The General Administration Department is responsible for the promotion and implementation of the Company's ethical corporate management. Each department performs corporate social responsibility based on the scope of duties, and the execution unit summarizes the results to report to the Board of Directors every half year, and disclose the relevant operation on the official website.	No deviation
(III) Does the Company prepare the policies against interest conflict and provide and implement the proper statement channel?	√		(III) The Regulations Governing Procedure for Board of Directors Meetings set for the system of recusal for conflict of interest: for the proposals in the meeting in which a director has interests of his/herself or the institution	No deviation

Assessment criteria	Implementation status			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
			he/she represents, such director should explain the important content of his/her interest in the same board meeting. If it is harmful to the Company's interests, they shall not participate in discussions and voting, recused him/herself during discussions and voting, and not exercise the voting right on behalf of other directors.	
(IV) Has the Company established an effective accounting and internal control system to put ethical operations management into practice and arranged for the internal audit unit to formulate audit plans based on the risk assessment of unethical conduct and audit the compliance to prevent unethical conduct, or commissioned independent auditors to conduct the audit?	√		(IV) The Company has established the effective accounting system and internal control system, and has set up an audit unit to schedule audit plans based on risk assessments, and conduct regular audits to prevent unethical conducts. Up to now, there has been no violation of ethical corporate management.	No deviation
(V) Does the Company hold regular internal and external education trainings on ethical management regularly?	√		(V) The Company promotes the relevant regulations stipulated in the Ethical Corporate Management Best Practice Principles during the orientations to new recruits, and provides education and promotions from time to time, to avoid violations of related ethical corporate management.	No deviation
III. Operation of the Company's whistle-blowing system (I) Does the Company prepare the specific whistle-blowing and award & punishment system, establish the	√		(I) Employees shall be vigilant to any unethical conducts. If any dubious or breach is found,	No deviation

Assessment criteria	Implementation status			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
convenient whistle-blowing channel and designate a person to deal with the accused?			employees are obliged to report to supervisors. The official website has also established channels, e.g. employee complaint mailbox and complaint hotlines, and the responsible personnel will promptly deal with reasonable comments or suggestions. Any violations reported by any employee will be investigated; the whistleblower is provided with protective measures to avoid unfair retaliation or treatment. The Company will, depending on the severity of the circumstances, take actions pursuant to the Rules of Employees; the most serious punishment is dismissal.	
(II) Does the Company establish standard operating procedures for investigating the complaints received, follow-up measures to be adopted and the related confidentiality measures after investigation?	√		(II) The Company's official website has established whistle-blowing channels, e.g. employee complaint mailbox and complaint hotlines; the dedicated unit is responsible for accepting whistle-blowing, standard operating procedures of investigation, and related confidentiality mechanisms.	No deviation
(III) Does the Company take measures for protecting the whistle-blower from being punished improperly?	√		(III) The Company conducts the investigation to any reported violations of professional ethics, and takes the responsibility of confidentiality, to protect whistle blowers from unfair treatment as a result, and has no improper treatment.	No deviation
IV. Strengthening of information disclosure	√		The Company disclosed the information related to	No deviation

Assessment criteria	Implementation status			Deviations with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
Does the company disclose the contents of its Ethical Corporate Management Best Practice Principles and the effectiveness on its website and MOPS?			the ethical corporate management on the website and MOPS. The philosophy and policies of ethical corporate management are also disclosed in the annual reports, regulations, and supplier contracts, to promote actively for the effect of ethical corporate management.	

V. If the company has its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them:
The Company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency. In order to implement the ethical corporate management policy and actively prevent unethical conducts, the "Ethical Corporate Management Best Practice Principles" have been formulated to specifically regulate the matters that the personnel should pay attention to when conducting business. The dedicated unit regularly reports to the Board of Directors. There is no difference between its operation and the Principles.

VI. Other important information that helps to understand the company's ethical management operation: (e.g. the review and amendment to the established Ethical Corporate Management Best Practice Principles)
The Company regularly conducts self-inspection of internal control every year, to carefully review the implementation of internal control, for achieving effective implementation of internal control. For the material matters such as material operating policies, investments, acquisition or disposal of assets, loaning of funds to others, and endorsement/guarantees, they are all handled pursuant to relevant laws and regulations, announced as required by laws, and disclosed on the official website. Accommodate the laws and regulations to formulate relevant anti-fraud measures to ensure ethical corporate management, and formulate standard operating procedures and conduct guidelines related to work and business in each program, for assisting the Board of Directors and management to inspect and evaluate whether the preventive measures established for the implementation of ethical corporate management are effectively operating. The compliance status of related business processes are regularly evaluated and prepared as reports.

(VIII) Disclosure of Inquiry Ways in Case of any Formulation of Corporate Governance Rules and Relevant Regulations by the Company:

The Company has established the regulations related to corporate governance, e.g. “Sustainable Development Best Practice Principles,” the “Corporate Social Responsibility Best Practice Principles,” the “Ethical Corporate Management Best Practice Principles,” the “Operational Procedures of Handling Internal Material Information and Preventing Insider Trading,” the “Internal Control System,” the “Rules of Procedure for Shareholder Meetings”, the “Regulations for Electing Directors,” the “Regulations Governing Procedure for Board of Directors Meetings,” the “Procedures Handling Acquisition or Disposal of Assets,” the “Operational Procedures for Loaning of Funds and Endorsement/Guarantee,” and the “Rules Governing the Scope of Powers of Independent Directors.” Please inquire at the “MOPS/Company Governance/Establishment of Regulations Related to Corporate Governance,” and the “Company’s Website/Investor Section.”

(IX) Other important information that is sufficient to enhance the understanding of the operation of corporate governance:

1. Relevant units regularly communicate and discuss sufficiently with the CPAs for financial statement audit matters and internal control implementation status.
2. The procedures handling the internal material information comply with the “Operational Procedures of Handling Internal Material Information and Preventing Insider Trading” and “Management and Control Operation for Preventing Insider Trading.” The disclosure of material information are based on the definitions of the “Regulations Governing the Scope of Material Information and the Means of its Public Disclosure Under Article 157-1, Paragraphs 5 and 6 of the Securities and Exchange Act” and the “Taipei Exchange Procedures for Verification and Disclosure of Material Information of Companies with TPEx Listed Securities” and related regulations. To prevent insider trading, anyone who knows material internal information of the Company shall handle the trading of the Company’s negotiable securities pursuant to Article 157-1 of the Securities and Exchange Act. The Company has also established the internal control mechanism, provided timely education and promotion, and informs directors, managerial officers, and employees of this system to avoid violations of regulations or insider trading.

(X) Internal control systems implementation

1. Statement of Internal Control System

Quanta Storage Inc.
Statement of Internal Control System

Date: March 18, 2022

The Company declares the following concerning its internal control system during the fiscal year 2021, based on the findings of a self-assessment:

I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and Managers of the Company. As such, the Company has established the aforementioned system. Its objectives are to provide reasonable assurance for the effectiveness and efficiency of its operations (including profitability, performance, and the guarantee of assets safety, etc.), reliable, timely and transparent reporting, and conformity to applicable rules, regulations, and laws.

II. The internal control system has its inherent limitations. Regardless of how exhaustive the design is, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned three objectives. Further, due to changes in the environment or circumstances, the effectiveness of the internal control system may vary accordingly. Nevertheless, the Company's internal control system has set up a self-supervision mechanism. Once a deficiency has been identified, the Company will take the remedial actions immediately.

III. In accordance with the determining criteria for the effectiveness of the internal control system prescribed in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereafter the "Regulations"), the Company evaluated the effectiveness of the design and execution for its internal control system. The determining criteria of the internal control system prescribed in the "Regulations" are based on the process of management control, dividing the internal control system into five composite factors: 1. control of the environment, 2. risk evaluation, 3. control of operations, 4. information and communication, and 5. supervision. The composition of each element also includes several items. Please refer to the "Regulations" for the aforesaid items.

IV. The Company has adopted the aforementioned determining criteria of the internal control system to evaluate the effectiveness of design and execution for its own internal control system.

V. Based on the evaluation result of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2021, including understanding the achievement for the objectives of effectiveness and efficiency of its operations, reliability, timeliness and transparency of its reporting and compliance with the applicable law and regulations, was effective in design and execution, and can be reasonably assured of the achievement of the aforementioned objectives.

VI. This statement will serve as the main content of the Company's annual report and prospectus and will be made available to the public. If the aforesaid public content has any illegal events including falseness or concealment, it shall be liable to the legal liabilities stipulated in Article 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 18, 2022, where none of the attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Quanta Storage Inc.

Chairman: HO, SHI-CHI

President: CHANG, CHIA-FENG

2. f any CPA is entrusted to perform a special audit on the internal control audit report, such CPA's audit report shall be disclosed: none

(XI) For the most recent year until the publication date of the annual report, penalties imposed against the Company and its staff, or penalties imposed by the company against its staff for violations of internal control or regulations. State any corrective actions are taken in the most recent years up to the date of the annual report: none.

(XII) For the most recent year until the publication date of the annual report, major resolutions made in Shareholders' and Board meetings:

1. Major resolutions of Board of Directors:

Date	Major resolutions
2021.01.13	▪The resignation and re-election of the Chairman ▪Proposal to appoint the President
2021.03.19	▪Ratification of liability insurance renewal for directors and key staff ▪2020 Business Report ▪2020 consolidated and parent company-only financial statements ▪Proposal for the 2020 distribution of remuneration to employees and directors ▪Proposal for the 2020 earning distribution ▪Determination of 2020 cash dividends distribution ▪Proposal to distribute cash from the capital reserve ▪The Company's 2020 "Assessment of the Effectiveness of Internal Control" and "Statement on the Internal Control System" ▪Submit the proposal for the lifting of the non-compete clause for newly elected directors ▪For the schedule of the listing of Techman Robot Inc. (Techman) and to meet the shareholding dispersal standards, the Company suggests to release stock before listing ▪Determination of the matters related to the convention of 2021 AGM ▪The Company's regular assessment of the independence of the CPAs ▪Ratified the additional lease-in of Quanta Computer Inc., property for office in Linkou ▪The Company intended to open an account in the Citi Bank, Hong Kong Branch, and authorize the Company's seal and person in charge's seal as the seals as the authorized signature ▪Proposal for derivative trading with Hong Kong Branch, DBS Bank Limited ▪The Company's bank credit line proposal
2021.05.10	▪Acceptance of shareholders' proposal for the AGM
2021.05.18	▪Change of venue for the 2021 AGM

Date	Major resolutions
	▪Amendment to the matters related to the convening of 2021 AGM
2021.07.16	▪Determination of the date, place, and convening method of the 2021 AGM ▪Determination of the dividend distribution record date for the 2020 dividends ▪The Company's bank credit line proposal
2021.08.06	▪The Remuneration Committee submitted a proposal for the suggestions about the 2020 managers' employee compensation ▪The Company's bank credit line proposal
2021.10.19	▪The Company intended to purchase a plant and land from affiliate, Quanta Computer Inc., for the construction of the headquarters office building and a R&D center ▪The Company's bank credit line proposal
2021.11.05	▪Amendment to the Rules of Procedure for Shareholder Meetings ▪The Company's consolidated financial report for the third quarter of 2021 ▪The Company's proposal for remuneration paid to CPAs ▪Amendment to the Approval Authority Management Regulations
2021.12.22	▪Proposal for the Company's relocation ▪Established the 2022 business plan ▪Set out 2022 internal audit plans for the Company and its subsidiaries ▪Increased capital in subsidiary, Techman Electronics (Thailand) Co., Ltd. ▪The Company's bank credit line proposal
2022.01.21	▪Proposal to relieve the restrictions on competing business for managers ▪The Remuneration Committee submitted a proposal for various salaries and remuneration items ▪The Remuneration Committee submitted a proposal for the suggestions about the 2021 year-end bonus paid to the Company's top-level managers ▪The Remuneration Committee submitted a proposal for the suggestions about the 2022 top-level managers' salary structure and annual salary adjustment. ▪Proposal for the 2021 distribution of remuneration to employees and directors
2022.02.25	▪Ratification of liability insurance renewal for directors and key staff ▪2021 Business Report ▪2021 consolidated and parent company-only financial statements ▪Plan for investing in domestic TWSE/TPEx listed stocks ▪Amendment to the Asset Acquisition and Disposal Procedures ▪Amendments to the internal regulations ▪The Company's bank credit line proposal
2022.03.18	▪Amendment to the "Articles of Incorporation" ▪Proposal for the 2021 earning distribution ▪Determination of 2021 cash dividends distribution

Date	Major resolutions
	▪Proposal to distribute cash from the capital reserve ▪The Company's 2021 "Assessment of the Effectiveness of Internal Control" and "Statement on the Internal Control System" ▪Determination of the matters related to the convention of 2022 AGM ▪The Company’s regular assessment of the independence of the CPAs ▪The Company's 2021 evaluation of the Board (including functional committees’) performance

2. Major resolutions of shareholders’ meetings and implementations:

Date	Major resolutions of shareholders’ meetings	Implementation
2021.08.06	Reported on the 2020 distribution of remuneration to employees and directors	Handled as the proposal
	Reported on the 2020 distribution of cash dividend and capital surplus	Handled as the proposal
	Ratified the Company’s 2020 Business Report and Financial Statements	The resolution was ratified.
	Ratified the proposal for the 2020 Earning Distribution of the Company	The AGM resolved the cash bonus of shareholders was NT$139,179,455, or NT$0.50 per share. The Board of Directors determined, based on the resolution, the dividend-distribution base date was August 8, 2021; the payout date of cash dividends was August 25, 2021. The execution was completed as resolved.
	For the schedule of the listing of Techman Robot Inc. and to meet the shareholding dispersal standards, the Company suggests to release stock before listing	Handled as the proposal

(XIII) Any director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof:

During the recent year and up to the publication date of annual reports, for all the resolutions adopted in the meetings convened by the Board of Directors, have not been objected by any director or supervisor.

(XIV) In most recent year and as of the end of this annual report is printed out, the resignation summary of the company's chairman, president, accounting, financial, internal audit, management officers and R&D executives:

Aggregated Table for Resignation/Discharge of Related Staff

April 30, 2022

Position	Name	Date of inauguration	Date of discharge	Reason of resignation or discharge
Chairman	Alan Tsai	2020.07.01	2021.01.13	Personal factor

IV. Professional service fee of CPAs:

Unit: NTD thousand

<table>
<tr><th>Name of the accounting firm</th><th>Name of CPAs</th><th>Audit period</th><th>Audit fee</th><th>Non-audit fee</th><th>Total</th><th>Remarks</th></tr>
<tr><td rowspan="7">KPMG Certified Public Accountants</td><td>WU, TSAO-JEN</td><td rowspan="7">2021/01/01-2021/12/31</td><td>3,600</td><td>-</td><td rowspan="7">5,140</td><td>Audit of financial statements</td></tr>
<tr><td>LIEN, SHU-LING</td><td rowspan="6">-</td><td rowspan="6">1,540</td><td>Audit of taxation</td></tr>
<tr><td>CHANG, CHIH</td><td>Audit of dual-status business entities</td></tr>
<tr><td>CHANG, CHIH</td><td>Transfer pricing service</td></tr>
<tr><td>WU, TSAO-JEN</td><td>Audit of non-managerial personnel’s salary</td></tr>
<tr><td>-</td><td>Translation of the annual financial statements into English</td></tr>
<tr><td>CHANG, CHIH</td><td>Change registration service</td></tr>
</table>

V. Information on replacement of CPAs:

The company has replaced its certified public accountant within the last 2 fiscal years or any subsequent interim period: none.

VI. Where the Company’s Chairman, President, or Managers in Charge of Financial or Accounting Affairs Have Worked in the CPA Firm at Which the CPAs Appointed Work or Its Affiliates Within the Last Year: none

VII. In the Last Year and As of the Publication Date of the Annual Report, Equity Transfer and Changes in Pledged Equity by Directors, Supervisors, Managers,

and Shareholders Whose Shareholding Ratio Exceeds 10%:

(I) Stake changes of director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent:

Unit: Shares

<table>
<tr><th rowspan="2">Position</th><th rowspan="2">Name</th><th colspan="2">2021</th><th colspan="2">2022 up to April 16</th></tr>
<tr><th>Increase (decrease) in shares held</th><th>Increase (decrease) in shares pledged</th><th>Increase (decrease) in shares held</th><th>Increase (decrease) in shares pledged</th></tr>
<tr><td>Chairman</td><td>HO, SHI-CHI</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td rowspan="3">Director</td><td>Quanta Computer Inc. Representative: Alan Tsai</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td><td rowspan="4">0</td></tr>
<tr><td>Quanta Computer Inc. Representative: C.T. Huang</td></tr>
<tr><td>Quanta Computer Inc. Representative: Elton Yang</td></tr>
<tr><td>Shareholders with 10% stake or more</td><td>Quanta Computer Inc.</td></tr>
<tr><td>President</td><td>CHANG, CHIA-FENG</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent Director</td><td>WANG, KUAN-SHEN</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent Director</td><td>TSAI, YEOU-JYH</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent Director</td><td>CHEN, YEN-HAU</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Vice President</td><td>LIU,WEN-CHUNG</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Head of Finance and Accounting Department</td><td>LEE,CHIH-JEN</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Vice President</td><td>PENG,WEN-KUAN (Newly appointed on July 1, 2022)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Vice President</td><td>YIP,WAI-CHEE (Newly appointed on July 1, 2022)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Corporate Governance Officer</td><td>YEH,HSIU-TING</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table>

(II) Information of stake transfer: none

(III) Information of pledge by shareholder: none

VIII. Information on the Top Ten Shareholders with the Highest Shareholding Ratios are Related Parties, Spouses, or Relatives Within Second Degree of Kinship to Each Other:

April 16, 2022 Unit: Share

Name	Shares held by one's own		Shareholding by spouse and minor child		Total shareholding by nominee arrangement		Names and relationships of the Top Ten Shareholders with the Highest Shareholding Ratio are Related Parties as in Statements of Financial Accounting Standards No. 6, Spouse, or Relatives Within Second Degree of Kinship to Each Other		Remarks
	Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of shareholding	Name	Relation	
Quanta Computer Inc.	82,881,664	29.78%	-	-	-	-	-	-	
HUANG, CHIU-HSIUNG	3,247,000	1.17%	-	-	-	-	-	-	
Polymer Asia Fund LP with Merrill Lynch under the custody of HSBC	3,085,000	1.11%	-	-	-	-	-	-	
The investment account of Morgan Stanley Bank International Ltd. under custody of HSBC Bank (Taiwan) Limited	2,823,000	1.01%	-	-	-	-	-	-	
Jun-Wei Investment Inc.	2,736,000	0.98%	-	-	4,264,097	1.53%	Tseng, Jin-Feng	Chairman of the company	
JPMorgan Chase Bank N.A. Taipei Branch in custody for VANGUARD EMERGING MARKETS STOCK INDEX FUND A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	2,078,000	0.75%	-	-	-	-	-	-	
PGIA Integrated International ETF under custody of JPMorgan Chase Bank, N.A., Taipei Branch	2,042,136	0.73%	-	-	-	-	-	-	
Tseng, Jin-Feng	1,804,000	0.65%	1,143,097	0.41%	4,053,000	1.46%	Jun-Wei Investment Inc.	Chairman of the company	
WANG, CHIN-YUAN	1,578,000	0.57%	-	-	-	-	-	-	

IX. The Number of Shares Held by the Company, Its Directors, Supervisors, Managers, and Businesses Directly or Indirectly Controlled by the Company in the Same Investee, and the Combined Shareholding Ratio Shall be Calculated

April 30, 2022 Unit: In thousand shares

Re-invested business	Invested by the Company		Held by Directors, Supervisors, managerial officers, and directly / indirectly controlled entities		Aggregated investment	
	Shares	Shares Ratio	Shares	Shares Ratio	Shares	Shares Ratio
Quanta Storage International Ltd. (Cayman)	-	100%	-	-	-	100%
Quanta Storage (BVI) Ltd.	-	-	-	100%	-	100%
E-Forward Technology Ltd. (SAMOA)	-	-	-	100%	-	100%
Quanta Storage (Shanghai),Ltd.	-	-	-	100%	-	100%
Techman Electronics (Changshu) Co., Ltd.	-	-	-	100%	-	100%
Quanta Storage Asia Ltd. (SAMOA)	-	-	-	100%	-	100%
Quanta Storage Holding (HK) Ltd.	-	-	-	100%	-	100%
Techman Electrons Limited.	-	-	-	100%	-	100%
Techman Robot Inc.	71,957	79.95%	788	0.88%	72,745	80.83%
Techman Electronics(Thailand)Co.,Ltd.	16,000	100%	-	-	-	100%
Techman Robot (Hong Kong) Limited.	-	-	-	100%	-	100%
Techman Robot (Shanghai),Ltd.	-	-	-	100%	-	100%
TM SMT SDN.BHD.	-	51%	-	-	-	51%
TM SMT (Thailand) Company Limited.	-	-	-	100%	-	51%

Four. Fundraising

I. Capital and Shares

(I) Source of share capital

Unit: Shares; NTD

Month / Year	Issuance price	Approved share capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Property other than cash provided as capital contributions	Others
98.03	10	380,000,000	3,800,000,000	280,479,846	2,804,798,460	Cancellation of treasury shares 90,310,000	None	Note 1
98.08	10	380,000,000	3,800,000,000	285,120,910	2,851,209,100	Surplus transferred to capital increase 46,410,640	None	Note 2
101.02	10	380,000,000	3,800,000,000	278,358,910	2,783,589,100	Cancellation of treasury shares 67,620,000	None	Note 3

Note 1: Chang of registration was approved by the Letter Jin-Shang-Shou-Zhi No.09801044030, dated March 10, 2009, by MOEA.
2: Chang of registration was approved by the Letter Jin-Shang-Shou-Zhi No.09801181690, dated August 12, 2009, by MOEA.
3: Chang of registration was approved by the Letter Jin-Shang-Shou-Zhi No.10101015610, dated February 3, 2012, by MOEA.

Type of shares	Approved share capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	278,358,910 shares	101,641,090 shares	380,000,000 shares	-

Note: The shares are listed in TPEx

(II) Shareholder structure

April 16, 2022 Unit: Share/Person

Shareholder structure	Governmental agencies	Financial institution	Other institution	Foreign institutions and foreigners	Individual	Treasury shares	Total
Foreign institutions and foreigners	0	0	202	107	40,888	0	41,197
No. of shares held	0	0	92,194,360	21,218,449	164,946,101	0	278,358,910
Shareholding ratio%	0.00%	0.00%	33.12%	7.62%	59.26%	0.00%	100.00%

(III) Share ownership distribution

April 16, 2022 Unit: Share

Classification of shareholding	Number of shareholders	No. of shares held	Shareholding ratio%
1-999	17,917	750,247	0.27%
1,000-5,000	17,998	36,891,482	13.25%
5,001-10,000	2,673	21,415,563	7.69%
10,001-15,000	822	10,607,731	3.81%
15,001-20,000	562	10,495,408	3.77%
20,001-30,000	401	10,379,017	3.73%
30,001-40,000	226	8,115,013	2.92%
40,001-50,000	136	6,353,092	2.28%
50,001-100,000	268	19,415,452	6.97%
100,001-200,000	114	15,540,941	5.58%
200,001-400,000	36	9,991,889	3.59%
400,001-600,000	20	9,982,426	3.59%
600,001-800,000	4	2,837,346	1.02%
800,001-1,000,000	3	2,780,357	1.00%
More than 1,000,001 shares	17	112,802,946	40.53%
Total	41,197	278,358,910	100.00%

Note: No preferred share is issued.

(IV) List of major shareholders (shareholders with shareholding for 5% or more, or top ten shareholders in terms of shareholding)

April 16, 2022 Unit: Share; %

Name of major shareholder	No. of shares held	Shares Ratio
Quanta Computer Inc.	82,881,664	29.78%
HUANG, CHIU-HSIUNG	3,247,000	1.17%
Polymer Asia Fund LP with Merrill Lynch under the custody of HSBC	3,085,000	1.11%
The investment account of Morgan Stanley Bank International Ltd. under custody of HSBC Bank (Taiwan) Limited	2,823,000	1.01%
Jun-Wei Investment Inc.	2,736,000	0.98%
JPMorgan Chase Bank N.A. Taipei Branch in custody for VANGUARD EMERGING MARKETS STOCK INDEX FUND A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	2,078,000	0.75%
PGIA Integrated International ETF under custody of JPMorgan Chase Bank, N.A., Taipei Branch	2,042,136	0.73%
Norges Bank Investment Account under the custody of Citibank Taiwan	2,001,049	0.72%
Tseng, Jin-Feng	1,804,000	0.65%
WANG, CHIN-YUAN	1,578,000	0.57%

(V) Market share price, net worth, earnings, dividend and relevant information for the most recent two years:

Unit: NTD/Thousand Shares

Item \ Year			2020	2021	As of April 30, 2022
Market price per share	Highest		44.00	56.50	49.50
	Lowest		21.15	33.75	38.85
	Average (Note 1)		35.02	43.77	43.91
Net value per share	Before distribution		26.17	30.31	-
	After distribution		25.17	27.51	-
Earnings per Share	Before the retrospective adjustment	Weighted average outstanding shares	278,359	278,359	-
		Basic earnings per share	0.41	3.57	-
	After the retrospective adjustment	Weighted average outstanding shares	278,359	278,359	-
		Basic earnings per share	0.41	3.57	-
Dividend per share	Cash dividends		1.00	2.80	-
	Bonus shares	Shares dividend from surplus	0	0	-
		Share dividend from capital reserve	0	0	-
	Cumulative unpaid dividends		0	0	-
Analysis of return on investment	Price earnings ratios		85.41	12.26	-
	Price dividend ratio		35.02	15.63	-
	Dividend Yield		2.86%	6.40%	-

Note: 1. The average market value was calculated based on the closing price every day in the year.
2. Price/Earnings Ratio = Average Closing Price for the Year / Earnings per Share
3. Price to dividend ratio = Average closing price for the period / Cash dividend per share.
4. Dividend Yield = Cash dividend per share / Average closing price for the period.
5. The Board of Directors resolved the amount of dividends for 2021 on March 18, 2022

(VI) The Company's Dividend Policy and Implementation Status:

1. Dividend policy set forth in the Articles of Incorporation

Article 25 of the Company's Articles of Incorporation: If the Company has gained profit within a fiscal year, no less than 5% of the profit shall be reserved as the employees' compensation and no more than 3% shall be reserved as the directors' remuneration. However, if the Company still has accumulated losses, an amount shall first be reserved to cover the losses.

Employee's compensation as prescribed in the preceding paragraph is distributed in the form of stocks or cash, the employees qualifying for such distribution may include employees of companies controlled by the company or subsidiaries of the company meeting certain specific requirements. However, distribution to employees of subordinate companies shall only be by way of new shares issued by the company. The specific requirements shall be specified by the board of directors.

Distribution of employees' compensation and directors' remuneration shall be approved by the board of directors and reported to the shareholders.

Article 25-1 of the Company's Articles of Incorporation: When allocating profit for each fiscal year, the company shall pay tax in accordance with the law and cover accumulated losses of previous years. If there is still a surplus, the company shall set aside 10% as legal reserve, until the accumulated legal capital reserve equals the total capital of the company; then, after adding or removing from a special capital reserve depending on the necessity for the company's operations or relevant laws, it will be accumulated as distributable surplus together with the accumulated undistributed surplus of previous fiscal years. The board of directors is in charge of making a proposal for the amount and method of distributing retained earning to the shareholders' meeting in accordance to the company's dividend policy. However, the issuing of dividends in cash shall be approved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and it shall be reported to the shareholders' meeting.

The cash dividend policy is established by board of directors on the basis of the company's operating and investment plan, capital expenditure budget and the internal and external business environment.

Article 25-2 of the Company's Articles of Incorporation:The Company may consider factors such as finance, business and management for the amount of earnings to distribute. Distribution of retained earnings in cash dividends take precedence, and can also be distributed in stock dividends. The Company is currently in a phase steady growth. However in consideration of financial planning and capital need, the company uses a remaining dividends policy. The retained earnings will first be reserved as capital, and the remaining earnings are distributed in the form of cash dividends, and the total cash dividends per year will not less than 50% of the total dividends allocated in the current year.

Article 25-3 of the Company's Articles of Incorporation: The Company may, in accordance with Article 241 of the Company Act, issue part or all of the legal reserve and the capital reserve in proportion to the number of shares held by the original shareholders. It shall be approved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, and it shall be reported to the shareholders' meeting.

2. The proposed distribution of dividends in this AGM

Quanta Storage Inc.
The 2021 Statement of Retained Earnings

Unit: NT$

Item	Amount	
Undistributed surplus at the beginning of the period		**1,018,956,281**
Add: Actuarial gains and losses on defined benefit plans		3,623,850
Undistributed surplus at the beginning of the period after adjustment		**1,022,580,131**
Add: Net income after tax for the period	993,231,012	
Reversal of special reserves	42,339,474	1,035,570,486
Less: Legal reserve from surplus	(99,685,486)	(99,685,486)
Distributable net profit		**1,958,465,131**
Distribution items		
Common stock cash (NT$2.30 dividend per share)		(640,225,493)
Unappropriated retained earnings at the end of the period		**1,318,239,638**

On March 18, 2022, the Board of Directors resolved to distribute the shareholders' bonus in cash for NT$640,225,493 from the 2021 undistributed earnings, or NT$2.30 per share; also NT$139,179,455 from the capital reserve by issuing common shares at the premium will be distributed for NT$0.50 per share. The total distribution per share is NT$2.80. The proposal is submitted to 2022 AGM.

(VII) The impact on the operating performance of the Company and earnings per share by the proposal of the Shareholders' Meeting to issue bonus shares: not applicable.

(VIII) Employees', directors and supervisors' remunerations:

1. Employees' and directors and supervisors' remunerations policies as stated in the Articles of Incorporation:

   Article 25 of the Company's Articles of Incorporation: If the Company has gained profit within a fiscal year, no less than 5% of the profit shall be reserved as the employees' compensation and no more than 3% shall be reserved as the directors' remuneration. However, if the Company still has accumulated losses, an amount shall first be reserved to cover the losses. Employee's compensation as prescribed in the preceding paragraph is distributed in the form of stocks or cash, the employees qualifying for such distribution may include employees of companies controlled by the company or subsidiaries of the company meeting certain specific requirements.

However, distribution to employees of subordinate companies shall only be by way of new shares issued by the company. The specific requirements shall be specified by the board of directors.
Distribution of employees' compensation and directors' remuneration shall be approved by the board of directors and reported to the shareholders.

2. The estimation basis of the remuneration for employees, and directors and supervisors for the current period, the computation basis for employees' remuneration distributed in shares, and accounting treatments for any discrepancies between the amounts estimated and the amounts disbursed:
   (1) The remuneration of directors and supervisors' for the current period will not be estimated. The basis for the estimation of employees' remuneration is the net profit after tax multiplied by the company's estimated employee remuneration ratio.
   (2) The calculation basis for the number of shares distributed is the closing price of the day before the resolution of the shareholders meeting while taking account of effect of ex-rights and ex-dividends.
   (3) However, if there is a discrepancy between the actual distributed amount and the estimated amount after the resolution of the shareholders' meeting, it will be deemed as a change in accounting estimates and listed as the profit and loss of the year when the distribution takes place.
3. Remuneration distribution approved by the Board of Directors:
   (1) It is proposed to distribute NT$0 for employees' shares, NT$89,626,758 for employees' remuneration, and NT$0 for directors' remuneration.
   If any discrepancy from the recognized annual estimated amount, the difference, reasons, and treatment shall be disclosed: no difference.
   (2) The amount of employees' remuneration distributed by shares and its proportion to the sum of parent company-only or individual financial statement net profit after-tax and total employee remuneration for the current period: no share is distributed to employees for the period, so this is not applicable.
   (3) Earnings per share calculated after considering the proposed distribution of employees, directors and supervisors' remunerations : Not applicable as the employee bonuses are deemed expenses.
4. Actual disbursement of employee bonus and remuneration to Directors for the preceding year:
   (1) Directors and supervisors' remuneration: NT$0.

Employees' remuneration in cash: NT$18,709,313.

Employees' remuneration in share: NT$0.

(2) In circumstances where any differences between the aforesaid amount and recognized employees, and directors and supervisors remuneration, the difference, reasons and handling of such matter shall be stated as follows: no difference.

(IX) Share repurchase by the Company: none.

II. Issue of Corporate Bonds: none.

III. Issue of Preferred Stock: none.

IV. Issue of Overseas Depositary Receipts: none.

V. **Employee stock warrants:** none.

VI. Restricted of employee new stock warrants: none.

VII. Mergers and Acquisitions (Mergers, Acquisitions, and Demergers): none.

VIII. The Implementation of the Fund Utilization Plan:

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: not applicable.

Five. Overview of Operations

I. Information on Business

(I) Business Scope

1. Major business of the Company
    (1) Electrical Appliances and Audiovisual Electronic Products Manufacturing
    (2) Data Storage Media Manufacturing and Duplicating
    (3) Electronics Components Manufacturing
    (4) Optical Instruments Manufacturing
    (5) Wholesale of Computers and Clerical Machinery Equipment
    (6) Wholesale of Computer Software
    (7) Wholesale of Electronic Materials
    (8) International Trade
    (9) Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
    (10) Restrained Telecom Radio Frequency Equipments and Materials Import
    (11) Controlled Telecommunications Radio-Frequency Devices Installation Engineering
    (12) Mechanical Equipment Manufacturing
    (13) Wholesale of Machinery
    (14) Retail Sale of Machinery and Tools
    (15) Retail Sale of Electronic Materials
    (16) Electric Appliance and Electronic Products Repair
    (17) Computer and Peripheral Equipment Manufacturing
    (18) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Major products of the Company in 2021 and their weights in the business:

Unit: NTD thousand

Product	Amount	Percentage
Product sales (Storage devices, consumer products, and automated production equipment)	10,878,649	98.64%
Service provision	149,859	1.36%
Total	11,028,508	100.00%

3. The Company’s current major products:
   (1) External Network Hard Disk Drive
   (2) USB3.2 External Hard Disk Drive
   (3) 2-Port Thunderbolt External Hard Disk Drive
   (4) 3-Port Thunderbolt External Hard Disk Drive
   (5) 2.5”Thunderbolt Combo External Hard Disk Drive
   (6) Solid State Disk (SSD)
   (7) External SSD
   (8) Thunderbolt/USB3.0 Combo Storage Devices
   (9) USB3.2 Docking Station
   (10) Thunderbolt Docking Station
   (11) Wireless Transmission Storage Devices
   (12) 2 BAY Network Storage Server
   (13) Thunderbolt 3 Storage Devices
   (14) Thunderbolt 3 Docking Station
   (15) USB-C PD Docking Station
   (16) Collaborative Industrial Robot TM5-700 (arm-length 700mm)
   (17) Collaborative Industrial Robot TM5-900(arm-length 900mm)
   (18) Thunderbolt 3 Multi-Bay Storage Devices
   (19) Thunderbolt 3 PD Docking Station
   (20) PD3.0 USB-C PD Docking Station
   (21) Thin Type USB-C PD Converter
   (22) Collaborative Industrial Robot TM12
   (23) Collaborative Industrial Robot TM14
   (24) Robot Management System
   (25) Developed Application of 3D Visual Random Bin Picking of Robot
   (26) Developed TM AI+ AOI Solution
   (27) Developed TMmanager Smart Factory Management System
   (28) Developed the Palletizing Solution, TM Palletizing Operator
   (29) Developed Edge Storage 108TB High-Performance 6-Slot Mobile Array
   (30) Developed Thunderbolt 3 Titan Ridge Water- and Dust-Proof IP67 Mobile SSD
   (31) Image Acceleration Devices
   (32) Universal Thunderbolt Converting Devices
   (33) Multi Functional Video-Audio Combo Platform
   (34) Smart Wireless Correlative Devices
   (35) Solution of Polishing and Deburring

(36) TM Vision: Complete AOI Solution
(37) Created the Software Platform for TM Operator
(38) Smart wireless video and audio transmission device
(39) 8K Thunderbolt 4 converting devices
(40) Wireless multi functional video-audio combo platform
(41) High-resolution image capture device
(42) USB4 Universal Docking

4. New products planned to be developed:
   (1) Thunderbolt 4 multimedia-specific access docks
   (2) USB4 high-performance external devices
   (3) USB4 multimedia dedicated access docks
   (4) USB 20G gaming external SSD
   (5) Wireless multimedia access docks
   (6) High-performance network hard drive
   (7) New-generation collaborative industrial robots of TM4S/TM6S/TM12S/TM14S
   (8) High-load collaborative industrial robots of TM20S/TM25S
   (9) One-stop offline development platform for automation solutions

(II) Overview of industry

The Company's main business is to provide consumer-level storage devices such as hard disks and external hard disks, solid-state disks and external solid-state disks storage devices, and external docking stations, including consumer DAS/NAS; the purpose is to provide a safer, faster, and more stable storage solution. In addition to professional storage devices, in response to the needs of Industry 4.0, the Company also actively develops smart robotic arms, combining various sensing components, and highly integrated software, hardware, and human-machine interfaces, leading the market to provide simpler operations and safer, smarter robots.

The rapid development of cloud computing and the Internet in the recent year have led the Internet to provide more diverse services, and storage media and methods are evolving rapidly. Because solid-state hard disks have the advantages of power saving, fast access speed, small size, and adaptability to various environments, while hard disk technology is getting more mature and the process is rapidly evolving, the price is generally accepted by the market. Various advantages are in line with the current development trend and demand of the information industry.

The built-in rate and shipment volume of solid-state hard disks are expected to continue to grow.

After the ravaging of the COVID-19 pandemic for two years, it is expected that the future work will be carried out both at company and home. Meanwhile, the Back to Office trend will lead to a need to replace or improve the performance of equipment, which will continue to allow the overall IT industry to maintain its growth rate to some extent. Another industry factor for this impact is the supply and demand issue in the supply chain. The supply imbalance that began in 2020 is expected to improve before 2023, which may completely reshape the existing material preparation, feeding, and production models.

To meet the need for remote work, education, and new social norms, the social distancing measures during the lockdown will accelerate digital transformation and the increase of IT spending. With the increase of IT spending in all industries, it is expected to witness the strongest rebound in the performance of enterprise software and devices as remote work environments expand and improve. This trend will continue through 2024, and companies will be forced to accelerate the progress of their digital transformation plans ahead by at least five years.

The current circumstances of the main industries in which the Company operates are listed as follows:

“Hard Disks”

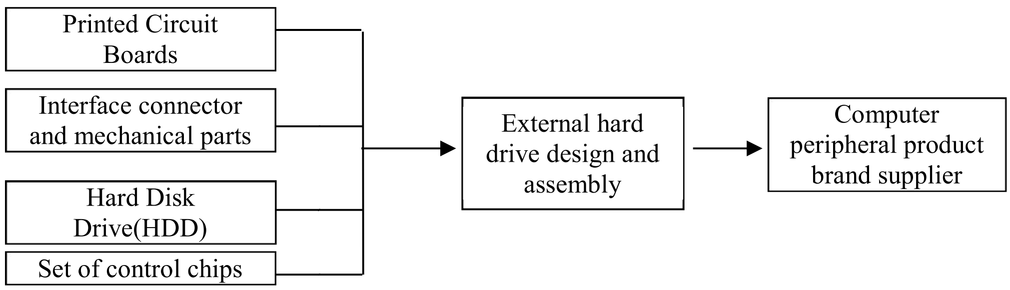
Current situation and development of the industry

With the advancement of NAND flash memory technology, the data capacity of solid state disk (SSD) has rapidly increased, and the traditional hard disk (HDD) market has been squeezed, and the unit capacity price has gradually fallen. In the long run, the output of large-capacity 3D NAND flash memory continues to increase rapidly, and PCs, the main hard disk users in the consumer market are turning to SSD. On the other hand, driven by demands from 5G, AIoT, and smart factories, the volume of data storage will be further increased. According to IDC’s statistics, the global data storage capacity will be approximately 175ZB by 2025, and the data volume that needs to be repeated and real-time will increase simultaneously, which in turn drives the demand for storage to continue to increase. Because the cost per unit of HDD’s data capacity is still lower than that of SSD, although the rapidly increasing demand for data storage brought by 5G and AIoT, HDD is still the main market force in large-capacity data storage.

The pandemic has caused a substantial increase in the use of two parts of the hard disks: mobile external hard disks for video surveillance block and personal use. Whether this has a long-term impact , the long-term observation is required. Many industries showed signs of recovery at the end of last year, but as the pandemic escalated up, they encountered new challenges. Looking back on the past year, the pandemic has prompted an increase in the amount of data transmitted and stored. Both consumers or businesses have obvious needs for various storage methods. In particular, the huge amount of data transmitted through the Internet makes the large-capacity data storage services still the main force in the market.

Links between the upstream, midstream, and downstream segments of the industry supply chain

The upstream is the manufacturers of printed circuit boards and key components (mainly interface connectors and mechanical components, HDDs and control chipsets), and the downstream is brand suppliers of computer peripheral products. The linkage diagrams of upstream, midstream, and downstream is shown below:



Development trend of products

The Company continuously accumulate technology platforms and develops various functional interface technologies. In addition to the multi-functional docking stations, the R&D team also develops various customized peripheral products simultaneously, with more flexible development and optimized production processes, it helps a lot in the expansion of market applications and the improvement of customer satisfaction. For the development of various new technologies, the close cooperation with upstream chip suppliers and the real-time market intelligence update from downstream customers are all necessary conditions for successful product developments. The design solutions and manufacturing services for various high-end external devices may be divided into two major target market groups, one is the manufacturers of traditional notebook brands, and the other is the general-purpose channel brand manufacturers. Brand notebook companies enjoy the supports from their own brands, and they can design many customized functions for various peripheral devices, to match the performance advantages of the new platform, while simultaneously increasing the loyalty of existing customers. For channel brand companies, flexible market penetration and high-efficiency product development cycles have always been their best market development tools. Integrating the needs of the two major market segments, the current development direction of the R&D team is also moving forward both in terms of quality and quantity; with the vertical integration of the supply chain and high-efficiency production support, it has established an extremely high level of satisfaction and reputation in the industrial competing scenario.

Competition

In terms of the formation of an industry, other than demand-driven, the development of various new technologies, the close cooperation with upstream chip suppliers and the real-time market intelligence update from downstream customers are all necessary conditions for successful product ecosystem. The design solutions and manufacturing services of various consumer electronic products may be divided into major manufacturers of traditional notebook brands and general-purpose channel brand manufacturers. If the product quality stability and the flexibility of customized configurations can be provided at the same time, the loyalty and satisfaction of customers in the whole market will be improved simultaneously. This is in line with the development direction of the R&D team, and it is also the best weapon for the entire team to continue to win word of mouth in the market. Due to the impact of the recent imbalance between supply and demand of electronic components, the choice of solutions will be very critical. Our R&D team is also striving hard to develop a more flexible solution mix, to allow for a better business collaboration model for customers and upstream suppliers.

"Solid state disks"

Current situation and development of the industry

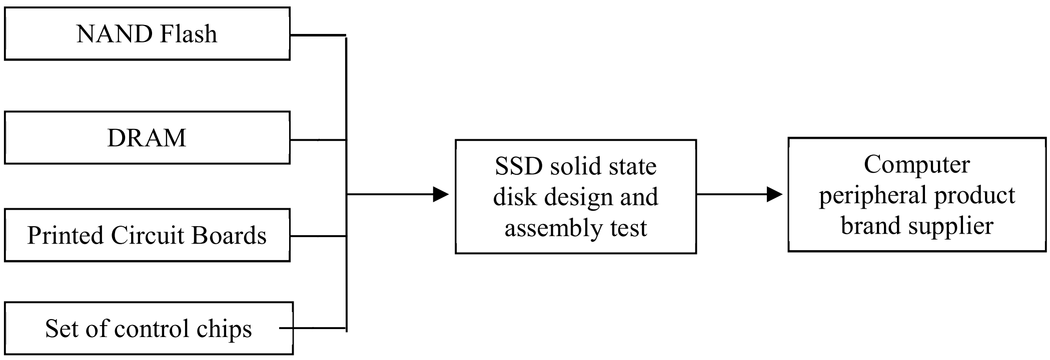
Solid state disk, i.e. SSD, is a storage device composed of NAND Flash particle structure. Among all components, NAND Flash plays the most important role in SSD. Because SSD has the characteristics of low power, durability, compact, especially fast reading and writing, be it personal or industrial computer applications, portable product applications, and cloud server applications, SSD has the performance advantage. As NAND flashes have become more widely used in handheld devices, computer peripherals, and the cloud applications, and the capacity of them has increased; which has prompt the rapidly increasing demands for NAND, as well as the acceleration of NAND manufacturing process evolution. The unit price of particles has fallen sharply. With the advantages of reasonable price and speed, the acceptance and utilization rate of SSD continue to increase.

On the other hand, with the vigorous development of Internet cloud services, the scope of applications has become more and more extensive, and data has been multiplied. Speed requirements are more stringent for network servers and storage devices, so that the huge volume of data may be stored, read, and computed on time. The traditional HDDs do not have the speed advantage, and the speed and performance at the cloud applications are obviously insufficient. The market also expects that the application of SSDs in cloud services will be the key to the growth of SSDs.

In addition, due to the impact of the pandemic, uncertainties in demand and prices have increased. In the short term, the demand for WFH and remote learning will greatly increase the demand for slim notebooks and Chromebooks, which will also lead to the growth of SSD.

Links between the upstream, midstream, and downstream segments of the industry supply chain

The upstream is a manufacturer of printed circuit boards and key components (mainly NAND flashes, DRAM, and control chipsets), and the downstream is a brand supplier of computer peripheral products. The upper, middle, and downstream relationship diagrams are listed Shown as follows:



Development trend of products

Safe, high speed, and stable

The application of cloud computing has become more and more extensive: from the smart cities developed by governments of various countries to the blockchain established by the global financial community; from the high-speed computing required by academic research institutes to the increasingly popular audio and video streaming services of media; from private enterprises' establishment of corporate data centers, to the various online real-time transactions that occur all the time around the world; be it public cloud, private cloud, or hybrid cloud, these are the ultimate applications of cloud computing. These applications have extremely stringent requirements for the system. From the CPU speed, network bandwidth, storage equipment, all the requirements' ultimate goal is high-speed and stability. Among them, storage devices have the most direct impact on the most important factors: data access speed, data stability, and data security; SSDs have also become the mainstream configuration of storage devices; Quanta Storage is currently committed to manufacturing and production of consumer and enterprise-level solid state hard disks, seeking to provide the most professional SSD storage devices for the entire information market.

Competition

Quanta Storage has successfully obtained the recognition of many NAND flash manufacturers in Europe and the United States with its accumulated SSD manufacturing technologies for many years. Quanta Storage differentiation lies in its ability to provide self-developed testing equipment and related technologies, plus the team with high degree of professionalism and flexibility that has repeatedly successfully won the trust from both customers and upstream manufacturers. With the full support of raw materials suppliers, the accumulation of experience in its own manufacturing technology, and the professional technologies of the R&D team, it is expected that this business model will be successfully replicated in the next few years, while achieving higher business goals and bring greater contributions to the global storage market.

“External Docking Stations”

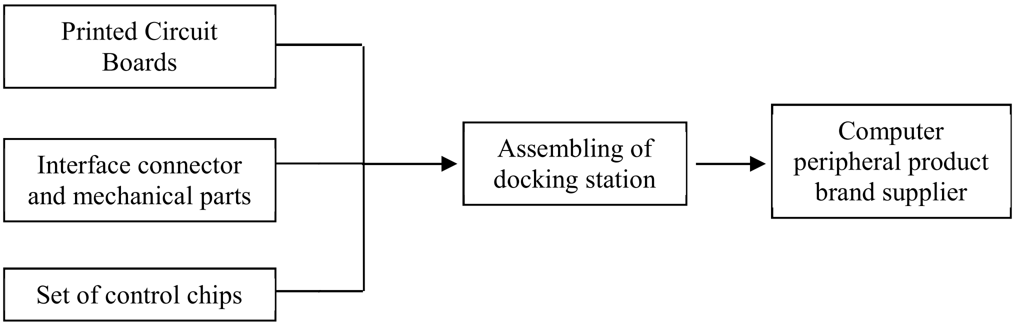
Current situation and development of the industry

With the rise of environmental protection awareness, in addition to the pursuit of continuous innovation and refinement of specifications, for electronic products, the consistent specifications of the ports and the charging interface will greatly improve the commonality of products, thereby reducing the legacy of parts unable to be shared when the generations of electronic products change. In light of this, for the USB interface widely used in consumer electronic products, under the vigorous promotion of the association, the USB-C has gradually become familiar to the public and integrated into various electronic devices. At the application level, from traditional laptops to mobile devices, such as mobile phones, the single connection port technology of USB-C can achieve data/audio-visual transmission and charging functions at the same time, which has promoted the actual application and further improved consumer satisfaction. Along with the trend of technology evolution and the integration advantages of the upstream supply chain, Quanta Storage has gathered strong research and development momentum and enhanced mass production technology to be at an advantage of design and manufacture, so we are able to provide customers with a rapid product development schedule meeting the market demand.

The Thunderbolt interface, which has been occupying a leading position in the wired transmission interface, not only continues to improve in terms of specifications, through the continuous promotion of the upstream and downstream supply chain, and constant introduction of related peripheral products, it has also gradually expanded from the high-end niche market to the common small studios, personal application fields, and the emerging gaming industry. Such a market trend is in line with the development trend of the Quanta Storage team that has invested in R&D energy for a long time. The accumulated development experience and professional design spirit continues to successfully develop a new generation of new technology products. Meanwhile, the progress and integration of USB specifications has accelerated to move toward higher-speed bandwidth. The newly released USB4 specification includes Thunderbolt 40G, bringing the USB technology to higher-speed bandwidth. Among them, the Thunderbolt 4 specification has become the highest specification in the new USB4 series. This technology will lead the new generation of USB technology to continue to maintain its leading position in this industry.

Links between the upstream, midstream, and downstream segments of the industry supply chain

The upstream is a manufacturer of printed circuit boards and key components (mainly interface connectors and mechanical components, and control chipsets), and the downstream is a brand supplier of computer peripheral products. The upper, middle, and downstream relationship diagrams are listed Shown as follows:



Development trend of products

In addition to continuous improvement in the electronic technology platform, the development of human-machine interfaces is also an important topic for enhancing consumer experience. In light of this, the R&D team has also simultaneously developed various customized peripheral products, matching with the design strength of software and hardware, more flexible development and optimized production processes, to continue investing in automation and AI technology. It is expected that the product will become a strong support infusing the profit for the Company.

Competition

Quanta Storage upholds excellent traditions and manufacturing experience, with the integration of upstream and downstream supply chains, it elevates the development of electronic products from the model of individual combat to the strategic level of team combat; not only it grasps the latest development and market trends all the time, but also achieves the most efficient management for the development cycle of each new product, so that Quanta Storage stands out in the highly competitive consumer market and continues to maintain its leading position in the industry. Due to the impact of the recent imbalance between supply and demand of electronic components, which may drag on till 2023. Our R&D team, facing this challenge, is also striving hard to develop a more flexible IC solution mix, to allow for a better business collaboration model for customers and upstream suppliers.

“Intelligence Robotics”

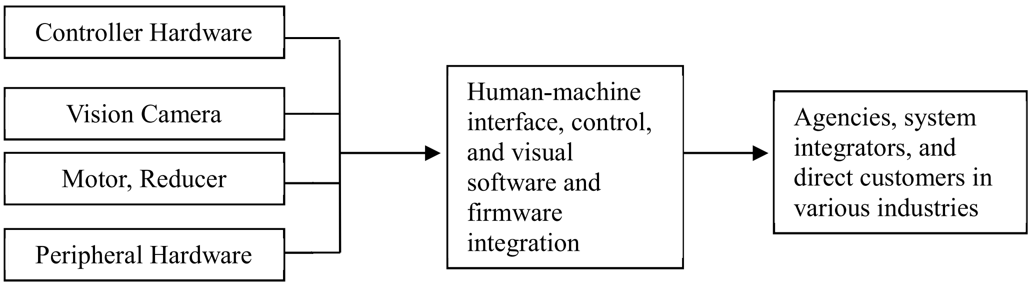
Current situation and development of the industry

In addition to the rising labor costs of the original world factory model, and the rapid increase in automation demand in recent years, the COVID-19 pandemic has ravaged the world for two years. A huge amount of manpower was unable to go to work in the original place due to the lockdown. Both the global manufacturing production capacity and end demands were greatly impacted, and thus the application of robots to replace manpower for filling shortages, has become an extremely important future demand and investment project for the manufacturing industry. According to the analysis by the International Federation of Robotics, the sales volume of robots will have an annual growth rate of 8% from 2021 to 2024. Since 2021, the electronics, automobile, food, pharmaceutical, and medical industries have turned to production automation. In nutshell, the robot's working area is not only limited to the repetitive, monotonic, and 3D (dirty, dangerous, and dull) production operations, but have relatively higher requirements for smart applications, human-machine collaboration, and easy operation. This is the key development focus of collaborative robots and the intellectualization of the Industry 4.0 industries. The development of collaborative robots will break the original traditional robot application market and create a new blue ocean market.

The traditional robot industry is dominated by the machinery industry; but in the smart robot industry, smart software is the key to winning the competition, and this aspect is the Company's strong advantage in the robot industry. The Company has built a robotics technology development team with software and hardware research and development as the core. Based on the original solid software strength in IT, plus an exclusive robot vision team, a full range of complete soft- and hardware team is integrated as a brand new combination. Current, the Company has mastered most of the key core technologies of the robot, from axis servo control, motor, drive circuit, real-time motion control core, visual algorithm, mechanical structure design, and even human-machine interface, all of these are developed by the Company itself. Only such a complete establishment of a system, will enable the Company to develop robot products required by the new era.

Links between the upstream, midstream, and downstream segments of the industry supply chain

A product with a high degree of software, hardware, and electromechanical integration is different from traditional robotic arm companies. The Company develops 100% independently from motion control, motors, drive circuits, visual software to human-machine interfaces, and only then has the opportunity to achieve the smart (what it sees is what it picks), easily operated, and safe collaborative robotic arm. The correlation diagrams of the upstream, midstream, and downstream are summarized as follows:



Development trend of products

Simple operation, safe use, smart

The development of the Company's robotics business takes Smart, Simple, and Safe as the product development objectives. The robot products developed have built-in visual recognition and computation capabilities in a simple interface, breaking through the limitations of traditional robots that require additional manpower and hardware costs to integrate vision. In terms of the human-machine relationship, a graphical interface is developed to get rid of the traditional robot instructional programming, so that non-robot experts may easily write robot actions, with the hand-pulling function to quickly complete the teaching; for the human-machine safety, the focus is on the latest development of international safety regulations. The robot with built-in safety functions is developed to work together with humans in the same area. The combination of the aforesaid characteristics will change the current situation of traditional robot applications requiring specialized automation system integration experts and significant system integration costs, which is positive to direct and massive applications by end users. The market is locked in the two major areas, namely the large-scale factory automation and the small and medium-sized enterprise automation in various industries. The common needs of these two major markets are user-friendly and complete more works unable to be done by traditional robot automation capabilities through the intelligence of robots.

This is where the Company's robot products are good at and thus this is the competitive advantage in the international market.

Competition

The Company's first collaborative robot TM5 was officially mass-produced in the second half of 2016. Except for Taiwan and the China, the product was successfully promoted to Southeast Asia and Northeast Asia countries, as well as Europe. TM12 and TM14 were officially released in mid-2018, as the successful mass production of collaborative robots with the world's largest load of 12 and 14 kg. In addition to the TM5/TM12/TM14 series which make the product line more complete, each series also provides extended products, such as the products series suitable for the semiconductor industry via SEMI S2 certification, and mobile robot series are designed through built-in DC input, suitable for being equipped with automated conveying vehicles. All standard products , supplemented with SEMI and mobile robots, enable the full range of Techman Robot to provide customers in different fields and industries with more complete solutions.

The Company's technology and product development are focused on four major aspects. First of all, the progress of the intelligent functions of the robot itself, including programming parameterization to enhance application flexibility, development of TM 3D Vision for random pick and place, integration of six-axis Force/Torque Sensor to achieve power control assembly, curve polishing and deburring applications, completion of developing TM software editor to integrate with the TM Plug&Play software and hardware kits developed by peripheral equipment manufacturers, to expand the TM Robot application ecosystem, and update product hardware to increase the input and output connection of safety components for mechanical safety, to facilitate market applications. The second aspect is to engage in the development of visual AI and data deep learning, to grasp the technology of deep learning in industrial applications, and carry out the development of robot AI. Through the Techman Robot AI vision solution, the end users may simply apply the Techman AI solutions for image identification, from image collection, image sample marking, through the AI learning, to the actual application of learnt AI models. On the other hand, in terms of data deep learning, along with the development of TMmanager, it provides solutions for industry 4.0 data analysis and preventive maintenance solutions. The third aspect is the development of the industry 4.0 trend. The TMmanager intelligent management system is developed to easily manage a large number of TM Robots, edit various man-machine interfaces and billboard systems in a simple manner, and manage and display the utilization, health, and production status of each machine in real time. The entrance barrier of Industry 4.0 is thus greatly lowered for TM Robot users. TMmanager also integrates the Shop Floor Control module; its flexible planning and graphic simple configurations allow factory personnel to set work orders, processes, stations, routing rules, and reminder settings, to easily wire up and change wires under the simplified IT resources, while providing real-time status modules for work orders and stations, and visualize data to make real-time on-site decisions for achieving the purpose of manufacturing site management. The fourth aspect is for the development of ready-to-use TM operators. we will launch a Techman arm automation solution with unique technology as per each application field, develop it into standardized equipment depending on each application, and customize software and hardware platform based on the needs in different regions. The applicable fields include standardized palletizing equipment, standardized testing equipment, standardized loading and unloading equipment, and standardized welding equipment. Such standardized equipment can standardize the tedious operating procedures and make it easier for end users to operate, while making it easier for Techman's partners to copy and launch to the market.

Looking ahead to 2022, TM will continue to develop the 2021 TM AI+ highly integrated artificial intelligence and automatic identification technology and TM Operator Platform to create more flexible system application integration software, as well TMmanager's highly flexible, graphical and intelligent factory automation management software. TM also expects to launch the next-generation robotic arm that complies with TUV safety certification in the first half of the year. In addition to supporting more easy-to-use safety functions, it will integrates the simulation software TMstudio Pro. Users will be able to perform offline editing and simulation of application scenarios on the arm or on their own computer. Besides, an API is provided for customers to integrate the original upper-level software and TM arm to achieve more complete production automation requirements.

Techman Robot will continue to invest more resources and efforts to continue product and business development. This is not just an update of the hardware platform architecture. The focus is on software development and innovation. Based on the advantage of world's only platform equipped with collaborative robot with vision system, and through continuous software innovation, the goal of simple operation, being smart and safety will be truly achieved.

(III) Overview of technology and R&D

1. R&D Expenditures

Unit: NTD thousand

Project/Year	2021	As of March 31, 2022
R&D expenses	600,681	152,682

2. Technologies or product successfully developed

Year	Technologies or product successfully developed
2021	1. Thunderbolt 3 multimedia-specific access docks 2. Thunderbolt 4 gaming docks 3.Thunderbolt 3 dust- and water-proof high-speed mobile SSD 4. USB universal docking stations 5. Thunderbolt 3 high capacity SSD PCIe cards

3. Research and development work to be carried out in the future, and further expenditures expected for research and development work:
   In response to market changes, in the future, the focus of research and development will gradually expand to the application of external storage devices, the development of solid state disks, and the part of automated production equipment. The estimated investment in research and development expenses is approximately NT$610,291 thousand.

(IV) Long- and short-term business development plans

1. Short-term business development plans

Continue to develop new products and new customers, fully meet customer needs, and provide services such as product joint development, engineering technology, and inventory and marketing management support in a timely manner in response to customer demands, to create a win-win model with customers.

Hire more R&D personnel to strengthen the R&D team, continue to increase the development team and strength for new products, and accelerate the process of product development, while improving the quality of existing products and being committed to reduce costs from design, to maintain the leading position in terms of product design and production competitiveness.

Introduce automated production equipment, improve production efficiency, reduce production costs, and strengthen product planning and process management, while implementing a quality control system to improve product quality; in addition, flexibly use of outsourcing manufacturers' production to maintain flexibility in capacity, and achieve the goal of customer satisfaction and recognition.

Continue to computerize the company's operation and management, to improve the efficiency and capabilities of the Company's overall enterprise resource management planning.

Strengthen the Company's financial management and operation, strengthen risk control, while strengthening the efficiency of capital use, and evaluating the acceleration of the new product and new business units development through investment or M&A.

2. Long-term business development plans

With high-quality product image and perfect customer service, we will continue to develop long-term cooperative relationships with customers, and seek to create a win-win transaction model with customers.

Strengthen the research and development teams, expand the leading position and advantages in optical, mechanical, electronics, and soft- and hardware integration technologies, while collaborating with customers and venders to develop new product technologies, so that the Company continues to gain a leading position in next-generation product technologies.

Continue to improve production technology capabilities, increase the proportion of automated production, shorten production cycles, improve design quality, increase production efficiency, and increase inventory turnover, to achieve the goal of reducing production costs.

Through comprehensive internal training and communication, we cultivate the professional abilities and qualities of employees, comply with relevant laws and regulations on occupational safety and health, protect the rights and interests of employees, fulfill corporate social responsibilities, and establish a good corporate image and culture of the Company.

Strengthen comprehensive financial planning and control capabilities to reduce operational risks and improve competitiveness. Accelerate the development of new products or new business units through investment or M&A.

II. Overview of Market, Production, and Sales

(I) Market analysis

1. Major products and geographic areas for sales:

Unit: NTD thousand

Geographic areas for sales \ Year	2020		2021	
	Amount	%	Amount	%
Mainland China	4,400,114	42.00	4,600,441	41.71
Thailand	2,703,737	25.81	2,975,720	26.98
Japan	810,123	7.73	705,504	6.40
The U.S.	811,712	7.75	968,060	8.78
Other countries	1,750,667	16.71	1,778,783	16.13
Total	10,476,353	100.00	11,028,508	100.00

2. Market share

The Company's current business is mainly to design and assemble optoelectronic storage devices and computer peripheral storage devices (including external hard disks, external docking stations, and solid state disks) as OEM for major international companies, and the self-branded collaborative robots

External hard disks are a relatively mature industry, and the number of OEM manufacturers is gradually shrinking. Current, the manufacturers which are more competitive and large-scale are mainly concentrated in a few Taiwan manufacturers.

The docking stations effectively use the new TYPE C technology to achieve practical charging and IO expansion; TYPE C technology continues to be introduced in new IT and consumer products, with an estimated annual growth rate of 30%.

For solid-state hard disks, because of the high threshold for product development, production technology, and customer certification, there are currently relatively limited professional OEMs with better technology and scale. It is expected that the market will continue to grow in the future, and the Company is one of the relatively leading companies.

For the collaborative robot independently developed and designed by the Company, after the TM5 was officially released in 2017, due to the uniqueness of the visual and graphical human-machine interface, it quickly attracted market attention. In 2018, TM12 and TM14 with bigger loading were launched. The complete product line and product differentiation have enabled sales to grow rapidly in a short period of time, and become the world's top three collaborative robot manufacturers.

3. The demand and supply conditions for the market in the future, and growth potential

The optoelectronic storage devices and computer peripheral storage devices (including external hard disks, docking stations, and solid state disks) produced by the Company are mainly peripheral storage devices related to computers and handheld devices. According to the survey institution's estimation, for 2022 as a whole, the price of storage products is stable, but the overall application is also applied to different new products as people's quality of life improves, so that the overall market can still maintain a stable demand.

The economic growth drives the increase in wages around the world. Products are becoming more diversified, and customers have relatively higher requirements for product quality; automation provides effective solutions to control manufacturing costs and improve quality. Comparing to traditional collaborative robots, the robotic arm is simpler and more flexible to use. Therefore, the market predicts that automation will be an important topic in various industries in the next decade, and the robotics industry will continue to grow. Collaborative robots with flexible manufacturing and simple operation advantages are expected to grow much faster in the field of automation than other industries.

4. Competitive niches

The Company's current business is OEM of computer peripheral storage devices (including hard disks, solid state disks, external docking stations) for major international companies, and the self-branded collaborative robots. In addition to the excellent R&D team and rich technical strength, the Company can provide services such as joint product development and engineering technical support to meet the needs of customers. It can also provide different levels of OEM services based on customers' needs.

With years of efforts and accumulated experience, the Company has jointly developed related products with customers, and the quality of its products has been highly recognized by customers.

In terms of customer service, the Company may jointly design suitable products according to customers' different product requirements, and deliver them in the first time, to provide customers with timely technical support, and grasp competitive advantages and service niches. The Company also accommodate customers' demands to set up production and assembly facilities, to provide customers continuously with comprehensive and immediate services, and further maintain good relationships with customers.

Other than the above-mentioned basic requirements in modern design and manufacturing OEMs, customers also require partners to provide real-time information systems that are closely connected with customers. In addition, for shipment and inventory management and subsequent maintenance services, real-time data must be provided through the Company’s production and management information system, to synchronize planning and control with customers. Based on the past experience in cooperating with major international manufacturers, the Company has also built a corresponding information system in the Company to meet the needs of customers.

The Company’s self-developed collaborative robots, integrated with visual and graphical human-machine interfaces, are more intuitive and simple to use than other similar products on the market, making TM5 highly praised by the market and customers as soon as it is launched. On the basis of existing advantages, the Company continues to launch products with heavier loads, TM12/TM14, with versions supporting semiconductor Semi and supporting mobile robot, to strengthen product completeness. In addition to the hardware expansion for products, the Company has spared no effort in the development of software solutions. It has successfully developed TM AI+, integrating the traditional vision supported already, to create a complete AOI solution for TM Vision; in order to achieve the purpose of smart manufacturing, the Company also provides the smart factory management system, TMmanager, managing and displaying the utilization rate, health level, and production status of each machine in real time, greatly reducing the entry barrier for TM Robot users to enter Industry 4.0. In addition, through the strategic alliances and deployment of sales channels, sales channels are established to help customers smoothly introduce automation, meet customer needs, and provide customers with the most immediate service.

5. Positive and negative factors for future development, and the company's response to such factors.

   A. Positive factors

The market competition of information products is becoming more and more fierce. In order to reduce costs and improve product development and production efficiency, major international manufacturers are looking for strategic partners overseas for OEM. With the advantages of R&D speed, production cost and flexible delivery, the Company is highly recognized by global clients.

The Company has cultivated and continued to recruit excellent technical talents, which will help to enter the development and design of products and related components with higher technical thresholds.

The Company's main management has a professional technical background in information and consumer electronics related fields, and has a strong R&D team. Its new product development and technological innovation capabilities are not inferior to its peers, enabling the Company to not only take orders, but also be more favored and affirmed by customers.

The Company has built a complete information system to provide customers with real-time information related production, shipment and management, to meet customer needs and further improve the efficiency of internal management and operation of the Company.

B. Negative factors and responses to such factors

Since the key components of the Company's major products are mainly supplied by foreign suppliers, the Company cannot fully control meanwhile, the supply of parts is often affected by foreign suppliers. With short product life cycles, this will be challenges that the Company has to overcome.

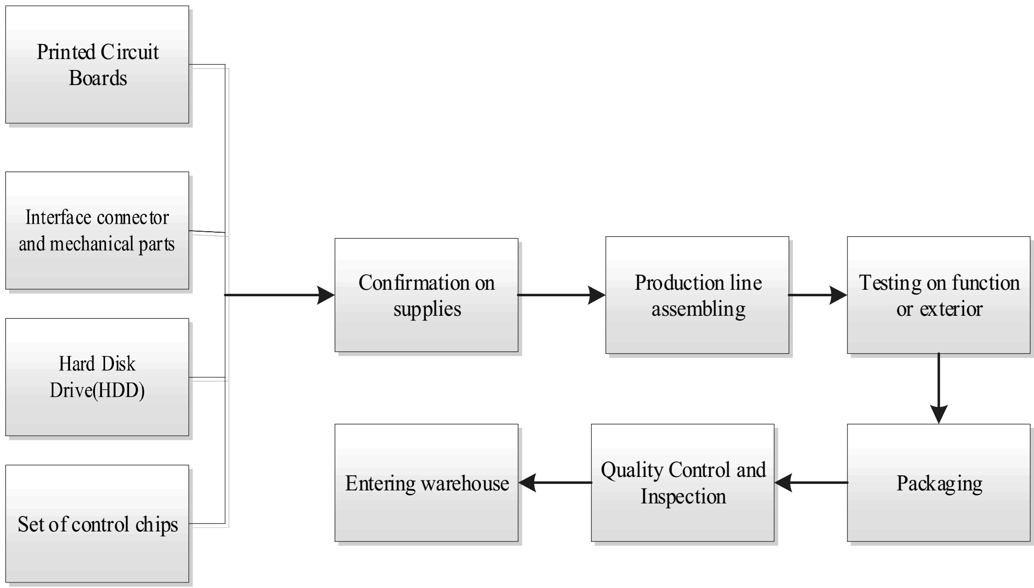
Responses:

(a) Strengthen the Company's own procurement capabilities, establish a good long-term cooperative relationship with suppliers, and develop sources of supply from multiple parties to diversify the risk of concentrated purchases.
(b) Joint research and development with manufacturers and joint investment in the production of key components and new technologies, to strengthen mutual trust and mutual dependence.
(c) Seek various alternative materials without reducing the functionalities of the product.

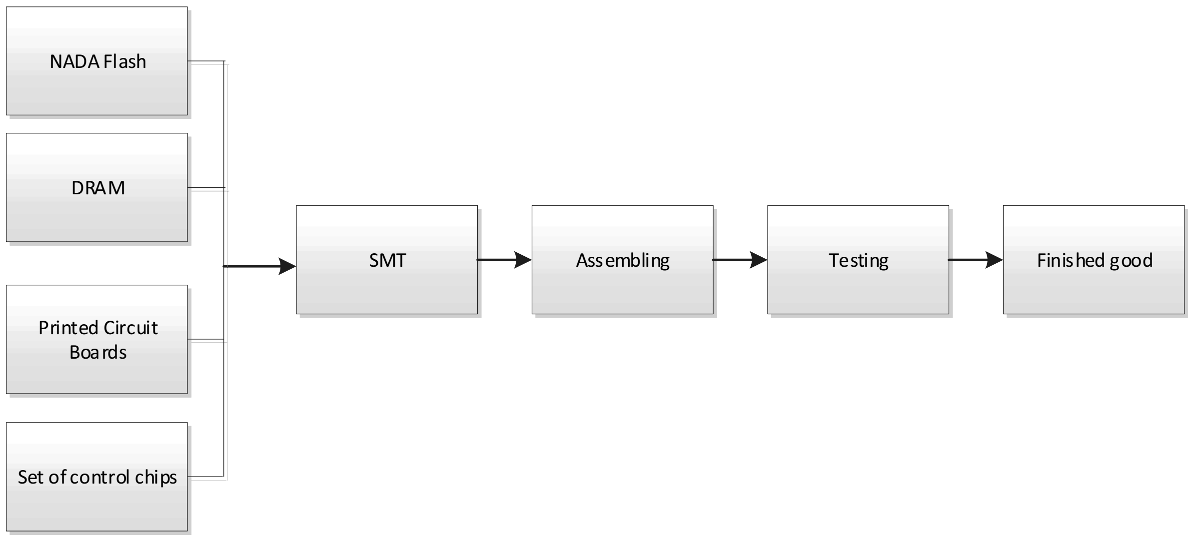
(II) Usage and manufacturing process of major products

The Company's current business is mainly to design and assemble optoelectronic storage devices and computer peripheral storage devices (including hard disks, solid state disks, external docking stations) as OEM for majore international companies, and the self-branded collaborative robots The manufacturing process is summarized as following:

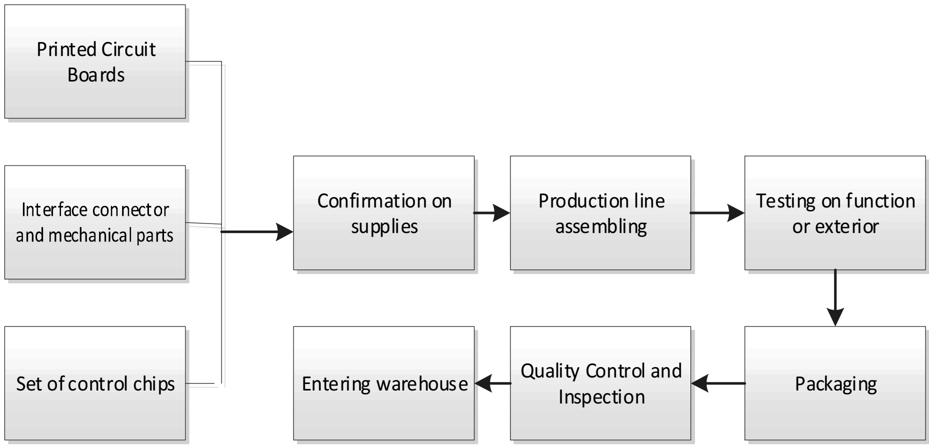
Hard disks



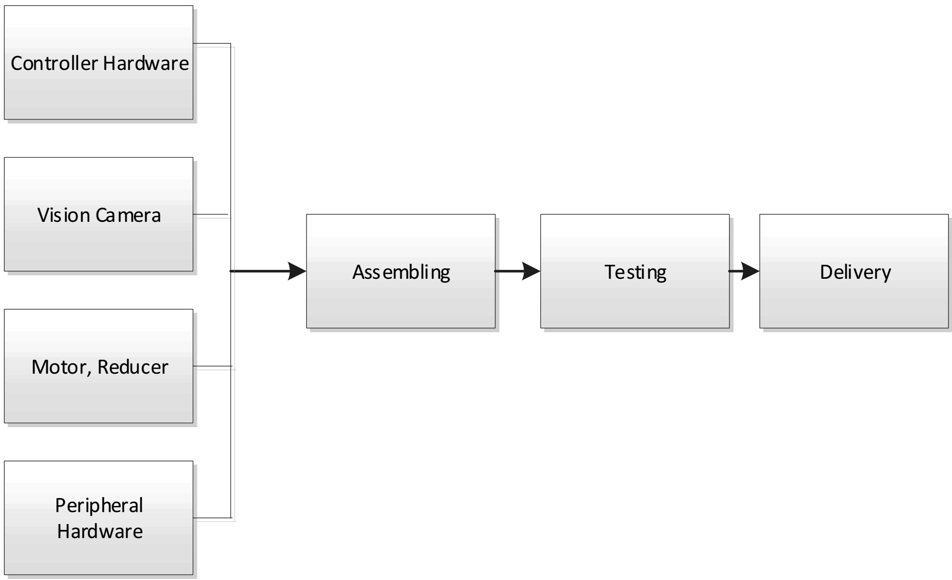
Solid state disks



Docking stations



Intelligence robotics



(III) Supply situation for the company's major raw materials:

For the products sold by the Company, other than that the memories for storage products are mostly provided by customers, most of the raw materials are purchased from well-known domestic and international manufacturers or their agents. They have good and stable long-term supply relationships with the Company with long-term partnerships. Therefore, in addition to providing a stable and normal source of raw materials, the prices also appropriately reflect market conditions, and the timeliness of supply is under control; so far, the supply of major raw materials is normal, no serious shortages and supply dispute has occurred yet.

(IV) List of any major suppliers and clients of the 2 most recent fiscal years:

1. Major suppliers of the 2 most recent fiscal years

Unit: NTD thousand

	2020				2021				2022 up to March 31			
Item	Name	Amount	Percentage to the whole year net purchase of goods (%)	Relationship with the issuer	Name	Amount	Percentage to the whole year net purchase of goods (%)	Relationship with the issuer	Name	Amount	Percentage to the net purchase of goods for the current year up to March 31(%)	Relationship with the issuer
1	A	166,411	2.34	None	A	101,212	1.22	None	A	31,764	1.50	None
2	B	652,131	9.18	None	B	759,235	9.15	None	B	159,431	7.55	None
3	C	414,095	5.83	None	C	423,868	5.11	None	C	100,214	4.75	None
	Others	5,868,128	82.65		Others	7,017,871	84.52		Others	1,819,384	86.20	
	Net purchase of goods	7,100,765	100.00		Net purchase of goods	8,302,186	100.00		Net purchase of goods	2,110,793	100.00	

The reason for the increase or decrease in the two years: There was no big change in buyers over the past two years.

2. Major clients of the 2 most recent fiscal years

Unit: NTD thousand

	2020				2021				2022 up to March 31			
Item	Name	Amount	Percentage to the whole year net sales (%)	Relationship with the issuer	Name	Amount	Percentage to the whole year net sales (%)	Relationship with the issuer	Name	Amount	Percentage to the net sales for the current year up to March 31(%)	Relationship with the issuer
1	A	4,114,811	39.27	None	A	4,171,605	37.83	None	A	939,400	32.21	None
2	B	1,749,183	16.70	None	B	1,723,328	15.63	None	B	441,361	15.13	None
3	C	1,158,229	11.06	None	C	1,368,467	12.41	None	C	300,758	10.31	None
	Others	3,454,130	32.97		Others	3,765,108	34.13		Others	1,234,936	42.35	
	Net sales	10,476,353	100.00		Net sales	11,028,508	100.00		Net sales	2,916,455	100.00	

Reasons for the increase or decrease in these two years: the increase and decrease of major clients, is mainly due to the needs in the markets.

(V) Production volume and value in the recent two years

Unit: Thousand unit/NTD thousand

Year / Production volume and value / Major products (or segments)	2020			2021		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
China operation center	27,000	24,247	2,969,899	28,500	25,565	3,065,096
Thailand operation center	13,750	12,372	2,221,648	16,000	14,352	3,811,443
Taiwan operation center and others	5,700	5,111	2,943,283	1,400	1,273	1,084,807
Total		41,730	8,134,830		41,190	7,961,346

(VI) Sales volume and value in the recent two years

Unit: Thousand unit/NTD thousand

Year / Sales volume and value / Major products (or segments)	2020				2021			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Product sales	8	190,155	42,297	10,089,559	10	220,020	42,485	10,658,629
Service provision	-	-	-	196,639	-	-	-	149,859
Others	-	-	-	-	-	-	-	-
Total	8	190,155	42,297	10,286,198	10	220,020	42,485	10,808,488

The volumes and values in the table above, are only the statistics of finished good shipment, not including the raw material shipment.

III. Information on Employees

Year		2020	2021	March 31, 2022
Number of employees	Direct employees	319	689	591
	Indirect employees	1,077	1,366	1,391
	Total	1,396	2,055	1,982
Average age		30.73	34.87	35.49
Average years of service		5.01	2.98	2.66
Distribution of academic qualifications	PhD (%)	0.72	0.44	0.45
	Master (%)	15.26	10.70	10.90
	College (%)	53.65	49.15	51.16
	Senior high school (%)	21.49	21.07	20.43
	Under senior high school (%)	8.88	18.64	17.06
	Total (%)	100	100	100

IV. Disbursements for environmental protection

(I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection): none.

(II) Estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: not applicable.

V. Labor-management Relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

The Company upholds the philosophy of perfect care for employees, with a number of welfare measures. Therefore, employees are highly loyal to the Company, with harmonious relations between labor and management maintained without any labor dispute. The employee welfare measures, retirement system and its implementation, and agreements between labor and management are listed as following:

1. Employee benefits

In order to improve employee welfare measures and benefit employees' needs in work, life, safety, and health, in addition to allocating welfare funds pursuant to laws, establishing the Employee Welfare Committee, selecting Welfare Committee members to formulate annual plans for various welfare activities, the Company also provide the group insurance subsidies, and sets up gyms, to stimulate the employees' loyalty to the Company. In addition, the Company has the related measures for work and leisure, described below:

A. Employees' performance bonuses, to share the operating results.
B. Establish the Employee Welfare Committee, responsible for promoting various employee welfare tasks.
C. Appropriate care are given to employees during the Chinese New Year, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, year-end parties, and employee birthdays, to express the encouragement and congratulations to employees.
D. Organize employee tours and various club activities every year to enrich the leisure lives of employees.

2. Employees' education and trainings

To effectively control the direction of talent training, with the purpose of nurturing outstanding talents, the Company has specifically formulated the "Education and Training Implementation Operation Management Procedures." Since the Company emphasizes on internal education and training courses, the excellent colleagues from relevant departments within the Company are invited as instructors for courses; in 2021, 529 sessions related to R&D professional design, test engineering, manufacturing quality, information management, general knowledge, R&D core functions were held, with 7,949 attendees, for a total 13,068 training hours; for the external training courses, there were total 15 sessions, with 20 attendees for a total of 242 training hours. The training expenditure was NT$75.5 thousand.

Personnel related to financial information transparency in the Group obtained relevant certificates designated by the competent authority: International internal Auditor Certificate- obtained by two persons in the General Administration Department, total of two persons.

The Company’s managerial officers’ participation in the continuing education courses related to corporate governance is as follows:

Attended personnel	Name of course	Hours
Financial and Accounting Manager	Investigation Practice and Analysis of Relevant Legal Responsibilities for Anti-Money Laundering and Combating the Financing of Terrorism	12
	Analysis of the Latest Corporate Governance Policies, Laws, and Common Defects	
	New Regulations on Directors’ and Supervisors’ Remuneration and Analysis of Corporate Governance Practices	
	The Latest Development of Domestic IFRS Policy and Analysis of Financial Reporting/Supervision Compliance Issues	
Corporate Governance Officer	Analysis of Practical Cases on Directors’ and Supervisors' Breach of Trust and Special Breach of Trust	15
	Early Warning of Enterprise Financial Crises and Analysis of Types	
	Analysis and Case Study of Directors’ and Supervisors’ Non-arm's Length Transactions	
	Analysis of Corporate Financial Information and Decision-making	
	Insider Equity Workshop for Companies Listed on Taipei Exchange and the Emerging Stock Market	

Tasks carried out in 2021 are as follows:

(1) Assisted independent directors and directors in performing their duties, provided required materials, and arranged continuing education courses for directors:

① Regularly notified the board members of the latest amendments to laws and regulations related to the Company's business and corporate governance.

② Reviewed the confidentiality level of relevant information and provided the company information required by the directors, to maintain smooth communication between directors and business managers.

③Assisted in arranging relevant meetings when independent directors needed to meet with the internal audit officer or CPAs separately to understand the needs of the Company's financial business as per the Corporate Governance Best Practice Principles.

④Assisted independent directors and directors in formulating annual training plans and arranging courses for them as per the Company's industry characteristics and their education and experience.

(2) Assisted the board meeting and shareholders’ meeting procedures and compliance with resolutions:

① Reported on the Company's corporate governance operation to the Board of Directors, independent directors, and the Audit Committee, and confirm whether the Company's shareholders' meeting and board meetings are in compliance with relevant laws and the Corporate Governance Best Practice Principles.

② Assisted and reminded directors of the laws and regulations to be complied with during performance of duties or adopting formal resolutions at board meetings, and made suggestions when the Board of Directors was about to adopt resolutions illegally.

③Reviewed the material information release of the important resolutions adopted by the Board of Directors after board meetings to ensure the legality and correctness of the material information, so as to ensure investors' access to transaction information.

(3) Maintained investor relations: Arranged directors to communicate with major shareholders, institutional investors, or general shareholders as necessary, so that investors could access sufficient information to evaluate and determine the enterprise’s reasonable capital market value, thereby safeguarding their rights and interests.

(4) Set out an agenda for a board meeting, notified the directors seven days in advance, convened the meeting, and provided the meeting materials. Reminded directors of any recusal in advance and completed the minutes of the board meeting within 20 days after the meeting.

(5) Handled the pre-registration of the date of the shareholders' meeting according to the law, prepared the meeting notice, meeting agenda handbook, and minutes prior to a deadline as required by law, and handled change registration in the event of amendment to the Articles of Incorporation or the election of directors.

3. Retirement system and implementation

Pursuant to the Labor Standards Act, the Company contributes a certain percentage of the total monthly salary as the employee's pension, deposited in a special account in Bank of Taiwan to be used as a provision for paying employee pensions.

The Company has agreed with employees qualified for the old pension system of the Labor Standards Act to settle the years of service under the old system in 2021, and the pensions are disbursed from the special account.

Since July 1, 2005, coping with the enactment of the Labor Pension Act (hereinafter referred to as the "new system"), for employees who had been originally applicable to this measure, if they chose to apply the service years applicable to the new system, or employees who are employed after the implementation of the new system, their years of service are changed to a definite contribution system, and the pension payment is contributed by the Company on a monthly basis at the rate no less than 6% of the monthly salary, and deposited in the individual labor pension account.

According to the Company’s employee retirement regulations, any employee who have served the Company for 15 years and is over 55 years of age, may apply for voluntary retirement. If based on business needs and the consent of the employee to extend the service is obtained, the Company may continue the employment up to 60 years old, but the process needs to be renewed every year.

4. Other important agreements between labor and management

   The Company's first priority is on humanized management and it recognizes that labor and management are the same entity for coexisting and co-prosperity. Therefore, it adopts two-way coordination in the regards of communication of labor and management issues, so that labor and management have better understanding and acknowledgment to each other, for working together toward a common goals. Therefore, the Company does not have any loss due to labor disputes or issues need negotiation.

(II) Any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection): none.

Estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: not applicable.

The Company's implementation of various employment conditions are better or equivalent to the Labor Standards Act; it is estimated that reasonable and stable labor-management cooperation should be maintained in the future. If in the future, as required, the Company will be settled the disputes reasonably through labor-management negotiation, the relevant competent authorities and mediations.

(III) Employees' Code of Ethical Conducts

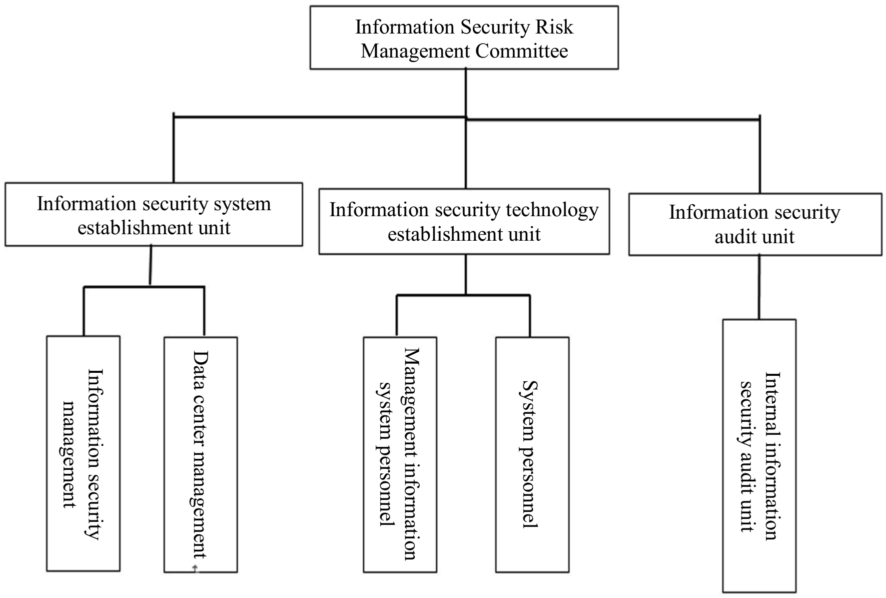
The Company has established the "Rules for Employees;" some of which have clear specified the employees' conducts or ethics. The summary is as follows:

- Employees should be cautious and ethical in their words and deeds, upholding honesty and credibility when handling official affairs as the principle; for any information related to the Company's business and technology, the confidentiality shall be strictly observed without leaking.
- Employees shall not use their positions to profit themselves or others; and shall not accept rebates, improper gifts, entertainment or other illegal benefits due to their duties or conducts breaching their duties.

The Company values the ethics and integrity of employees highly, and the employees are required to sign the "Employee Integrity Contract," prohibiting employees from accepting bribes or committing frauds.

VI. Information and Communication Security Management

(I) Information security risk management structure



To improve information security management, the Company has established an information security system to manage information security risks and established an organizational structure for risk management. This organization is responsible for reviewing the Company's information security governance policies, supervising information security management operations. The Information Center acts as the convener and regularly reports the information security governance situation to the Board of Directors. This organization consists of an information security system establishment unit, responsible for formulating and maintaining various information security management systems, an information security technology establishment unit, responsible for conducting information security system management and establishing system management mechanisms, and an information security audit unit, responsible for auditing information security in cooperation with the Company’s audit.

(II) Information security risk management programs
We have formulated information security risk management programs with reference to the requirements and standards of information security management system certification, established a risk management system for various information system services, assessed information security and network risks through a risk assessment process, and conduct risk management and control as per the risk impact level and probability of occurrence. We implement a corresponding management mechanism for high-risk systems based on the assessment results and establish a high-availability high-reliability architecture, a data backup mechanism, and an off-site backup center, to ensure uninterrupted services. We have also established a dedicated line and send data to the off-site backup center for storage. We hold system switching exercises every six months to ensure the normal operations of the backup mechanism and meet the system recovery goals. We provide protection against various information security risks,

and formulate relevant regulations on and countermeasures against the impact of various significant information security incidents and inspect information security, hold information security incident exercises every year, and increase the employees' information security crisis awareness, while enhancing information security personnel's ability to respond, in order to prevent and effectively detect and curb an incident from further escalating in the first place. The audit unit performs regular audits of each information and communication security projects every year, reviews the items audited in its annual audit plan, verifies the implementation performance, and submits it to the Company's routine meetings, while establishing a tracking and improvement mechanism to continuously track the improvement.

(III) Information security policy

Quanta Storage information security policy aims to achieve:

1. Formulate relevant information security management regulations in compliance with laws and regulations and provide appropriate protection measures for the Company's information assets to ensure the confidentiality, integrity, availability, and compliance.
2. Regularly assess the impact of various man-made and natural disasters on the Company's information assets and formulate disaster prevention measures and disaster recovery plans for important information assets and key business to ensure the continuity of the Company's business.
3. Supervise employees' implementation of information security protection work, establish the concept of "information security is everyone's responsibility, and increase various business departments and personnel's awareness of information security.
4. Require all employees and suppliers who use or connect with the Company's computer system to strictly comply with the Company's information security regulations. In the event of a violation, they will be punished according to the Company's regulations or contractual penalties. A lawsuit may be filed if the circumstances are severe.
5. Hold information security trend analysis seminars from time to time to establish employees' concept of information security.

The Company studies the definition and quality requirements for our confidential information (or important information), the degree of informatization, the reliability of the information system used, and the degree of outsourcing of information operations, and evaluates the information security inspection required as per the scope of the Company's environment, frequency, and items as the basis for selection of information security inspection and control models. The results of the implementation of the information security inspection work are reviewed by the audit unit and submitted to the company's regular meeting by signing opinions and establishing a tracking improvement mechanism to continuously track the improvements. The Company arranged two information security trend analysis seminars on March 19, 2021 and November 5, 2021 and required all employees to participate to develop their information security concepts with the aim of reducing the information security incidents and the damage thereof to the Company.

(IV) Specify the losses suffered due to significant information security incidents in the most recent year and up to the publication date of this annual report: None.

(V) Impact and countermeasures:

1. Computer system security management:
   (1) System environment: The settings of the computer operating system environment and the settings of the access permissions shall be approved by the relevant supervisors and executed by the system administrators.
   (2) Security management: There are backup measures for the data on the previous business day before and after changes in a computer system file; program access and use are detailed in written control instructions. Users shall apply for applicable access permissions according to the procedure, which shall be approved by the supervisors. Passwords are stored in garbled strings or a hidden manner. When there is a change in personnel, their access permissions shall be updated in a timely manner, and users who forget their passwords need to undergo strict identity verification procedures.
2. Network security management:
   We regularly assess the security of the network system and timely patch the security loopholes in the network environment. We announce and notify computer network security matters in real time. Each computer host and important software and hardware equipment are handled by special persons for firewall security, user account management, and computer virus and malware prevention.
3. System development and maintenance security management:
   When outsourcing the development of information services, we prudently assess the potential security risks that may occur in advance and sign an appropriate information security agreement with the provider with relevant security management responsibilities included in the agreement terms to ensure data and system security. We carry out reasonable inspections to ensure the correctness of the data before being placed in the database; establish control procedures and execute them strictly for the application software, to reduce the risk that may cause harm to the operating system.
4. Information asset security management:
   User groups are set up in the information public folders and access permissions are set by group; before the physical information equipment is scrapped, the Information Department shall destroy the data on the hard disk drive to prevent the leakage of the Company's and personal information.
5. Physical and environmental security management:
   Information-related equipment is placed in an appropriate server room and protected. Computer equipment is equipped with an independent power supply system, including an uninterruptible power supply system, to protect important application systems. The computer and server room is locked at all times and equipped with effective fire extinguishers. Backup data shall be stored in different places; the computer and server

room is protected with strict access control measures, and the time and purpose of visitors' entry and exit shall be recorded to ensure that only authorized personnel can access.

VII. Important Contracts

Nature of contract	Counterparty	Commencement dates and expiration dates	Key content	Key restrictive terms
Development contract	Not to be disclosed due to NDA	Not to be disclosed due to NDA	Development contract of firmware and software for storage devices	with NDA attached
Commissioned manufacturing contract	Not to be disclosed due to NDA	Not to be disclosed due to NDA	Manufacturing contract of robotic arms	with NDA attached
Commissioned manufacturing contract	Not to be disclosed due to NDA	Not to be disclosed due to NDA	Manufacturing of storage devices	with NDA attached

Six. Overview of Financial Status

I. Condensed Balance Sheet and Statement of Comprehensive Income in the Last Five Years

(I) IFRS adopted- consolidated financial statements

1. Consolidated condensed balance sheet

Unit: NTD thousand

Item		2017	2018	2019	2020	2021
Current asset		18,998,476	14,160,625	10,587,670	10,071,741	12,294,982
Property, Plant and Equipment		1,296,996	1,191,786	1,287,721	1,258,239	1,591,607
Intangible asset		27,284	30,527	19,008	23,697	25,139
Other assets		409,520	494,323	498,310	462,287	451,446
Total assets		20,732,276	15,877,261	12,392,709	11,815,964	14,363,174
Current liabilities	Before distribution	12,440,813	7,547,561	4,096,779	4,070,112	5,080,460
	After distribution	12,774,844	7,965,099	4,653,497	4,348,471	5,859,865
Non-current liabilities		284,367	310,484	398,573	362,850	531,075
Total liabilities	Before distribution	12,725,180	7,858,045	4,495,352	4,432,962	5,611,535
	After distribution	13,059,211	8,275,583	5,052,070	4,711,321	6,390,940
Equity attributable to owners of the parent company		8,007,096	8,019,216	7,883,354	7,283,881	8,436,269
Share capital		2,783,589	2,783,589	2,783,589	2,783,589	2,783,589
Capital reserve		1,997,244	1,997,393	1,900,087	1,776,228	2,027,242
Retained earnings	Before distribution	3,209,406	3,245,653	3,438,980	3,134,537	3,993,571
	After distribution	2,875,375	2,925,540	3,021,442	2,995,358	3,353,346
Other equities		16,857	(7,419)	(239,302)	(410,473)	(368,133)
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	14,003	99,121	315,370
Total Equity	Before distribution	8,007,096	8,019,216	7,897,357	7,383,002	8,751,639
	After distribution	7,673,065	7,601,678	7,340,639	7,104,643	7,972,234

Note 1: Figures of financial information all have been audited or reviewed by the CPAs.

2: Pursuant to Article 25, paragraph 1 and 3, the distribution of cash dividends may be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors. The 2021 cash dividends have been resolved by the Board of directors on March 18, 2022 for reference.

2. Consolidated condensed comprehensive income statement

Unit: NTD thousand

Item \ Year	2017	2018	2019	2020	2021
Operating revenue	7,506,267	7,090,384	9,352,785	10,476,353	11,028,508
Gross profit	1,418,888	1,185,592	1,973,546	2,316,905	2,592,950
Operating profit or loss	499,712	178,487	652,221	1,032,266	976,717
Non-operating income and expense	(92,733)	290,071	39,504	(875,909)	239,030
Profit before tax	406,979	468,558	691,725	156,357	1,215,747
Net profit from continuing operations	288,321	368,560	513,735	104,540	1,000,548
Loss from discontinuing operation	-	-	-	-	-
Current net profit (loss)	288,321	368,560	513,735	104,540	1,000,548
Other comprehensive income recognized for the period (net of tax)	(143,688)	(22,558)	(232,792)	(173,379)	46,393
Total comprehensive income in the current period	144,633	346,002	280,943	(68,839)	1,046,941
Net profit attributable to owners of the parent company	288,321	368,560	513,971	114,338	993,231
Net profit attributable to non-controlling interest	-	-	(236)	(9,798)	7,317
Total comprehensive income attributable to owners of the parent	144,633	346,002	281,557	(58,076)	1,040,553
Total comprehensive income attributable to the non-controlling interest	-	-	(614)	(10,763)	6,388
Earnings per Share	1.04	1.32	1.85	0.41	3.57

Note: Figures of financial information all have been audited or reviewed by the CPAs.

(II) IFRS adopted- parent company-only financial statements

1. Parent company-only condensed balance sheet

Unit: NTD thousand

Item \ Year		2017	2018	2019	2020	2021
Current asset		9,046,500	6,543,441	4,763,850	4,135,703	5,055,341
Property, Plant and Equipment		20,932	13,427	9,332	5,772	490,956
Intangible asset		16,187	19,296	15,993	13,571	10,045
Other assets		6,020,331	6,164,215	6,564,231	6,785,982	7,190,322
Total assets		15,103,950	12,740,379	11,353,406	10,941,028	12,746,664
Current liabilities	Before distribution	6,672,105	4,016,339	3,146,764	3,334,085	3,955,331
	After distribution	7,006,136	4,433,877	3,703,482	3,612,444	4,734,736
Non-current liabilities		424,749	704,824	323,288	323,062	355,064
Total liabilities	Before distribution	7,096,854	4,721,163	3,470,052	3,657,147	4,310,395
	After distribution	7,430,885	5,138,701	4,026,770	3,935,506	5,089,799
Equity attributable to owners of the parent company		8,007,096	8,019,216	7,883,354	7,283,881	8,436,269
Share capital		2,783,589	2,783,589	2,783,589	2,783,589	2,783,589
Capital reserve		1,997,244	1,997,393	1,900,087	1,776,228	2,027,242
Retained earnings	Before distribution	3,209,406	3,245,653	3,438,980	3,134,537	3,993,571
	After distribution	2,875,375	2,925,540	3,021,442	2,995,358	3,353,346
Other equities		16,857	(7,419)	(239,302)	(410,473)	(368,133)
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total Equity	Before distribution	8,007,096	8,019,216	7,883,354	7,283,881	8,436,269
	After distribution	7,673,065	7,601,678	7,326,636	7,005,522	7,656,864

Note: Figures of financial information have all been audited or certified by the CPAs.

2. Parent company-only condensed comprehensive income statement:

Unit: NTD thousand

Item \ Year	2017	2018	2019	2020	2021
Operating revenue	4,866,898	5,065,662	7,399,734	9,299,738	9,846,666
Gross profit	1,003,722	526,802	1,025,932	1,612,620	1,516,958
Operating profit or loss	559,144	181,354	616,788	1,166,356	946,656
Non-operating income and expense	(212,892)	248,208	11,537	(1,010,449)	187,822
Profit before tax	346,252	429,562	628,325	155,907	1,134,478
Net profit from continuing operations	288,321	368,560	513,971	114,338	993,231
Loss from discontinuing operation	-	-	-	-	-
Current net profit (loss)	288,321	368,560	513,971	114,338	993,231
Other comprehensive income recognized for the period (Net amount after tax)	(143,688)	(22,558)	(232,414)	(172,414)	47,322
Total comprehensive income in the current period	144,633	346,002	281,557	(58,076)	1,040,553
Net profit attributable to owners of the parent company	288,321	368,560	513,971	114,338	993,231
Net profit attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to owners of the parent	144,633	346,002	281,557	(58,076)	1,040,553
Total comprehensive income attributable to the non-controlling interest	-	-	-	-	-
Earnings per Share	1.04	1.32	1.85	0.41	3.57

Note: Financial information has all been audited or certified by the CPAs.

(III) Name of the CPAs and Audit Opinions in the Recent Five Years

Year	Certifying CPAs	Audit opinions
2017	WU, TSAO-JEN and LIEN, SHU-LING	Unqualified opinion
2018	WU, TSAO-JEN and LIEN, SHU-LING	Unqualified opinion
2019	WU, TSAO-JEN and LIEN, SHU-LING	Unqualified opinion
2020	WU, TSAO-JEN and LIEN, SHU-LING	Unqualified opinion
2021	WU, TSAO-JEN and LIEN, SHU-LING	Unqualified opinion

II. Financial Analysis in the Last Five Years

(I) Consolidated financial analysis: IFRS adopted

Analysis item	Year	2017	2018	2019	2020	2021
Financial structure (%)	Ratio of liabilities to assets	61.38	49.49	36.27	37.52	39.07
	Ratio of long-term capital to property, plant and equipment	639.28	698.93	644.23	615.61	583.23
Debt service ability (%)	Current ratio	152.71	187.62	258.44	247.46	242.01
	Quick ratio	143.62	170.16	220.75	214.70	206.71
	Interest protection multiples	3.54	6.10	17.72	51.15	221.64
Operating abilities	Average collection turnover (time)	3.84	3.72	4.18	4.62	4.38
	Days sales outstanding	96	99	88	80	84
	Inventory turnover (times)	6.12	4.78	4.99	5.32	5.35
	Accounts payable turnover (times)	3.23	3.08	3.48	3.59	3.43
	Average inventory turnover days	60	77	74	69	69
	Property, plant and equipment turnover (times)	5.61	5.70	7.54	8.23	7.74
	Total assets turnover (times)	0.40	0.39	0.66	0.87	0.84
Profitability	Assets return ratio (%)	2.24	2.42	3.87	0.88	7.68
	Equity return ratio (%)	3.54	4.60	6.46	1.37	12.40
	Pre-tax profit to paid-in capital (%)	14.62	16.83	24.85	5.62	43.68
	Net profit margin (%)	3.84	5.20	5.50	1.00	9.07
	Earnings per share (NT$	1.04	1.32	1.85	0.41	3.57
Cash flows	Cash flow ratio (%)	5.10	2.24	18.06	3.57	32.33
	Cash flow adequacy (%)	120.69	110.61	96.85	70.69	65.57
	Cash flow reinvestment ratio (%)	2.19	(1.62)	3.34	(4.44)	13.25
Leverage	Operating leverage	1.54	2.48	1.44	1.36	1.41
	Financial leverage	1.47	2.06	1.07	1.00	1.01

Reasons of changes of financial ratio reaching 20% in the past two years:
Interest protection multiples: mainly because the net profit before tax in this period increased compared with the previous period, the interest protection multiples increased.
Profitability: mainly because the net profit before tax this period increased compared with the previous period, causing relevant ratios to increase.
Cash flow ratio and cash flow reinvestment ratio: mainly because the net cash inflow from operating activities in this period increased compared with the previous period, causing the ratios to increase.

Note: Figures of financial statements all have been audited or reviewed by the CPAs.

(II) Parent-company only financial analysis: IFRS adopted

Analysis item	Year	2017	2018	2019	2020	2021
Financial structure (%)	Ratio of liabilities to assets	46.99	37.06	30.56	33.43	33.82
	Ratio of long-term capital to property, plant and equipment	40,282.08	64,973.86	87,940.87	131,790.42	1,790.66
Debt service ability (%)	Current ratio	135.59	162.92	151.39	124.04	127.81
	Quick ratio	135.28	162.35	150.71	123.77	127.64
	Interest protection multiples	63.68	151.30	3,361.03	1,368.61	602.21
Operating abilities	Average collection turnover (time)	3.60	3.51	5.87	6.30	4.41
	Days sales outstanding	102	104	63	58	83
	Inventory turnover (times)	284.04	269.89	436.17	995.23	2,309.64
	Accounts payable turnover (times)	0.81	0.99	2.64	3.62	3.93
	Average inventory turnover days	2	2	1	1	1
	Property, plant and equipment turnover (times)	210.24	294.87	650.27	1,231.43	39.65
	Total assets turnover (times)	0.32	0.36	0.61	0.83	0.83
Profitability	Assets return ratio (%)	1.94	2.66	4.27	1.03	8.40
	Equity return ratio (%)	3.54	4.60	6.46	1.51	12.64
	Pre-tax profit to paid-in capital (%)	12.44	15.43	22.57	5.60	40.76
	Net profit margin (%)	5.92	7.28	6.95	1.23	10.09
	Earnings per share (NT$	1.04	1.32	1.85	0.41	3.57
Cash flows	Cash flow ratio (%)	33.17	2.90	14.00	21.17	26.70
	Cash flow adequacy (%)	276.74	347.67	299.66	156.70	285.08
	Cash flow reinvestment ratio (%)	21.40	(2.54)	0.28	1.95	8.84
Leverage	Operating leverage	1.07	1.18	1.06	1.03	1.04
	Financial leverage	1.01	1.02	1.00	1.00	1.00

Reasons of changes of financial ratio reaching 20% in the past two years:
Ratio of long-term capital to property, plant and equipment: this ratio decreased mainly due to the purchase of land in this period.
Interest protection multiples: mainly because the interest expenses in this period increased compared with the previous period, the interest protection multiples decreased.
Operating abilities: mainly because the increase in accounts receivable at the end of the period compared with the previous period and the purchase of land in this period, the relevant ratios decreased.
Profitability: mainly because the net profit before tax this period increased compared with the previous period, causing relevant ratios to increase.
Cash flow adequacy ratio and cash flow reinvestment ratio: mainly because the net cash inflow from operating activities in this period increased compared with the previous period, causing the ratios to increase.

Note: Financial statements have all been audited or certified by the CPAs.

Formula for the analysis items are as following:

1. Financial structure
   (1) Liabilities to Assets Ratio = Total Liabilities / Total Assets.
   (2) Long-term Capital to Fixed Assets Ratio = (Shareholders' Equity + Long-term Liabilities) / Net Fixed Assets.
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities.
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities.
   (3) Interest Protection Multiples = Earnings before Interest and Taxes / Interest Expenses.
3. Operating abilities
   (1) Average Collection Turnover (including accounts receivable and notes receivable resulted from business operation) = Net Sales / Average Trade Receivables (including accounts receivable and notes receivable resulted from business operation).
   (2) Days Sales Outstanding = 365 / Average Collection Turnover.
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory.
   (4) Average Payment Turnover (including accounts payables and notes payables resulted from business operation) = Cost of Sales / Average Trade Payables (including accounts payables and notes payables resulted from business operation).
   (5) Average Sales Days = 365 / Average Inventory Turnover.
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment.
   (7) Total Assets Turnover = Net Sales / Average Total Assets.
4. Profitability
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets.
   (2) Equity return ratio = Net Income / Average Total Equity.
   (3) Net Margin = Net Income / Net Sales.
   (4) Earnings Per Share = (Net Income - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding.
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend.
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Property, Plant and Equipment + Long-term Investments + Other Assets + Working Capital).
6. Leverage:
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
   (2) Financial Leverage = Operating Profit / (Operating Profit - Interest Expenses)

III. Audit Committees' Review Report of the Financial Report for the Last Year

Quanta Storage Inc.
Audit Committee Report

Hereby Approved,

The Board of Directors has prepared and submitted to us the Company's 2021 Business Report, Financial Statements, Consolidated Financial Statements and Proposal for Allocation of Distributable Earnings. The Financial Statements and Consolidated Financial Statements have been audited and certified by CPAs WU, TSAO-JEN and LIEN, SHU-LING from KPMG Certified Public Accountants. We hereby produce this report in accordance with provisions specified in Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereinafter summit it for your review.

To

2022 Annual Meeting of Shareholders

Quanta Storage Inc.

Chairperson of the Audit Committee:

WANG, KUAN-SHEN

February 25, 2022

IV. The Consolidated Financial Report for the Last Year Audited by CPAs

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Quanta Storage Inc.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

   Please refer to Note (4)(o) for accounting policies of revenue recognition.

   Description of the key audit matter:

   Sales revenue is the main indicator for investors and management to evaluate the financial statements or business performance of the Company. Revenue recognized at the point of time correctly is significant for the financial statements. Therefore, the timing for revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include understanding and testing the design and implementation of internal control over revenue recognition; understanding the accounting policy of revenue recognition and confirming whether the accounting treatment is in line with the accounting standard regulations; performing cutoff test for a period of time before and after the financial reporting date, inspecting the trade terms of purchase order, and checking the date of the delivery order to assess the correctness of the timing at which revenue is recognized.

Other Matter

Quanta Storage Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tsao-Jen Wu and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

QUANTA STORAGE INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 2,343,080	16	3,543,054	30
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	251,837	2	1,258,953	11
1120	Current financial assets at fair value through other comprehensive income (Note (6)(c))	814,426	6	778,575	7
1150	Notes receivable, net (Note (6)(d))	3,682	-	-	-
1170	Accounts receivable, net (Notes (6)(d) and (7))	2,806,694	20	2,162,341	18
1200	Other receivables (Notes (6)(d))	171,107	1	130,080	1
1220	Current tax assets	19,447	-	37,722	-
1310	Inventories (Note (6)(e))	1,731,972	12	1,261,321	11
1410	Prepayments	61,332	-	71,701	-
1476	Other current financial assets (Notes (6)(a), (j) and (8))	4,091,405	29	827,994	7
		12,294,982	86	10,071,741	85
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	715	-	726	-
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	-	-	1,406	-
1550	Investments accounted for using equity method (Note (6)(f))	29,511	-	34,483	-
1600	Property, plant and equipment (Note (6)(g))	1,591,607	11	1,258,239	11
1755	Right-of-use assets (Note (6)(h))	162,131	1	159,181	2
1780	Intangible assets (Note (6)(i))	25,139	-	23,697	-
1840	Deferred tax assets (Note (6)(o))	189,641	2	181,045	2
1975	Net defined benefit asset, non-current (Note (6)(n))	45,333	-	42,515	-
1980	Other non-current financial assets (Note (8))	23,147	-	20,031	-
1995	Other non-current assets, others	968	-	22,900	-
		2,068,192	14	1,744,223	15
	Total assets	$ 14,363,174	100	11,815,964	100

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2102	Short-term borrowings (Note (6)(k))	$ 440,817	3	-	-
2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	3,074	-	4,017	-
2130	Current contract liabilities (Note (6)(r))	341,101	2	385,283	3
2170	Accounts payable (Note (7))	2,627,066	18	2,290,213	20
2200	Other payables (Note (7))	980,233	7	760,549	7
2230	Current tax liabilities	207,871	2	93,462	1
2250	Current provisions (Note (6)(m))	278,264	2	309,284	3
2280	Current lease liabilities (Note (6)(l) and (7))	64,095	-	49,833	-
2300	Other current liabilities	97,849	1	123,640	1
2365	Current refund liabilities	40,090	-	53,831	-
		5,080,460	35	4,070,112	35
	Non-Current liabilities:				
2570	Deferred tax liabilities (Note (6)(o))	424,146	3	312,207	3
2580	Non-current lease liabilities (Note (6)(l) and (7))	93,421	1	41,535	-
2670	Other non-current liabilities, others	13,508	-	9,108	-
		531,075	4	362,850	3
	Total liabilities	5,611,535	39	4,432,962	38
	Equity attributable to owners of parent (Notes (6)(c) and (p)):				
3110	Ordinary share	2,783,589	19	2,783,589	23
3200	Capital surplus	2,027,242	14	1,776,228	15
3300	Retained earnings	3,993,571	28	3,134,537	26
3400	Other equity	(368,133)	(2)	(410,473)	(3)
	Total equity attributable to owners of parent:	8,436,269	59	7,283,881	61
36XX	**Non-controlling interests**	315,370	2	99,121	1
	Total equity	8,751,639	61	7,383,002	62
	Total liabilities and equity	$ 14,363,174	100	11,815,964	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QUANTA STORAGE INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except Earnings Per Share)

		2021		2020	
		Amount	%	Amount	%
	Operating Revenues:				
4110	Sales revenue (Notes (6)(r) and (7))	$ 11,028,508	100	10,476,353	100
	Operating costs:				
5110	Cost of sales (Note (6)(e))	8,435,558	76	8,159,448	78
	Gross profit from operations	2,592,950	24	2,316,905	22
	Operating expenses:				
6100	Selling expenses	526,374	5	438,744	4
6200	General and administrative expenses	486,856	4	389,067	4
6300	Research and development expenses	600,681	6	457,173	4
6450	Expected credit loss (gain) (Note (6)(d))	2,322	-	(345)	-
		1,616,233	15	1,284,639	12
	Net operating income	976,717	9	1,032,266	10
	Non-operating income and expenses:				
7100	Interest income (Note (6)(t))	59,950	1	65,983	1
7010	Other income (Note (6)(t))	36,386	-	36,174	-
7020	Other gains and losses, net (Note (6)(t))	148,893	1	(973,235)	(9)
7050	Financial costs (Note (6)(t))	(5,510)	-	(3,118)	-
7070	Share of loss of associates accounted for using equity method (Note (6)(f))	(689)	-	(1,713)	-
		239,030	2	(875,909)	(8)
	Profit before income tax	1,215,747	11	156,357	2
7950	**Less: Income tax expense (Note 6(o))**	215,199	2	51,817	1
	Profit	1,000,548	9	104,540	1
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Gains on remeasurements of defined benefit plans (Note (6)(n))	3,624	-	6,848	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(p))	35,803	-	(77,084)	(1)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	39,427	-	(70,236)	(1)
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	6,966	-	(103,143)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	6,966	-	(103,143)	(1)
8300	**Other comprehensive income (after tax)**	46,393	-	(173,379)	(2)
8500	**Total comprehensive income**	**$ 1,046,941**	**9**	**(68,839)**	**(1)**
	Profit (loss) attributable to:				
8610	Owners of parent	$ 993,231	9	114,338	1
8620	Non-controlling interests	7,317	-	(9,798)	-
		$ 1,000,548	**9**	**104,540**	**1**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 1,040,553	9	(58,076)	(1)
8720	Non-controlling interests	6,388	-	(10,763)	-
		$ 1,046,941	**9**	**(68,839)**	**(1)**
	Earnings per share (Note 6(q))				
9750	**Basic earnings per share (in New Taiwan Dollars)**	**$**	**3.57**		**0.41**
9850	**Diluted earnings per share (in New Taiwan Dollars)**	**$**	**3.54**		**0.41**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QUANTA STORAGE INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Share capital		Retained earnings			Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2020	$ 2,783,589	1,900,087	1,503,222	7,419	1,928,339	(208,859)	(30,443)	7,883,354	14,003	7,897,357
Profit (loss) for the year ended December 31, 2020	-	-	-	-	114,338	-	-	114,338	(9,798)	104,540
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	6,848	(102,178)	(77,084)	(172,414)	(965)	(173,379)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	121,186	(102,178)	(77,084)	(58,076)	(10,763)	(68,839)
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	51,397	-	(51,397)	-	-	-	-	-
Special reserve	-	-	-	231,883	(231,883)	-	-	-	-	-
Cash dividends on ordinary shares	-	(139,179)	-	-	(417,538)	-	-	(556,717)	-	(556,717)
Changes in ownership interests in subsidiaries	-	15,261	-	-	-	-	-	15,261	(15,261)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	111,142	111,142
Others	-	59	-	-	-	-	-	59	-	59
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(8,091)	-	8,091	-	-	-
Balance at December 31, 2020	2,783,589	1,776,228	1,554,619	239,302	1,340,616	(311,037)	(99,436)	7,283,881	99,121	7,383,002
Profit for the year ended December 31, 2021	-	-	-	-	993,231	-	-	993,231	7,317	1,000,548
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	3,624	7,895	35,803	47,322	(929)	46,393
Comprehensive income for the year ended December 31, 2021	-	-	-	-	996,855	7,895	35,803	1,040,553	6,388	1,046,941
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	11,310	-	(11,310)	-	-	-	-	-
Special reserve	-	-	-	171,171	(171,171)	-	-	-	-	-
Cash dividends on ordinary shares	-	(139,179)	-	-	(139,179)	-	-	(278,358)	-	(278,358)
Issue of shares	-	-	-	-	-	-	-	-	600,000	600,000
Changes in ownership interests in subsidiaries	-	390,139	-	-	-	-	-	390,139	(390,139)	-
Others	-	54	-	-	-	-	-	54	-	54
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,358	-	(1,358)	-	-	-
Balance at December 31, 2021	$ 2,783,589	2,027,242	1,565,929	410,473	2,017,169	(303,142)	(64,991)	8,436,269	315,370	8,751,639

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QUANTA STORAGE INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from (used in) operating activities:			
Profit before income tax	$	1,215,747	156,357
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		327,861	305,474
Amortization expense		19,972	15,864
Expected credit loss (gain)		2,322	(345)
Net profit on financial assets or liabilities at fair value through profit or loss		(33,922)	(28,558)
Interest expense		5,510	3,118
Interest income		(59,950)	(65,983)
Dividend income		(34,864)	(35,810)
Share of loss of associates accounted for using equity method		689	1,713
(Gain) loss from disposal of property, plant and equipment and right-of-use assets		(8,983)	5,115
Expenses on employee stock options		-	2,561
Gain from lease modification		(56)	-
Total adjustments to reconcile profit (loss)		218,579	203,149
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets at fair value through profit or loss, mandatorily measured at fair value		1,040,094	(446,730)
Notes receivable		(3,682)	-
Accounts receivable		(658,211)	38,398
Other receivables		(37,945)	(45,265)
Inventories		(490,504)	140,529
Net defined benefit asset		806	(1,966)
Prepayments		9,953	(18,175)
Other financial assets		(101,164)	(21,167)
Total changes in operating assets		(240,653)	(354,376)
Changes in operating liabilities:			
Contract liabilities		(43,702)	60,982
Notes payable		-	(20)
Accounts payable		358,943	158,124
Other payables		85,881	(154,815)
Provisions		(31,020)	(26,745)
Other current liabilities		(15,957)	111,835
Refund liabilities		(13,741)	7,161
Total changes in operating liabilities		340,404	156,522
Total changes in operating assets and liabilities		99,751	(197,854)
Total adjustments		318,330	5,295
Cash inflows generated from operations		1,534,077	161,652
Interest received		56,884	61,180
Dividends received		34,864	35,810
Interest paid		(5,410)	(3,118)
Income taxes refund (paid)		22,136	(110,121)
Net cash flows from operating activities		1,642,551	145,403
Cash flows from (used in) investing activities:			
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,358	66,578
Acquisition of investments accounted for using equity method		(8)	-
Proceeds from capital reduction of investments accounted for using equity method		4,291	-
Acquisition of property, plant and equipment		(897,876)	(259,486)
Proceeds from disposal of property, plant and equipment and right-of-use assets		497,947	24,369
Acquisition of intangible assets		(21,483)	(20,735)
Increase in other financial assets		(3,165,928)	(681,634)
Decrease (increase) in other non-current assets		18,341	(3,069)
Net cash flows used in investing activities		(3,563,358)	(873,977)
Cash flows from (used in) financing activities:			
Increase short-term borrowings		441,215	-
Return of dividends over the years		54	59
Payment of lease liabilities		(52,166)	(49,438)
Cash dividends paid		(278,358)	(556,717)
Change in non-controlling interests		600,000	108,581
Net cash flows from (used in) financing activities		710,745	(497,515)
Effect of exchange rate changes on cash and cash equivalents		10,088	(26,909)
Net decrease in cash and cash equivalents		(1,199,974)	(1,252,998)
Cash and cash equivalents at beginning of period		3,543,054	4,796,052
Cash and cash equivalents at end of period	$	**2,343,080**	**3,543,054**

See accompanying notes to consolidated financial statements.

(1) Company history

Quanta Storage Inc. (the "Company") was incorporated on February 10, 1999, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 3F., No. 188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City 333010, Taiwan (R.O.C.). The Company and its subsidiaries (together referred to as the "Group") engage primarily in the researching, developing, producing, manufacturing, and selling data storage and processing equipment, electronic components, optical instruments, and collaborative industrial robots.

In view of the future of operations, the address of the Company was changed to 6F., No. 58-2, Huaya 2nd Rd., Guishan Dist., Taoyuan City 333411, Taiwan (R.O.C.) and authorized by the Board of Directors on December 22, 2021. The Company has registered the relocation under the laws.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on February 25, 2022.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(Continued)

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “ the IFRSs endorsed by FSC”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Hedging financial instruments are measured at fair value;

4) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(q).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’ s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(Continued)

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2021	Shareholding December 31, 2020	Description
The Company	Quanta Storage International Ltd.(QSI (CAYMAN))	Investment company	100 %	100 %	
〃	Quanta Storage Investment Inc. (Quanta Storage Investment)	Investment company	- %	100 %	(Note 3)
〃	Techman Electronics (Thailand) Co., Ltd. (TMT)	Manufacture and sale of computer storage devices and components of peripherals	100 %	100 %	
〃	Techman Incorporation (TAI)	Factory automation planning, installation and implementation	- %	100 %	(Note 2)
〃	TM SMT SDN. BHD. (JVM)	Sale of computer storage devices and components of peripherals	51 %	51 %	
〃	Techman Robot Inc. (TRI)	Manufacture and sale of industrial collaborative robots	80 %	90 %	(Note 1)
QSI (CAYMAN)	Quanta Storage (BVI) Ltd.(QSL (BVI))	Investment company	100 %	100 %	
〃	E-Forward Technology Ltd. (SAMOA)(E-Forward (SAMOA))	Manufacture and sale of computer storage devices and components of peripherals	100 %	100 %	
QSL (BVI)	Quanta Storage Holding (HONG KONG) Ltd. (QHH)	Investment company	100 %	100 %	
〃	Techman Electronic (Hong Kong) Limited (QIH)	Investment company	100 %	100 %	

(Continued)

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2021	Shareholding December 31, 2020	Description
QHH	Quanta Storage (Shanghai),Ltd. (QSS)	Manufacture and sale of computer storage devices and components of peripherals	100 %	100 %	
QIH	Techman Electronics (Changshu) Ltd. (Techman)	Manufacture and sale of computer storage devices and components of peripherals	100 %	100 %	
E-Forward (SAMOA)	Quanta Storage Asia Ltd. (SAMOA) (QSA)	Sale and after-sales service of computer storage devices and components of peripherals	100 %	100 %	
TRI	Techman Robot (HONG KONG) Ltd. (TRH)	Investment company	100 %	100 %	
TRH	Techman Robot (Shanghai)Ltd. (TRS)	After-sales service and sale of industrial collaborative robots and components of peripherals	100 %	100 %	
TM SMT SDN. BHD. (JVM)	TM SMT (Thailand) COMPANY LIMITED.(JVMT)	Sale of computer storage devices and components of peripherals	100 %	100 %	

Note 1: The subsidiary, Techman Robot Inc., increased its capital by cash in the fourth quarter of 2021. The shareholding of Techman Robot Inc. owned by the Company was decreased to 80%.

Note 2: The subsidiary, Techman Automation Incorporation, changes its company name on the registration certificate to Techman Incorporation on February 21, 2020 and the date of dissolution was November 30, 2020. The court ruled that the liquidation was completed on July 30, 2021.

Note 3: The date of dissolution for the subsidiary, Quanta Storage Investment Inc., was on December 31, 2020. The court ruled that the liquidation was completed on August 18, 2021.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(Continued)

(d) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

(Continued)

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) –equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘ accounts receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(Continued)

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established (usually the ex-dividend date).

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Accounts receivable that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'accounts receivable' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Group' s management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(Continued)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivable, guarantee deposit paid and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a delay or over;

(Continued)

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(Continued)

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings and construction	5 ~ 10 years
2)	Machinery and miscellaneous equipment	2 ~ 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change of its assessment on whether it will exercise a extension or termination option; or

2) there is any lease modification in lease subject, scope of the lease, or other terms.

(Continued)

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets, including computer software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software and other 1 ~ 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

Provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Management periodically assesses the cost of obligation of all litigation and related legal costs. Provision for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recognized when it is probable the present obligation as a result of a past event will result in an outflow of resources and the amount can be reasonably estimated.

Provisions recognized are the best estimates of the expenditure for settling the present obligation at each reporting date.

(Continued)

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group' s obligation to provide a refund under the standard warranty terms is recognized as a provision for warranty; please refer to Note (4)(n).

2) Rendering of services

The Group provides business advisory and management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the amount of work incurred to date as a proportion of the total estimated amount of work of the transaction.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(Continued)

(p) Government grants

The Group recognizes an unconditional government grant in non-operating income when the grant becomes receivable. The Government grants the compensate that the Group for expenses or losses incurred are recognized in profit or loss. The Group will comply with the conditions associated with the grant and when they will be received on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction; and

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in this financial report.

After assessment, there are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2021	**December 31, 2020**
Cash	$	1,211	1,297
Checking account deposits		6,903	15,024
Demand deposits		751,446	882,760
Foreign currency deposits		1,179,762	550,663
Time deposits		403,758	2,093,310
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**2,343,080**	**3,543,054**

(Continued)

Time deposits with a maturity exceeding three months, were presented in other financial assets–current and non-current according to their respective maturity dates.

Please refer to Note 6(u) for the exchange rate risk and sensitivity analysis of the financial assets of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:			
Beneficiary certificate–open-ended fund	$	251,837	1,258,953
Ordinary shares		715	726
Held-for-trading financial assets (liabilities):			
Forward foreign exchange contracts		(3,074)	(4,017)
Total	**$**	**249,478**	**1,255,662**
Current	$	248,763	1,254,936
Non-current		715	726
Total	**$**	**249,478**	**1,255,662**

The Group uses derivative financial instruments to hedge the certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2021			
	Amount (in thousands)		**Currency**	**Maturity period**
Forward foreign exchange contracts				
US dollars sold	USD	37,000	USD to TWD	January 7, 2022~ January 27, 2022
US dollars purchased	USD	37,000	TWD to USD	January 6, 2022~ March 28, 2022

	December 31, 2020			
	Amount (in thousands)		**Currency**	**Maturity period**
Forward foreign exchange contracts				
US dollars sold	USD	22,000	USD to TWD	January 8, 2021~ January 19, 2021
US dollars purchased	USD	23,000	TWD to USD	January 12, 2021~ March 10, 2021

(Continued)

(i) For liquidity risk, please refer to Note (6)(u).

(ii) The aforesaid financial assets were not pledged as collateral.

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

		December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:			
Domestic listed stocks	$	**814,426**	**779,981**
Current	$	814,426	778,575
Non-current		-	1,406
Total	$	**814,426**	**779,981**

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

For the one year ended 2021 and 2020, the Group has sold its financial assets at fair value through other comprehensive income. The share sold had a fair value of $1,358 and $66,578 and the Group realized a (loss) gain of $1,358 and $(8,091), which was recognized as other comprehensive income, and thereafter, was reclassified to retained earnings.

(ii) For price risk of equity and fair value information, please refer to Note 6(u).

(iii) The aforesaid financial assets were not pledged as collateral.

(d) Account receivables and other receivables

		December 31, 2021	December 31, 2020
Notes receivable from operating activities	$	3,682	-
Accounts receivable–measured as amortized cost		2,607,645	2,122,847
Accounts receivable –fair value through other comprehensive income		231,222	69,225
Less: Loss allowance		(32,173)	(29,731)
	$	**2,810,376**	**2,162,341**

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such accounts receivable were measured at fair value through other comprehensive income.

(Continued)

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 2,729,850	0~1%	23,379
1 to 90 days past due	110,305	0~10%	6,798
More than 91 days past due	2,394	11%~100%	1,996
	$ 2,842,549		**32,173**

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 2,062,930	0~1%	18,463
1 to 90 days past due	125,107	0~10%	7,758
More than 91 days past due	4,035	11%~100%	3,510
	$ 2,192,072		**29,731**

The movement in the allowance for accounts receivable were as follows:

	2021	**2020**
Balance at January 1	$ 29,731	30,230
Impairment losses recognized (reversed)	2,322	(345)
Foreign exchange gains/(losses)	120	(154)
Balance at December 31	**$ 32,173**	**29,731**

As of December 31, 2021 and 2020, the Group other receivables amounted to $171,107 and $130,080, respectively. As the amount overdue was not material, no impairment was recognized after assessment.

(Continued)

The Group entered into non-recourse factoring agreements with different financial institutions to sell its accounts receivable. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred accounts receivable, which meets the requirement for derecognition of financial assets. As of the reporting date, transferred accounts receivable are as follows:

December 31, 2021

Purchaser	Amount derecognized	Credit unused	Credit advanced	Amount recognized in other receivables	Range of interest rates	Significant transferring terms
Financial institution	$ -	USD 8,353	-	-	-	None

December 31, 2020

Purchaser	Amount derecognized	Credit unused	Credit advanced	Amount recognized in other receivables	Range of interest rates	Significant transferring terms
Financial institution	$ -	USD 2,464	-	-	-	None

(e) Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 128,016	108,590
Semi-finished goods	397,192	345,565
Raw materials	1,206,764	807,166
	$ 1,731,972	1,261,321

For the years ended December 31, 2021 and 2020, the components of cost of goods sold were as follows:

	For the years ended December 31, 2021	2020
Cost of goods sold	$ 8,451,885	8,144,742
(Reversal) Write-down of inventory valuation and obsolescence	(16,327)	14,706
Total	$ 8,435,558	8,159,448

The allowance for inventory valuation and obsolescence loss was due to the decline of inventory to net realizable value or obsolescence, which was recognized as cost of goods sold. However, its reversal was due to the disappearance of the inventories abandoned that resulted in net realizable value which was lower than the costs, and the increase in net realizable value was due to the decrease of the operation costs.

As of December 31, 2021 and 2020, the Group's inventories were not pledged as collateral.

(Continued)

(f) Investments accounted for using equity method

(i) Associates

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows. The following table summarizes the amounts recognized by the Group and included in the consolidated financial statements:

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates' equity	$ 29,511	34,483

	For the years ended December 31, 2021	2020
Attributable to the Group:		
Loss from continuing operations	$ (689)	(1,713)

(ii) Pledges

As of December 31, 2021 and 2020, the Group's investments accounted for using the equity method were not pledged as collateral.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

	Land	Buildings and construction	Machinery and miscellaneous equipment	Construction in progress and equipment to be inspected	Total
Cost or deemed cost:					
Balance on January 1, 2021	$ -	1,380,405	1,576,870	1,272	2,958,547
Additions	616,955	56,780	111,903	252,879	1,038,517
Disposal and obsolescence	-	(956,534)	(255,588)	-	(1,212,122)
Reclassification	-	-	224,013	(228,590)	(4,577)
Effect of movements in exchange rates	(490)	12,908	432	30	12,880
Balance on December 31, 2021	$ 616,465	493,559	1,657,630	25,591	2,793,245
Balance on January 1, 2020	$ -	1,370,372	1,441,780	36,457	2,848,609
Additions	-	8,742	230,614	20,130	259,486
Disposal and obsolescence	-	-	(142,222)	-	(142,222)
Reclassification	-	-	74,713	(54,930)	19,783
Effect of movements in exchange rates	-	1,291	(28,015)	(385)	(27,109)
Balance on December 31, 2020	$ -	1,380,405	1,576,870	1,272	2,958,547

(Continued)

	Land	Buildings and construction	Machinery and miscellaneous equipment	Construction in progress and equipment to be inspected	Total
Depreciation and impairments loss:					
Balance on January 1, 2021	$ -	853,601	846,707	-	1,700,308
Depreciation	-	67,905	205,057	-	272,962
Disposal and obsolescence	-	(573,784)	(210,240)	-	(784,024)
Effect of movements in exchange rates	-	8,597	3,795	-	12,392
Balance on December 31, 2021	**$ -**	**356,319**	**845,319**	**-**	**1,201,638**
Balance on January 1, 2020	$ -	766,345	794,543	-	1,560,888
Depreciation	-	85,016	167,949	-	252,965
Disposal and obsolescence	-	-	(112,738)	-	(112,738)
Effect of movements in exchange rates	-	2,240	(3,047)	-	(807)
Balance on December 31, 2020	**$ -**	**853,601**	**846,707**	**-**	**1,700,308**
Carrying value:					
Balance on December 31, 2021	**$ 616,465**	**137,240**	**812,311**	**25,591**	**1,591,607**
Balance on December 31, 2020	**$ -**	**526,804**	**730,163**	**1,272**	**1,258,239**

For the purpose of constructing the office building and research and development center of the headquarter, the Company purchased land and building in Guishan District, Taoyuan City from the parent company, Quanta Computer Inc.. The cost of acquisition was $466,506 and $14,840, and accounted as Land and Construction in progress, respectively. The Company completed the registration of ownership. As of December 31, 2021, the remaining unpaid balance including tax was $96,700, and was accounted as other payable-related parties. Please refer to Notes 7 and 9 for relevant information.

The Group signed a purchase land and building contract in Thailand in May 2021 for regional business management. The Group's acquisition cost is USD7,375 thousand. As of December 31, 2021, the Group has transferred the ownership and the acquisition cost is fully paid-up.

On September 15, 2021, the Board of Directors agreed to sell the buildings hold by Techman Electronics (Changshu) Ltd., the net disposal proceeds were CNY 92,547 thousand. As of December 31, 2021, the disposal proceeds was fully received and the ownership was transferred. The gain on disposal amounted to CNY 4,744 thousand and was accounted for other gains and losses.

(i) Collateral

As of December 31, 2021 and 2020, the aforesaid property, plant and equipment were not pledged as collateral.

(ii) Capitalization of interest

As of December 31, 2021 and 2020, no interests shall be capitalized.

(Continued)

(h) Right-of-use assets

The Group leases land, building and construction and transportation equipment. Information about leases for which the Group as a lessee was presented below:

		Land	Building and construction	Transportation equipment	Total
Cost:					
Balance as of January 1, 2021	$	73,382	177,240	468	251,090
Additions		13,738	108,290	-	122,028
Reductions		-	(41,327)	-	(41,327)
Disposal		(65,264)	-	-	(65,264)
Effect of movements in exchange rates		844	(574)	-	270
Balance as of December 31, 2021	$	**22,700**	**243,629**	**468**	**266,797**
Balance as of January 1, 2020	$	73,373	155,910	468	229,751
Additions		-	23,942	-	23,942
Effect of movements in exchange rates		9	(2,612)	-	(2,603)
Balance as of December 31, 2020	$	**73,382**	**177,240**	**468**	**251,090**
Accumulated depreciation and impairment losses:					
Balance as of January 1, 2021	$	3,813	87,914	182	91,909
Depreciation for the year		1,993	52,750	156	54,899
Reductions		-	(37,428)	-	(37,428)
Disposal		(4,398)	-	-	(4,398)
Effect of movement in exchange rates		52	(368)	-	(316)
Balance as of December 31, 2021	$	**1,460**	**102,868**	**338**	**104,666**
Balance as of January 1, 2020	$	1,906	38,629	26	40,561
Depreciation for the year		1,890	50,463	156	52,509
Effect of movement in exchange rates		17	(1,178)	-	(1,161)
Balance as of December 31, 2020	$	**3,813**	**87,914**	**182**	**91,909**
Carrying amount:					
Balance as of December 31, 2021	$	**21,240**	**140,761**	**130**	**162,131**
Balance as of December 31, 2020	$	**69,569**	**89,326**	**286**	**159,181**

(Continued)

The Group signed contracts with the Ministry of Land and Resources of China and the Shanghai Municipal Housing, Land and Resources Administration to acquire the land use rights, the remaining periods are 38 years and 32 years, respectively. As the Group initially adopted IFRS 16 on January 1, 2019, the acquisition cost of the land use rights had been transferred to right-of-use assets. On September 15, 2021, the Board of Directors agreed to sell the land use rights which acquired from the Ministry of Land and Resources of China, the net disposal proceeds were CNY 14,289 thousand. As of December 31, 2021, the disposal proceeds were fully received and the ownership was transferred. The gain on disposal amounted to CNY 323 thousand and was accounted for other gains and losses.

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2021 and 2020, were as follows:

		Computer software	Other	Total
Cost:				
Balance at January 1, 2021	$	122,789	7,798	130,587
Additions		16,700	4,783	21,483
Write-offs for the year		(7,699)	(2,076)	(9,775)
Effect of movement in exchange rates		(84)	-	(84)
Balance at December 31, 2021	**$**	**131,706**	**10,505**	**142,211**
Balance at January 1, 2020	$	123,234	5,844	129,078
Additions		16,465	4,270	20,735
Write-offs for the year		(16,649)	(2,192)	(18,841)
Effect of movement in exchange rates		(261)	(124)	(385)
Balance at December 31, 2020	**$**	**122,789**	**7,798**	**130,587**
Accumulated amortization and impairment losses:				
Balance at January 1, 2021	$	104,630	2,260	106,890
Amortization for the year		14,239	5,733	19,972
Write-offs for the year		(7,699)	(2,076)	(9,775)
Effect of movement in exchange rates		(15)	-	(15)
Balance at December 31, 2021	**$**	**111,155**	**5,917**	**117,072**
Balance at January 1, 2020	$	107,878	2,192	110,070
Amortization for the year		13,482	2,382	15,864
Write-offs for the year		(16,649)	(2,192)	(18,841)
Effect of movement in exchange rates		(81)	(122)	(203)
Balance at December 31, 2020	**$**	**104,630**	**2,260**	**106,890**

(Continued)

	Computer software	Other	Total
Carrying value:			
Balance at December 31, 2021	$ 20,551	4,588	25,139
Balance at December 31, 2020	$ 18,159	5,538	23,697

Amortization recognized

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income:

	For the years ended December 31, 2021	2020
Cost of sales	$ 530	63
Operating expenses	$ 19,442	15,801

(j) Other current financial assets

The Group's other current financial assets are detailed as follows:

	December 31, 2021	December 31, 2020
Time deposits pledged as collateral	$ -	19,650
More than three months time deposits	3,958,128	774,991
Restricted assets–bank deposits	41,008	19,086
Others	92,269	14,267
	$ 4,091,405	827,994

(k) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2021	December 31, 2020
Unsecured bank loans	$ 440,817	-
Unused short-term credit lines	$ 5,470,743	6,608,338
Range of interest rates	0.64%~1.35%	-

(Continued)

(l) Lease liabilities

The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 64,095	49,833
Non-current	$ 93,421	41,535

For the maturities analysis, please refer to Note 6(u) financial instruments.

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	$ 2,167	3,118
Expenses relating to short-term leases	$ 15,237	1,306

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the years ended December 31,	
	2021	2020
Total cash outflow for leases	$ 69,570	53,862

(i) Building and construction

The Group leases buildings for its office and warehouse. The leases of office space typically run for 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration at the end of the contract term.

(ii) Other leases

The Group also leases office equipment, which are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Provisions

	Current provisions
Balance at January 1, 2021	$ 309,284
Provisions made during the year	59,615
Provisions used and reversed during the year	(67,321)
Effect of movement in exchange rates	(23,314)
Balance at December 31, 2021	$ 278,264

(Continued)

		Current provisions
Balance at January 1, 2020	$	336,029
Provisions made during the year		981,524
Provisions reversed during the year		(1,008,177)
Effect of movement in exchange rates		(92)
Balance at December 31, 2020	**$**	**309,284**

Provisions have been set aside for litigation loss and warranty loss; please refer to note 9 for litigation loss provision.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value are as follows:

		December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$	-	20,238
Fair value of plan assets		(45,333)	(62,753)
Net defined benefit asset	**$**	**(45,333)**	**(42,515)**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group’ s Bank of Taiwan labor pension reserve account balance amounted to $45,333 as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group were as follows:

	For the years ended December 31,	
	2021	**2020**
Defined benefit obligation at January 1	$ 20,238	28,637
Current service cost and interest cost	71	213
a		
–Actuarial loss (gain) arising from experience adjustments	(2,145)	(5,948)
–Actuarial loss (gain) arising from changes in population assumptions	94	51
–Actuarial loss (gain) arising from changes in financial assumptions	(705)	1,079
Effect of planned settlement	(17,553)	(3,794)
Defined benefit obligations at December 31	**$ -**	**20,238**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31,	
	2021	**2020**
Fair value of plan assets at January 1	$ 62,753	62,338
Interest income	221	470
Remeasurements loss (gain)		
–Return on plan assets (excluding current interest)	868	2,030
Contributions paid	312	979
Benefits paid	(18,821)	(3,064)
Fair value of plan assets at December 31	**$ 45,333**	**62,753**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31,	
	2021	**2020**
Net interest of net liabilities (assets) for defined benefit obligations	**$ 1,118**	**(987)**
Operating cost	$ 52	(15)
Selling expenses	249	(58)
Administration expenses	291	(63)
Research and development expenses	526	(851)
	$ 1,118	**(987)**

(Continued)

5) Actuarial assumptions

The Group' s principal actuarial assumptions of Present Value of defined benefit obligations at the reporting date were as follows:

	December 31, 2021	**December 31, 2020**
Discount rate	0.70 %	0.35 %
Future salary increases rate	2.50 %	2.50 %

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2020		
Discount rate	(584)	607
Future salary increasing rate	593	(574)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $23,872 and $22,995 for the years ended December 31, 2021 and 2020, respectively.

(iii) The Group's pension expense of foreign subsidiaries companies in accordance with local laws and regulations were $131,160 and $90,044 for the years ended December 31, 2021 and 2020, respectively.

(Continued)

(o) Income taxes

(i) Income tax expense

The components of income tax expense (benefit) in the years 2021 and 2020 were as follows:

	For the years ended December 31, 2021	2020
Current tax expense		
Current period	$ 241,985	49,236
Adjustment for prior periods	(76,334)	1,131
	165,651	50,367
Deferred tax expense		
Origination and reversal of temporary differences	49,548	1,450
Income tax expense from continuing operations	**$ 215,199**	**51,817**

Reconciliation of income tax expense and profit before tax for 2021 and 2020 is as follows:

	For the years ended December 31, 2021	2020
Profit excluding income tax	**$ 1,215,747**	**156,357**
Income tax using the Group's domestic tax rate	$ 251,660	16,038
Non-deductible expenses	1,310	613
Tax-exempt income	(16,144)	(7,946)
Changes in temporary differences	42,413	22,956
Unrecognized tax loss	12,294	19,045
(Overestimate) Underestimate of income tax in prior periods	(76,334)	1,131
Loss deduction	-	(20)
Income tax expenses	**$ 215,199**	**51,817**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The Group's unrecognized deferred tax assets were as follows:

	December 31, 2021	December 31, 2020
Tax effect of deductible temporary differences	$ 7,390	6,751
Tax losses	108,859	116,500
	$ 116,249	**123,251**

(Continued)

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2021, the Group's tax losses in mainland China that had not been recognized as deferred tax assets were CNY 100,297 thousand, and the last year of deduction will be assessment year 2024 to 2026.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Unrealized investment profit (loss)	Others	Total
Deferred Tax Liabilities:			
Balance at January 1, 2021	$ 308,882	3,325	312,207
Debit (credit) on income statement	59,503	(1,371)	58,132
Reclassification	53,790	-	53,790
Foreign currency translation differences for foreign	-	17	17
Balance at December 31, 2021	**$ 422,175**	**1,971**	**424,146**
Balance at January 1, 2020	$ 315,522	1,827	317,349
Debit (credit) on income statement	(6,640)	1,496	(5,144)
Foreign currency translation differences for foreign	-	2	2
Balance at December 31, 2020	**$ 308,882**	**3,325**	**312,207**

	Unrealized expense	Others	Total
Deferred Tax Assets:			
Balance at January 1, 2021	$ 98,597	82,448	181,045
(Debit) Credit on income statement	11,275	(2,691)	8,584
Foreign currency translation differences for foreign	-	12	12
Balance at December 31, 2021	**$ 109,872**	**79,769**	**189,641**

(Continued)

	Unrealized expense	Others	Total
Balance at January 1, 2020	$ 115,712	71,964	187,676
(Debit) Credit on income statement	(17,115)	10,521	(6,594)
Foreign currency translation differences for foreign	-	(37)	(37)
Balance at December 31, 2020	**$ 98,597**	**82,448**	**181,045**

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the Tax Authority.

(p) Capital and other equity

As of December 31, 2021 and 2020, the number of authorized ordinary shares were 278,359 thousand shares with par value of $10 per share. The total value of authorized ordinary shares amounted to $2,783,589. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus as of December 31, 2021 and 2020, were as follows：

	December 31, 2021	December 31, 2020
Share premium	$ 1,621,460	1,760,639
Changes in subsidiaries	405,400	15,261
Others	382	328
	$ 2,027,242	**1,776,228**

The subsidiary, Techman Robot Inc., increased its capital by cash in 10,000 thousand shares with the amount of $600,000 in December 2021. The Company did not participate in the capital increase. The change of the subsidiary' s ownership resulted in the adjustment for $390,139 of capital surplus.

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

(ii) Retained earnings

The Company’s article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

The Company, taking into consideration long-term financial planning and demand for capital, adopted a residual dividend policy. The retained earnings are set aside for the demand in capital, after which the remainder is distributed as cash dividends, wherein the annual distribution of cash dividends shall be no less than 50% of the total dividends appropriated. The Group’s dividend policy was formulated by the Board of Directors considering factors such as the Company’s operation and investment planning, the budget for capital expenditure, and changes in the internal and external context.

The Company distributes its earnings in cash and distributes the aggregate or a portion of the legal reserve and the capital surplus to shareholders in cash in proportion to shareholdings pursuant to Article 241(i) of the Company Act, before which a resolution has to be made during a board meeting attended by at least two-thirds of the total number of directors and approved by one-half of the present directors. Aside from that, such distribution shall be reported to the shareholders’ meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling issued by the Financial Supervisory Commission, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders’ equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders’ equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions.

(Continued)

3) Earnings distribution

Earnings distribution for 2020 and 2019 was decided by the resolution adopted, at the general meeting of shareholders held on August 6, 2021 and June 17, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31,			
	2020		2019	
	Dividend per share (TWD)	Amount	Dividend per share (TWD)	Amount
Dividends distributed to ordinary shareholders:				
Earnings distribution	$ 0.50	139,179	1.50	417,538
Capital surplus-share premium	0.50	139,179	0.50	139,179
Total		$ **278,358**		**556,717**

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statement	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance at January 1, 2021	$ (311,037)	(99,436)	99,121	(311,352)
Exchange differences on translation of foreign financial statement	7,895	-	(929)	6,966
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	35,803	-	35,803
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(1,358)	-	(1,358)
Profit (loss) in non-controlling interests	-	-	7,317	7,317
Changes in non-controlling interests	-	-	209,861	209,861
Balance at December 31, 2021	$ **(303,142)**	**(64,991)**	**315,370**	**(52,763)**
Balance at January 1, 2020	$ (208,859)	(30,443)	14,003	(225,299)
Exchange differences on translation of foreign financial statement	(102,178)	-	(965)	(103,143)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(77,084)	-	(77,084)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	8,091	-	8,091
Profit (loss) in non-controlling interests	-	-	(9,798)	(9,798)
Changes in non-controlling interests	-	-	95,881	95,881
Balance at December 31, 2020	$ **(311,037)**	**(99,436)**	**99,121**	**(311,352)**

(Continued)

(q) Earnings per share

(i) Basic earnings per share

For the years ended December 31, 2021 and 2020, the basic earnings per share were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31,	
	2021	**2020**
Profit attributable to ordinary shareholders of the Company	$ **993,231**	**114,338**

2) Weighted average number of ordinary shares outstanding

	For the years ended December 31,	
	2021	**2020**
Weighted average number of ordinary shares outstanding	**278,359**	**278,359**

(ii) Diluted earnings per share

For the years ended December 31, 2021 and 2020, the diluted earnings per share were calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31,	
	2021	**2020**
Profit attributable to ordinary shareholders of the Company	$ **993,231**	**114,338**

2) Weighted average number of ordinary shares outstanding

	For the years ended December 31,	
	2021	**2020**
Weighted average number of ordinary shares outstanding (basic)	278,359	278,359
Effect of employee share bonus	1,942	952
Weighted average number of ordinary shares outstanding (diluted)	**280,301**	**279,311**

(Continued)

(r) Revenue from contracts with customer

(i) Details of revenue

		For the years ended December 31, 2021	2020
Primary geographical markets:			
Mainland China	$	4,600,441	4,400,114
Thailand		2,975,720	2,703,737
Japan		705,504	810,123
America		968,060	811,712
Other countries		1,778,783	1,750,667
	$	**11,028,508**	**10,476,353**
Major products/services lines			
Sales of merchandise (storage devices, consumer goods, and automated production equipment)	$	10,878,649	10,279,714
Rendering of Services		149,859	196,639
	$	**11,028,508**	**10,476,353**

(ii) Contract balances

		December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	**$**	**341,101**	**385,283**	**324,301**

For details on notes and accounts receivables and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were $162,649 and $247,439, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Employee compensation and directors' and supervisors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 5% of the profit as employee remuneration and less than 3% as directors’ remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include employees of the Company’ s affiliated companies who meet certain conditions.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to $89,627 and $18,709, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020.

(Continued)

Any differences between the amounts actually paid and the amount previously estimated would be treated as a change in accounting estimate, and recognized as profit or loss in the next year. Related information would be available at the Market Observation Post System website.

The amount of employee remuneration of 2021 were not resolved by the Board of Directors. The amount of employee remuneration of 2020 resolved by the Board of Directors was identical to that of the estimation in the statement.

(t) Non-operating income and expenses

(i) Interest income

The details of interest income for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31,	
	2021	**2020**
Interest income from bank deposits	$ 59,950	63,369
Other interest income		
Other	-	2,614
Total interest income	**$ 59,950**	**65,983**

(ii) Other income

The details of other income for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31,	
	2021	**2020**
Rent income	$ 1,522	364
Dividend income	34,864	35,810
	$ 36,386	**36,174**

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31,	
	2021	**2020**
Foreign exchange gains (losses)	$ 33,662	(63,002)
Gains on financial assets (liabilities) at fair value through profit or loss	33,922	28,558
Gain (losses) on disposals of property, plant and equipment and right-of-use assets	8,983	(5,115)
Subsidy income	67,266	286
Provisions and others	5,060	(933,962)
	$ 148,893	**(973,235)**

(Continued)

(iv) Financial costs

The details of financial costs for the years ended December 31, 2021 and 2020, were as follows:

	For the years ended December 31, 2021	2020
Interest expense	$ 5,510	3,118

(u) Financial instruments

(i) Credit risks exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum exposure to credit risk amounted to $10,413,824, and $8,708,893, respectively.

As of December 31, 2021 and 2020, the accounts receivable from the Group’s top three customers amounted to $1,934,329 and $1,687,666 respectively, representing 68% and 77% of accounts receivable, and exposing the Group to significant concentration of credit risk.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Unsecured short-term borrowings	$ 440,817	440,817	440,817	-	-	-	-
Accounts payable	2,627,066	2,627,066	2,627,066	-	-	-	-
Other payables	980,233	980,233	980,233	-	-	-	-
Lease liabilities	157,516	161,026	32,897	33,251	56,388	38,490	-
Derivative financial liabilities							
Forward foreign exchange contracts:							
Outflow	5,220	5,220	5,220	-	-	-	-
Inflow	(2,146)	(2,146)	(2,146)	-	-	-	-
	$ 4,208,706	4,212,216	4,084,087	33,251	56,388	38,490	-
December 31, 2020							
Non-derivative financial liabilities							
Accounts payable	$ 2,290,213	2,290,213	2,290,213	-	-	-	-
Other payables	760,549	760,549	760,549	-	-	-	-
Lease liabilities	91,368	94,841	26,759	25,655	25,673	16,754	-
Derivative financial liabilities							
Forward foreign exchange contracts:							
Outflow	6,563	6,563	6,563	-	-	-	-
Inflow	(2,546)	(2,546)	(2,546)	-	-	-	-
	$ 3,146,147	3,149,620	3,081,538	25,655	25,673	16,754	-

(Continued)

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risks

1) Exposure to currency risks

The Group' s significant exposure to foreign currency risk of financial assets and liabilities as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency (In thousands)	Exchange rate	TWD	Foreign currency (In thousands)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 112,563	27.68	3,115,734	83,006	28.10	2,332,480
THB	559,248	0.8283	463,197	42,128	0.9355	39,411
Financial liabilities						
Monetary items						
USD	59,222	27.68	1,639,270	40,664	28.10	1,142,656
THB	119,682	0.8283	99,127	63,324	0.9355	59,240

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, other financial assets, loans and borrowings; and accounts and other payables that are denominated in foreign currency. The analysis assumes that all other variables remain constant. A strengthening (weakening) of 5% of the TWD against the USD and THB as of December 31, 2021 and 2020 would have increased (decreased) the net profit after tax by $73,621 and $46,800, respectively. The analysis of both periods was performed on the same basis.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to gain $33,662 and loss $63,002, respectively.

(Continued)

(iv) Price risk of equity

On the reporting date, if the price of equity certificate changes (with the analysis of both periods performed on the same basis and all other variables remained the same), the impact on comprehensive income will be as follows:

	For the years ended December 31,			
	2021		2020	
Securities price at the reporting date	**Other comprehensive income after-tax**	**Profit (loss) after-tax**	**Other comprehensive income after-tax**	**Profit (loss) after-tax**
Stock and equity certificate - 7% increase	$ 57,010	40	54,599	41
Stock and equity certificate - 7% decrease	$ (57,010)	(40)	(54,599)	(41)
Beneficiary certificate– 1% increase	$ -	2,518	-	12,590
Beneficiary certificate– 1% decrease	$ -	(2,518)	-	(12,590)

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company’s financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 5 basis points when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

The Group’s interest rate risk arises from borrowings at variable interest rate and time deposits at floating rate. If the interest rate had increased or decreased by 5%, with all other variable factors remaining constant, the Group’s profit would have increased or decreased by $5 and $10 for 2021 and 2020, respectively.

(vi) Fair value information

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group’s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

(Continued)

	December 31, 2021				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 252,552	251,837	-	715	252,552
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	814,426	814,426	-	-	814,426
Financial assets measured at amortized cost					
Cash and cash equivalents	2,343,080	-	-	-	-
Accounts and notes receivable	2,810,376	-	-	-	-
Other receivables	171,107	-	-	-	-
Other financial assets	4,022,283	-	-	-	-
Subtotal	9,346,846	-	-	-	-
Total	**$ 10,413,824**	**1,066,263**	**-**	**715**	**1,066,978**
Financial liabilities at fair value through profit or loss					
Forward foreign exchange contracts	$ 3,074	-	3,074	-	3,074
Financial liabilities at amortized cost					
Short-term borrowing	440,817	-	-	-	-
Accounts payable	2,627,066	-	-	-	-
Other payables	980,233	-	-	-	-
Lease liabilities	157,516	-	-	-	-
Subtotal	4,205,632	-	-	-	-
Total	**$ 4,208,706**	**-**	**3,074**	**-**	**3,074**

(Continued)

	December 31, 2020				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 1,259,679	1,258,953	-	726	1,259,679
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	779,981	779,981	-	-	779,981
Financial assets measured at amortized cost					
Cash and cash equivalents	3,543,054	-	-	-	-
Accounts receivable	2,162,341	-	-	-	-
Other Receivables	130,080	-	-	-	-
Other financial assets	833,758	-	-	-	-
Subtotal	6,669,233	-	-	-	-
Total	**$ 8,708,893**	**2,038,934**	**-**	**726**	**2,039,660**
Financial liabilities at fair value through profit or loss					
Forward foreign exchange contracts	$ 4,017	-	4,017	-	4,017
Financial liabilities measured at amortized cost					
Accounts payable	2,290,213	-	-	-	-
Other payables	760,549	-	-	-	-
Lease liabilities	91,368	-	-	-	-
Subtotal	3,142,130	-	-	-	-
Total	**$ 3,146,147**	**-**	**4,017**	**-**	**4,017**

(Continued)

2) Valuation techniques for financial instruments not measured at fair value

The Group's financial liabilities/assets measured at amortized cost

If there is no quoted market price available, the fair value is determined by using valuation techniques and calculated as the present value of the estimated cash flows.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Fair value measurement of financial instruments was based on quoted market prices if these prices were available in an active market. The fair value of listed equity instruments is based on the market prices that were published at main stock exchanges.

The categories and nature of the fair value for the Group's financial instruments which have active market are presented as follows:

Open-end funds, listed stock, and debt instruments with quoted market price are financial assets which have standard provision and are traded in an active market, and their fair values are determined based on the respective market quoted prices.

The categories and nature of the fair value for the Group's financial instruments which without an active market are as below:

Equity instrument without quoted prices: The market price method and the net asset value method are used to estimate the fair value. The market price method uses recent financing activity of investment target or market price of similar financial instrument, including consider market condition, to estimate fair value. The main assumption for the net asset value method is using the net asset value per share as the measuring basis.

b) Derivative financial instruments

Fair value of forward currency exchange is determined by using the forward currency rate.

4) Transfers between Level 1 and Level 2

During 2021 and 2020, there was no transfer of financial assets between level 1 and level 2.

(Continued)

5) Reconciliation of Level 3 fair values

	At fair value through profit or loss
	Non derivative mandatorily measured at fair value through profit or loss
Balance at January 1, 2021	$ 726
Total gains and losses recognized	
Effect of movement in exchange rates	(11)
Balance at December 31, 2021	**$ 715**
Balance at January 1, 2020	$ 776
Total gains and losses recognized	
Effect of movement in exchange rates	(50)
Balance at December 31, 2020	**$ 726**

The aforementioned total gains and losses were recognized in "other gains and losses", and "unrealized gains and losses from equity instruments measured at fair value through other comprehensive income".

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss–equity investments.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss	Net asset investment method	·Net asset value	Not applicable

7) Quantitative information on significant unobservable inputs (Level 3) used in fair value measurement

The Group' s measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or parameters may lead to different results.

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(Continued)

(v) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the report.

(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Board of Directors regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. The financial management department reports to the Board of Directors on a quarterly basis.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, time deposits and investment.

1) Accounts receivable and other receivables

The Group's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Group assesses the ratings based on other publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and the credit rating of counterparties, and divide the total transaction amounts among all qualified customers, with management reviewing and approving annually the credit facilities of counterparties, so as to control credit risk exposure.

The Group's exposure to credit risk is mainly influenced by the condition of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and the country in which customers operate, as these factors may have an influence on credit risk.

(Continued)

The Group continuously assesses the financial position of customers from whom the accounts receivable are due, ; if necessary, it also purchases credit guarantee insurance or requests advance sales receipts. Except for the Group’ s three largest customers, the Group does not have significant credit exposure to any single counterparty or any group of counterparties with similar characteristics. Counterparties that are an associate to each other are defined by the Group as a counterparty with similar characteristics.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group’s finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group’s policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2021 and 2020, the Company, for QSA, an associate, and Techman Robot Inc., applied for the grant of credit facilities, for which the Company was required to provide a letter of support stating the commitment to maintain the agreed percentage of ownership in the aforementioned associates.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’ s approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

In general, the Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on operating expenses, including financial liabilities, over the succeeding 60 days. The Company also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Besides, the Group’ s unused borrowing facilities amounted to TWD 2,352,560, THB 166,693 thousand and USD 107,667 thousand as of December 31, 2021, and TWD 1,900,000, CNY 250,000 thousand, and USD 129,242 thousand as of December 31, 2020.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the TWD, USD and CNY. The currencies used in these transactions are the TWD, USD, CNY, and THB.

Loan interest was denominated in the currency of the principal. The utilizes loans to hedge related currency risk; the gain or loss on foreign currency assets and liabilities arising from the movements in exchange rates will roughly offset each other, which is a natural hedge. This provided an economic hedge without derivatives being entered into, and therefore, hedge accounting was not applied in these circumstances.

2) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to short-term and long-term loans at floating rates. Any change in interest rates will cause the effective interest rates of short-term and long-term loans to change, and thus cause the future cash flows to fluctuate over time.

3) Other market price risks

The Group' s management harmonize the combination of stocks and bonds in its investment portfolio based on market price index. Material investments within the portfolio were managed on an individual basis, and all trading decisions were approved by management.

The Group's primary investment strategy is to maximize return on investment, wherein the performance of some investments is actively monitored and managed based on fair value, and thus these investments are designated as measured at fair value through profit or loss.

(w) Capital management

The Group' s objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

(Continued)

The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2021 and 2020, is as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 5,611,535	4,432,962
Less: cash and cash equivalents	(2,343,080)	(3,543,054)
Net debt	3,268,455	889,908
Total equity	8,751,639	7,383,002
Total capital	**$ 12,020,094**	**8,272,910**
Debt-to-equity ratio	**27.19 %**	**10.76 %**

To plan for the use of working capital, the Group have transferred cash and cash equivalents to time deposits, increasing profits. On December 31, 2021 and 2020, the time deposits with a maturity of over three months previously classified as cash and cash equivalents amounted to $3,958,128 and $774,991, respectively, and were recognized as other current financial assets. Pledged time deposits and restricted bank deposits of $41,008 and $38,736 were recognized as other current financial assets. After all of the aforementioned amounts were deducted, the debt-to-capital ratio turned out to be 0.00% and 1.02%, respectively.

As of December 31, 2021, the Group's approach to capital management has remained unchanged.

(x) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2021	Cash flows	Other	Foreign exchange movement	December 31, 2021
Short-term borrowings	$ -	441,215	-	(398)	440,817
Lease liabilities	91,368	(52,166)	118,073	241	157,516
Total liabilities from financing activities	**$ 91,368**	**389,049**	**118,073**	**(157)**	**598,333**

			Non-cash changes		
	January 1, 2020	Cash flows	Acquisition	Foreign exchange movement	December 31, 2020
Lease liabilities	$ 118,336	(49,438)	23,942	(1,472)	91,368
Total liabilities from financing activities	**$ 118,336**	**(49,438)**	**23,942**	**(1,472)**	**91,368**

(Continued)

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Quanta Computer Inc. is both the parent company and the ultimate controlling party of the Group. It owns 29.77% of all shares outstanding of the Company, and has issued the Consolidated Financial Statements Available for Public Use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Quanta Computer Inc. (QCI)	The parent company
Tech-Front (Shanghai) Computer Co., Ltd. (TFC)	An associate
Tech-Com (Shanghai) Computer Co., Ltd. (TCC)	〃
Tech-Trend (Shanghai) Computer Co., Ltd. (TTC)	〃
Tech-Front (Chongqing) Computer Co., Ltd. (TFQ)	〃
Tech-Full Computer (Changshu) Co., Ltd. (TNC)	〃
EBN Technology Corporation (EBN)	〃
Kenseisha Shanghai P.M.P. Co., Ltd. (KSH)	〃
Tech-Lead (Shanghai) Computer Co., Ltd. (TLC)	〃
QMB Co., Ltd. (QMB)	〃
NU Inc. (NUI)	〃

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31,	
	2021	**2020**
Parent	$ 10,096	45,129
Associates	93,371	96,790
	$ 103,467	**141,919**

Selling price of the aforementioned transactions was determined through negotiations and there were no other transactions with non-related parties to compare. The term of payment was 90 days.

(Continued)

(ii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Accounts receivable	Parent company	$ 1,875	974
Accounts receivable	Associates	35,302	21,152
		$ 37,177	**22,126**

Receivables from related parties were not pledged as collateral and assessed not to estimate any allowance for doubtful debts.

(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Accounts payable	Parent Company	$ 37	-
Other payables	Parent Company(Note)	99,453	5,216
Other payables	Associates	1,606	1,043
		$ 101,096	**6,259**

Note: Other payables to Parent company were mainly payables for purchasing fixed assets and other expenses.

(iv) Lease

In 2019, the Group leased an office building from the parent company, for which a two-to-four-year contract was entered into with reference to the market price in the vicinity. The lease liability decreased $2,675 due to the early termination of the lease in October, 2021. The interest expense for 2021 and 2020 amounted to $75 and $184, respectively. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to $0 and $14,409, respectively.

(v) Other expenses

For the years ended December 31, 2021 and 2020, other expenses of the Group, the parent company, and the associates amounted to $50,880 and $24,025, respectively.

(Continued)

(vi) Property transactions

Acquisition of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	For the years ended December 31,	
	2021	**2020**
Parent company	**$ 480,000**	**-**

The Group purchase both land and building located in Guishan District, Taoyuan City from the parent company. The land of 4,219 square meters cost $466,000 and the building cost $14,000, totaling $480,000. As of December 31, 2021, the remaining unpaid balance including tax was $96,700. The cost of acquisition refer to the appraisal report of Jia Ju Real Estate Joint Appraisers Firm.

(vii) Other non-operating revenues

For the years ended December 31, 2021 and 2020, other non-operating revenues of the Group, the parent company, and the associates amounted to $406 and $40, respectively.

(d) Key Management Personnel Compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2021	**2020**
Short-term employee benefits	$ 119,950	44,351
Post-employment benefits	6,622	468
	$ 126,572	**44,819**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	**Object**	**December 31, 2021**	**December 31, 2020**
Bank loans and performance bond	Bank loans and performance bond	$ -	19,650
Guarantee deposit for government projects	Guarantee deposit for government projects	41,008	19,086
Housing deposit and customs deposit	Housing deposit and customs deposit	23,147	20,031
		$ 64,155	**58,767**

(Continued)

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

Promissory notes issued by the Company as guarantee for purchasing, borrowings, foreign exchange forward contracts and export bills advance were as follows:

	December 31, 2021	December 31, 2020
Guarantee Notes Submitted		
TWD	$ 2,650,000	3,137,400
USD	$ 163,600	159,600

(b) Contingencies:

(i) In October 2017, the Company and its subsidiary, Quanta Storage America, Inc., received the investigation result of the antitrust lawsuit from the European Union Court. The result includes a fine of $7,146 thousand Euros imposed on the Company. The Company has received the formal verdict and recognized relevant losses and provisions. Meanwhile, The Company has appealed to the European Union Court.

(ii) In March 2014, the Company and its subsidiary, Quanta Storage America, Inc., noticed that HP Inc. filed an antitrust lawsuit on DVD players. On October 25, 2019, the jury of the court of Southern District of Texas determined the facts that the Company and its subsidiary, Quanta Storage America, Inc., were involved in anti-competitive practices. The first-instance court ruled that the plaintiff was permitted to be compensated USD 176,000 thousand by all the defendants (including the Company and its subsidiary, Quanta Storage America, Inc., Sony Optiarc Inc., Toshiba Corp., Hitachi-LG Data Storage Inc., Panasonic Corp., NEC Corp., and Samsung Electronics Co. Ltd.) for damages of selling the products. The plaintiff (HP Inc.) made a further motion to the district court judge in accordance with Federal law in order to claim a higher compensation after the first judgment. On January 3, 2020, the Company and its subsidiary, Quanta Storage America, Inc., noticed that the court of Southern District of Texas made an amended judgment in response to the plaintiff' s (HP Inc.' s) motion, with the compensation amount increased to USD 528,000 thousand. After deducting the settlement money amounted to USD 89,350 thousand negotiated by the plaintiff (HP Inc.) and the other defendants, the remaining compensation amounted to USD 438,650 thousand will be fully paid by the Company and its subsidiary, Quanta Storage America, Inc. The Company has received the formal verdict and accrued relevant losses and provisions in the annual report of 2019. Meanwhile, the Company has appealed to the U.S. Fifth Circuit. In the first quarter of 2020, the plaintiff (HP Inc.) requested the court of Southern District of Texas to enforce the properties of the Company. At the request of the court, the Company transferred the intellectual property rights in the United States to the court for custody. Meanwhile, the Company claimed to the court of Southern District of Texas that the Company was unable to

(Continued)

fully cooperate with the enforcement. The plaintiff (HP Inc.) considered that the Company's claim applied to "Contempt of Court" and requested the court of Southern District of Texas to penalize against the claim. The penalty started from May 1, 2020. The Company has appealed against the penalty to the U.S. Fifth Circuit according to the United States Court of Appeals. On April 30, 2020, the U.S. Fifth Court has approved the temporary suspension of the original penalty adjudged by the court of Southern District of Texas. However, the court of Southern District of Texas could still determine whether to execute the penalty ex-officio. On June 7, 2020, the Company has received a joint appeal decision of antitrust lawsuit on DVD players and turnover order from the U.S. Fifth Circuit. The U.S. Fifth Court decided to remain the same judgment on the antitrust lawsuit with the compensation amounted to USD 438,650 thousand. The U.S. Fifth Court also made the judgment on turnover order, which invalidate the original transfer date of properties.

On June 19, 2020, the Company and the plaintiff (HP. Inc) had settled and signed the confidential reconciliation agreement. Both parties agreed to withdraw all related litigation. The Company has dealt with the case according to the reconciliation agreement and the related accounting standard and regulations.

(iii) In June 2017, the Company and its subsidiary, Quanta Storage America, Inc., noticed that FTI Consulting, Inc. filed an expert and witness fee arbitration with American Arbitration Association. American Arbitration Association made an arbitration result on October 15, 2018 that the Company and its subsidiary, Quanta Storage America, Inc., had to pay USD 625 thousand. According to the nature of the case, the arbitration result still needs to be confirmed and recognized by the U.S. Judiciary requested by the arbitration claimant. The arbitration claimant requested U.S. district court with jurisdiction to recognize the result according to the U.S. Federal Procedure Law on September 24, 2021, and applied for an extension on March 22, 2021. Both parties have signed the reconciliation agreement on May 18, 2021, and paid the settlement fee which was recognized as other gains and losses.

(iv) The subsidiary, Techman Electronics (Thailand) Co., Ltd., received the notice of contract dispute about human resource from the outsourcing human resourcing agency in May 2020. The claiming amount of the contract dispute is THB 6,229 thousand. Techman Electronics (Thailand) Co., Ltd. has appointed external attorney to manage this case.

(v) For the purpose of constructing the headquarters, the Company and QCI signed a purchase contract for the real estate located at No. 4, Wenming 1st St., Guishan Dist., Taoyuan City on October 19, 2021, and the Company completed the registration and acquired the ownership of the real estate on November 10, 2021. However, after the Company completed the registration of the ownership, the real estate was still occupied by the original lessees, Beautiful Card Corporation and Vaild Card Manufacturing Taiwan Limited. The Company had appointed the attorney and appealed to the Court for the ownership restitution and the compensation for damages on December 9, 2021.

(Continued)

The Group has made certain provisions with respect to certain of the above lawsuits as the management deems appropriate, considering factors such as the nature of the litigation or claims, the materiality of the amount of possible loss, the progress of the cases and the opinions or views of legal counsel and other advisors. Management will reassess all litigation and claims at each reporting date based on the facts and circumstances that exist at that time, and will make additional provisions or adjustments to previous provisions. The ultimate amount cannot be ascertained until the relevant cases are closed. The ultimate resolution of the legal proceedings and/or lawsuits cannot be predicted with certainty. The Group is willing to defend the aforesaid litigations actively; however, due to the unpredictable nature of lawsuits and the probable loss that cannot be precisely estimated, the Group cannot rule out the possibility that it fails to win or settle all the related cases. The fines, judgment amounts, or settlements may result in significant adverse effects on the Group's business, operations, or prospects.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

On February 11, 2022, the Boards of Directors of Quanta Storage International Ltd., E-Forward Technology Ltd., and Quanta Storage Asia Ltd. approved the capital reduction through the return of share proceeds to shareholders with the amount of USD10,500 thousand, USD5,000 thousand and USD5,000 thousand, respectively.

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	248,218	849,484	1,097,702	225,314	616,165	841,479
Labor and health insurance	8,649	45,514	54,163	7,754	37,204	44,958
Pension	86,371	69,779	156,150	67,775	44,277	112,052
Others	39,846	32,139	71,985	29,993	27,289	57,282
Depreciation	180,757	147,104	327,861	147,790	157,684	305,474
Amortization	530	19,442	19,972	63	15,801	15,864

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2021:

(i) Lending to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Highest percentage of ownership (%)	Note
				Number of shares	Book value	Percentage of shares	Fair value		
	Ordinary shares								
The Company	Taiwan Mobile Co., Ltd.	-	Current financial assets at FVOCI	2,556,000	255,600	0.07 %	255,600	0.07 %	
〃	Far EasTone Telecommunications Co., Ltd.	-	〃	3,709,000	239,602	0.11 %	239,602	0.11 %	
〃	Chunghwa Telecom Co., Ltd.	-	〃	2,720,000	316,880	0.04 %	316,880	0.04 %	
〃	Far Eastern New Century Co., Ltd.	-	〃	80,000	2,344	- %	2,344	- %	
	Beneficiary certificate–open-ended fund								
〃	Franklin Templeton Sinoam Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	18,025,705	188,435	- %	188,435	- %	
	Ordinary shares								
CAYMAN	BluSense	-	Non-current financial assets-mandatorily measured at FVTPL	24,000	715	4.18 %	715	6.42 %	
	Beneficiary certificate–open-ended fund								
TRI	Jih Sun Money Market Fund		Current financial assets-mandatorily measured at FVTPL	4,230,443	63,402	- %	63,402	- %	

(iv) Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Jih Sun Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	21,769,250	325,450	-	-	21,769,250	326,153	325,047	1,106	-	-
〃	Union Money Market Fund	〃	-	-	10,816,787	143,968	32,035,537	426,585	42,852,324	570,748	570,538	210	-	-
TRI	Jih Sun Money Market Fund	〃			26,202,374	391,725	-	-	21,971,931	329,000	328,139	861	4,230,443	63,402

(v) Acquisition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital :

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Land and buildings	2021/10/19	480,000	Paid 80%	QCI	Parent company	Not applicable	Not applicable	Not applicable	-	Refer to the market price and appraisal report	Construct office buildings and R&D center	Note

Note: If the original lessees, Beautiful Card Corporation and Vaild Card Manufacturing Taiwan Limited, do not return the real estate to the Company within one year of the purchase contract for the real estate transaction completed on October 19, 2021, the seller and the buyer have rights to terminate the real estate purchase/sale contract and are both responsible for restoring the original status mutually.

(Continued)

(vi) Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount (Note)	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
Techman	Land and buildings	2021/09/15	2009/1~2014/4	442,997 (CNY 101,769)	465,054 (CNY 106,836)	Received 100%	22,057 (CNY 5,067)	Suzhou Yonghao Technology Inc.	Non-related	Needs Operation	Refer to the market price and appraisal report	None

Note: The contract price of CNY 115,000 thousand deducted related disposal expenses of CNY 8,164 thousand, is the net disposal price of CNY 106,836 thousand.

(vii) Related party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Accounts/notes receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
The Company	TMT	Affiliate	Sale	(232,817)	(2.29)%	Net 90 days	-	-	-	- %	
〃	〃	〃	Purchase	4,158,820	46.18 %	〃	-	-	(607,935)	(29.25)%	
〃	QSA	〃	Purchase	1,197,228	13.30 %	〃	-	-	(207)	(0.01)%	
〃	QSS	〃	Purchase	3,312,526	36.79 %	〃	-	-	(1,379,343)	(66.37)%	
QSA	Quanta Storage Inc.	Parent of the Company	Sale	(1,197,228)	(66.55)%	〃	-	-	207	0.08 %	
〃	TMT	Affiliate	Sale	(597,111)	(33.19)%	〃	-	-	250,566	99.74 %	
QSS	Quanta Storage Inc.	Parent of the Company	Sale	(3,312,526)	(99.34)%	〃	-	-	1,379,343	97.39 %	
TMT	〃	〃	Sale	(4,158,820)	(99.30)%	〃	-	-	607,935	100.00 %	
〃	〃	〃	Purchase	232,817	5.26 %	〃	-	-	-	- %	
〃	QSA	Affiliate	Purchase	597,111	13.49 %	〃	-	-	(250,566)	(15.51)%	
TRI	TRS	〃	Sale	(143,188)	(11.80)%	Net 120 days	-	-	55,740	22.93 %	
TRS	TRI	Parent of the Company	Purchase	143,188	98.16 %	〃	-	-	(55,740)	(92.04)%	

Note 1: The related-party transactions above include intra-group transactions.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amount exceeding the lower of $100 million or 20% of capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

					Past-due receivables from related party			
Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Amount	Action taken	Amount received in subsequent period	Loss allowance
QSS	Quanta Storage Inc.	Parent of the Company	1,379,343	3.06	-	-	553,600	-
TMT	〃	〃	607,935	6.76	-	-	607,935	-
QSA	TMT	Affiliate	250,566	4.77	-	-	250,566	-

Note : The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

(ix) Derivative transactions: Please refer to Note (6)(b) for related information.

(x) Business relationships and significant inter-company transactions:

(Amounts Expressed in Thousands of New Taiwan Dollars)

				Intercompany transactions			
Number (Note 1)	Name of the company	Name of the counter-party	Relationship (Note 2)	Account name	Amount	Terms	Percentage of total consolidated net sales or assets (Note 3)
0	Quanta Storage Inc.	QSA	1	Purchase	1,197,228	No other comparable trading partners	10.86%
0	〃	TMT	1	Purchase	4,158,820	〃	37.71%
0	〃	〃	1	Sale	232,817	〃	2.11%
0	〃	〃	1	Accounts payable	607,935	〃	4.23%
0	〃	QSS	1	Purchase	3,312,526	〃	30.04%
0	〃	〃	1	Accounts payable	1,379,343	〃	9.60%
1	TMT	QSA	3	Purchase	597,111	〃	5.41%
1	〃	〃	3	Accounts payable	250,566	〃	1.83%

(Continued)

Number (Note 1)	Name of the company	Name of the counter-party	Relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Terms	Percentage of total consolidated net sales or assets (Note 3)
2	TRI	TRS	3	Sale	143,188	No other comparable trading partners	1.30%

Note 1: The numbers denote the following:
1. "0" represents the parent company.
2. Subsidiaries are list by names and numbered starting from "1".

Note 2: Categories of relationship are as below:
1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: Intercompany relationships and significant intercompany transactions are not disclosed when the amount does exceed 1% of consolidated total net revenue or total assets.

Note 5: The aforementioned transaction has already been written off in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

(Amount Expressed in thousands of New Taiwan dollars)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of			Highest	Net income	Investment	
				December 31, 2021	December 31, 2020	Shares	Ratio of shares	Book value	Percentage of ownership	(losses) of the investee	income (losses)	Note
The Company	QSI (CAYMAN)	Cayman	Investment company	2,292,458	2,292,458	-	100.00 %	4,242,265	100.00 %	(58,908)	(68,652)	Subsidiary (Note 2、3)
〃	Quanta Storage Investment Inc.	Taiwan	〃	-	28,000	-	- %	-	100.00 %	163	163	Subsidiary
〃	NU Inc.	〃	Wholesale and retail of computers and peripherals	86,709	91,000	3,862,227	29.80 %	21,977	29.80 %	(1,721)	(705)	Investment holding
〃	EBN Technology Corporation	〃	Manufacture of electronic components	10,978	-	1,001,000	2.99 %	7,534	2.99 %	(7,369)	(297)	〃
〃	TMT	Thailand	Manufacture and sale of computer storage devices and components of peripherals	1,446,975	1,033,039	15,999,998	100.00 %	1,479,166	100.00 %	100,893	100,893	Subsidiary
〃	TRI	Taiwan	Manufacture and sale of industrial collaborative robots	796,420	796,420	71,957,000	79.95 %	1,196,298	90.00 %	54,081	47,068	Subsidiary (Note 2)
〃	TAI	〃	Factory automation planning. installation and implementation	-	500,000	-	- %	-	100.00 %	99	99	Subsidiary
〃	JVM	Malaysia	Sale of computer storage devices and components of peripherals	15,214	15,214	2,040,000	51.00 %	16,030	51.00 %	4,197	2,140	〃
QSI (CAYMAN)	QSL (BVI)	BVI	Investment company	1,619,834	1,619,834	-	100.00 %	3,880,343	100.00 %	(84,189)	(84,189)	Affiliate (Note 3)
〃	E-Forward (SAMOA)	SAMOA	Manufacture and sale of computer storage devices and components of peripherals	166,080	166,080	-	100.00 %	371,868	100.00 %	25,570	25,570	Affiliate
QSL(BVI)	QHH	Hong Kong	Investment company	1,043,500	1,043,500	-	100.00 %	2,788,414	100.00 %	24,365	24,365	Affiliate (Note 4)
〃	QIH	〃	〃	769,138	769,138	-	100.00 %	1,192,220	100.00 %	(56,515)	(56,515)	Affiliate (Note 3)
E-Forward (SAMOA)	QSA	SAMOA	Sale and after-sales service of computer storage devices and components of peripherals	166,080	166,080	-	100.00 %	352,139	100.00 %	25,568	25,568	Affiliate
Quanta Storage Investment Inc.	EBN Technology Corporation	Taiwan	Manufacture of electronic components	-	10,970	-	- %	-	2.98 %	(7,369)	313	Investment holding
TRI	TRH	Hong Kong	Investment company	120,943	92,638	-	100.00 %	32,184	100.00 %	(21,172)	(21,172)	Affiliate
JVM	JVMT	Thailand	Sale of computer storage devices and components of peripherals	4,550	4,550	-	100.00 %	4,047	100.00 %	(22)	(22)	〃

Note 1: The aforementioned inter-company transaction has been eliminated in the consolidated financial statement.

Note 2: The difference between the net income (losses) of the investee and the investment income (losses) recognized by the investor is mainly due to the unrealized gross profit.

Note 3: Quanta Storage International Ltd., Quanta Storage (BVI) Ltd. and Techman Electronic (Hong Kong) Limited approved cash capital reduction by the board of direction on July 20, 2021, with the amount of USD 20,000 thousand, USD 20,000 thousand and USD 10,000 thousand, respectively. As of December 31, 2021, the registration of changes has not been completed.

Note 4: Quanta Storage Holding (Hong Kong) Ltd. approved cash capital reduction by the board of direction on December 29, 2021, with the amount of USD 10,000 thousand. As of December 31, 2021, the registration of changes has not been completed.

(Continued)

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(Amount Expressed in thousands of New Taiwan dollars)

Name of the investee	Main Businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Peak Holding Percentage	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow							
QSS (Note 7)	Manufacture and sale of computer storage devices and components of peripherals	830,400 (USD30,000)	(2)	830,400 (USD30,000)	-	-	830,400 (USD30,000)	24,612	100.00 %	100.00 %	24,612	2,779,864	1,834,319 (USD66,269)
Techman (Note 6)	〃	498,240 (USD18,000)	(2)	498,240 (USD18,000)	-	-	498,240 (USD18,000)	(56,373)	100.00 %	100.00 %	(56,373)	1,190,069	-
TRS	After-sales service and sale of industrial collaborative robots and components of peripherals	110,720 (USD4,000)	(2)	83,040 (USD3,000)	27,680 (USD1,000)	-	110,720 (USD4,000)	(21,172)	100.00 %	100.00 %	(21,172)	32,184	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
1,439,360	1,757,680	-
(USD52,000)	(USD63,500)	-

Note 1: There are four kinds of investments:
(1) Direct investment in Mainland China with remittance through a third region.
(2) Indirect investments in Mainland China through companies registered in a third region.
(3) Indirect investment Mainland China through an existing company registered in the third region.
(4) Direct investment in Mainland China
(5) Others.

Note 2: Recognized profit or loss from investment in the current period:
(1) As the investee was still in the pipeline, no investment profit (loss) has been generated yet.
(2) Recognition basis of investment gains or losses were grouped under the following three categories:
1) Financial statements of the investee company were audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
2) Financial statements of the investee were audited and certified by the external accountant of the parent.
3) Others

Note 3: In accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China revised on August 29, 2008, the Company obtained the certificate of qualified operating headquarters issued by the Industrial Development Bureau, Ministry of Economic Affairs, and therefore no limitations on investment in Mainland China.

Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 5: Quanta Storage (Changshu) Ltd. has completed its liquidation in September 2014, but as of December 31, 2021, the remittance from Taiwan of USD 10,500 thousand has not been returned. The investment amount approved by the Investment Commission of Techman Robot (Shanghai) Co., Ltd. is USD 2,000 thousand, but as of December 31, 2021, USD 1,000 thousand has not been remitted..

Note 6: Techman Electronic (Changshu) Limited approved cash capital reduction by the board of direction on July 20, 2021, with the amount of USD 10,000 thousand. As of December 31, 2021, the registration of changes has not been completed.

Note 7: Quanta storage (Shanghai) Inc. approved cash capital reduction by the board of direction on December 29, 2021, with the amount of USD 10,000 thousand. As of December 31, 2021, the registration of changes has not been completed.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(Continued)

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Quanta Computer Inc.	82,881,664	29.77 %

Note: (1)The information of major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the last business day at the end of each quarter, disclosing shareholders with more than 5% of the Company's ordinary shares and preferred shares that have been delivered without physical registration (including treasury shares). As for the share capital reported in the Company's financial statements and the Company's actual number of shares delivered without physical registration, there may be differences due to different calculation bases.

(2)In a situation where a shareholder entrusted the holdings, the individual account of the settlor opened by the trustee was disclosed. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider equity declaration, please refer to the website of Market Observation Post System.

(14) Segment information:

(a) General information

The Group has three reportable segments: The Mainland China Operation center, the Southeast Asia Operation center and the Taiwan Operation center. The Mainland China Operation center's primary businesses include OEM, production, and sales of computer peripherals to major computer companies. The Southeast Asia Operation Center is engaged in the OEM, production, and sales of consumer electronic products. The Taiwan Operation Center's main activities include the sales and trading of electronic products and raw materials. Other segments are primarily engaged in activities pertaining to investment, including strategic investment and fund investment.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the income from operations as the measurement for segment profit and the basis of performance assessment.

The operating segment accounting policies are similar to the ones described in Note 4 "Significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

(Continued)

The Group’s operating segment information and reconciliation are as follows:

For the years ended December 31, 2021		Mainland China Center	Southeast Asia Center	Taiwan Center	Other segments	Reconciliation and elimination	Total
Revenue:							
Revenue from external customers		192,773	13,863	10,821,872	-	-	11,028,508
Intersegment revenues		3,327,743	4,465,004	1,964,666	-	(9,757,413)	-
Interest income		52,986	258	6,656	50	-	59,950
Total revenue	**$**	**3,573,502**	**4,479,125**	**12,793,194**	**50**	**(9,757,413)**	**11,088,458**
Interest expense	$	126	480	4,904	-	-	5,510
Depreciation and amortization		137,090	134,306	87,801	-	(11,364)	347,833
Investment gains		-	-	-	(689)	-	(689)
Reportable segment profit or loss	**$**	**(52,933)**	**105,090**	**1,003,920**	**(55,529)**	**-**	**1,000,548**
Investments accounted for using equity method	$	-	-	-	29,511	-	29,511
Reportable segment assets	**$**	**5,156,061**	**3,399,808**	**8,341,285**	**25,512**	**(2,559,492)**	**14,363,174**
Reportable segment liabilities	**$**	**1,153,944**	**1,889,210**	**4,980,107**	**105,147**	**(2,516,873)**	**5,611,535**
For the years ended December 31, 2020							
Revenue:							
Revenue from external customers		28,087	7,023	10,441,243	-	-	10,476,353
Intersegment revenues		3,299,207	2,808,903	3,274,013	10,436	(9,392,559)	-
Interest income		51,752	384	13,592	255	-	65,983
Total revenue	**$**	**3,379,046**	**2,816,310**	**13,728,848**	**10,691**	**(9,392,559)**	**10,542,336**
Interest expense	$	122	847	2,149	-	-	3,118
Depreciation and amortization		137,745	112,823	79,067	-	(8,297)	321,338
Investment gains (lose)		-	-	-	(1,713)	-	(1,713)
Reportable segment profit or loss	**$**	**(17,545)**	**(27,287)**	**130,633**	**18,739**	**-**	**104,540**
Investments accounted for using equity method	$	-	-	-	34,483	-	34,483
Reportable segment assets	**$**	**4,980,848**	**1,857,615**	**7,389,045**	**79,746**	**(2,491,290)**	**11,815,964**
Reportable segment liabilities	**$**	**1,010,914**	**845,771**	**4,990,914**	**68,349**	**(2,482,986)**	**4,432,962**

(Continued)

(c) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographic information	**December 31, 2021**	**December 31, 2020**
Non-current assets:		
Taiwan	$ 686,374	150,513
Mainland China	373,154	903,906
Thailand	720,317	409,598
Total	**$ 1,779,845**	**1,464,017**

Non-current assets include property, plant and equipment, intangible assets, right-of-use assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Major customers

	For the years ended December 31, 2021	**2020**
A	$ 4,171,605	4,114,811
B	1,723,328	1,749,183
C	1,368,467	1,158,229
	$ 7,263,400	**7,022,223**

V. The Standalone Financial Report for the Last Year Audited by CPAs

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Quanta Storage Inc.:

Opinion

We have audited the financial statements of Quanta Storage Inc.("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

   Please refer to Note (4)(o) for accounting policies of revenue recognition.

   Description of the key audit matter:

   Sales revenue is the main indicator for investors and management to evaluate the financial statements or business performance of the Company. Revenue recognized at the point of time correctly is significant for the financial statements. Therefore, the timing for revenue recognition has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures include understanding and testing the design and implementation of internal control over revenue recognition; understanding the accounting policy of revenue recognition and confirming whether the accounting treatment is in line with the Accounting Standard regulations; performing cutoff test for a period of time before and after the financial reporting date, inspecting the trade terms of purchase order, and checking the date of the delivery order to assess the correctness of the timing at which revenue is recognized.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tsao-Jen Wu and Shu-Ling Lien.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2022

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

QUANTA STORAGE INC.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 147,088	1	323,661	3
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	188,435	2	867,228	8
1120	Current financial assets at fair value through other comprehensive income (Note (6)(c))	814,426	6	778,575	7
1170	Accounts receivable, net (Note (6)(d))	2,539,268	20	1,885,179	17
1200	Other receivables, net (Note (6)(d))	125,057	1	102,455	1
1210	Other receivables due from related parties, net (Notes (6)(d) and (7))	87,681	1	66,777	1
1220	Current tax assets	-	-	19,810	-
1310	Inventories (Note (6)(e))	5,593	-	1,620	-
1410	Prepayments	1,237	-	7,436	-
1476	Other current financial assets (Note (6)(j))	1,146,556	9	82,962	1
		5,055,341	40	4,135,703	38
	Non-current assets:				
1550	Investments accounted for using equity method (Note (6)(f))	6,963,270	55	6,609,129	61
1600	Property, plant and equipment (Note (6)(g))	490,956	4	5,772	-
1755	Right-of-use assets (Note (6)(h))	44,303	-	8,013	-
1780	Intangible assets (Note (6)(i))	10,045	-	13,571	-
1840	Deferred tax assets (Note (6)(o))	132,698	1	124,479	1
1915	Prepayments for business facilities	851	-	831	-
1975	Net defined benefit asset, non-current (Note (6)(n))	45,333	-	42,515	-
1980	Other non-current financial assets (Note (8))	3,867	-	1,015	-
		7,691,323	60	6,805,325	62
	Total assets	$ 12,746,664	100	10,941,028	100

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note (6)(k))	$ 387,520	3	-	-
2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	3,074	-	4,017	-
2140	Current contract liabilities (Note (6)(r))	255,679	2	293,207	3
2170	Accounts payable	90,753	1	62,075	1
2180	Accounts payable to related parties (Note (7))	1,987,485	16	2,099,728	19
2200	Other payables	513,940	4	434,813	4
2220	Other payables to related parties (Note (7))	103,869	1	3,336	-
2230	Current tax liabilities	200,209	2	26,677	-
2250	Current provisions (Note (6)(m) and (9))	223,813	2	246,859	2
2280	Current lease liabilities (Note (6)(l))	14,781	-	7,852	-
2300	Other current liabilities	147,818	1	126,945	1
2365	Current refund liabilities	26,390	-	28,576	-
		3,955,331	32	3,334,085	30
	Non-Current liabilities:				
2570	Deferred tax liabilities (Note (6)(o))	317,286	2	309,948	3
2580	Non-current lease liabilities (Note (6)(l))	30,214	-	234	-
2670	Other non-current liabilities-others	7,564	-	12,880	-
		355,064	2	323,062	3
	Total liabilities	4,310,395	34	3,657,147	33
	Equity attributable to owners of parent (Notes (4) and (6)(p)):				
3110	Ordinary share	2,783,589	22	2,783,589	26
3200	Capital surplus	2,027,242	16	1,776,228	16
3300	Retained earnings	3,993,571	31	3,134,537	29
3400	Other equity interest	(368,133)	(3)	(410,473)	(4)
	Total equity	8,436,269	66	7,283,881	67
	Total liabilities and equity	$ 12,746,664	100	10,941,028	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

QUANTA STORAGE INC.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2021 Amount	2021 %	2020 Amount	2020 %
	Operating Revenues:				
4110	Sales revenue (Notes (6)(r) and (7))	$ 9,858,263	100	9,317,244	100
4190	Less:Sales discounts and allowances	8,844	-	7,593	-
4170	Sales returns	2,753	-	9,913	-
	Operating revenue, net	9,846,666	100	9,299,738	100
	Operating costs:				
5110	Cost of sales (Notes (6)(e) and (7))	8,329,708	85	7,687,147	83
5920	Add:Realized profit from sales	-	-	29	-
	Gross profit from operations	1,516,958	15	1,612,620	17
	Operating expenses:				
6100	Selling expenses	161,270	2	166,884	2
6200	Administrative expenses	167,180	2	109,210	1
6300	Research and development expenses	236,785	2	163,269	2
6450	Impairment gain and reversal of impairment loss determined in accordance with IFRS 9 (Note (6)(d))	5,067	-	6,901	-
		570,302	6	446,264	5
	Net operating income	946,656	9	1,166,356	12
	Non-operating income and expenses:				
7100	Interest income (Note (6)(t))	5,077	-	8,027	-
7010	Other income (Note (6)(t))	42,686	-	47,933	-
7020	Other gains and losses, net (Note (6)(t))	61,237	1	(951,328)	(10)
7050	Financial costs (Note (6)(t))	(1,887)	-	(114)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note (6)(f))	80,709	1	(114,967)	(1)
		187,822	2	(1,010,449)	(11)
	Net operating income	1,134,478	11	155,907	1
7950	**Less: Income tax expense (Note 6(o))**	141,247	1	41,569	-
	Profit for the period	993,231	10	114,338	1
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (Note (6)(n))	3,624	-	6,848	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note (6)(o))	35,851	-	(74,430)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(48)	-	(2,654)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Items that will not be reclassified subsequently to profit or loss	39,427	-	(70,236)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements (Note (6)(p))	7,895	-	(102,178)	(1)
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	7,895	-	(102,178)	(1)
8300	**Other comprehensive income, net of tax**	47,322	-	(172,414)	(1)
	Total comprehensive income	**$ 1,040,553**	**10**	**(58,076)**	
	Earnings per share (Note 6(q))				
	Basic earnings per share (in New Taiwan dollars)	**$**	**3.57**		**0.41**
	Diluted earnings per share (in New Taiwan Dollars)	**$**	**3.54**		**0.41**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

QUANTA STORAGE INC.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Total other equity interest		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2020	$ 2,783,589	1,900,087	1,503,222	7,419	1,928,339	(208,859)	(30,443)	7,883,354
Profit for the year ended December 31, 2020	-	-	-	-	114,338	-	-	114,338
Other comprehensive income	-	-	-	-	6,848	(102,178)	(77,084)	(172,414)
Comprehensive income	-	-	-	-	121,186	(102,178)	(77,084)	(58,076)
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	51,397	-	(51,397)	-	-	-
Special reserve	-	-	-	231,883	(231,883)	-	-	-
Cash dividends on ordinary shares	-	(139,179)	-	-	(417,538)	-	-	(556,717)
Changes in ownership interests in subsidiaries	-	15,261	-	-	-	-	-	15,261
Others	-	59	-	-	-	-	-	59
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(12,244)	-	12,244	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income—Subsidiary company	-	-	-	-	4,153	-	(4,153)	-
Balance at December 31, 2020	2,783,589	1,776,228	1,554,619	239,302	1,340,616	(311,037)	(99,436)	7,283,881
Profit for the year ended December 31, 2021	-	-	-	-	993,231	-	-	993,231
Other comprehensive income	-	-	-	-	3,624	7,895	35,803	47,322
Comprehensive income	-	-	-	-	996,855	7,895	35,803	1,040,553
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	11,310	-	(11,310)	-	-	-
Special reserve	-	-	-	171,171	(171,171)	-	-	-
Cash dividends on ordinary shares	-	(139,179)	-	-	(139,179)	-	-	(278,358)
Changes in ownership interests in subsidiaries	-	390,139	-	-	-	-	-	390,139
Others	-	54	-	-	-	-	-	54
Disposal of investments in equity instruments designated at fair value through other comprehensive income—Subsidiary company	-	-	-	-	1,358	-	(1,358)	-
Balance at December 31, 2021	$ 2,783,589	2,027,242	1,565,929	410,473	2,017,169	(303,142)	(64,991)	8,436,269

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

QUANTA STORAGE INC.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before income tax	$ 1,134,478	155,907
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	12,310	12,339
Amortization expense	12,343	12,738
Expected credit loss	5,067	6,901
Net profit on financial assets or liabilities at fair value through profit or loss	(33,220)	(26,797)
Interest expense	1,887	114
Interest income	(5,077)	(8,027)
Dividend income	(34,864)	(35,810)
Share of (profit) loss of subsidiaries and associates accounted for using equity method	(80,709)	114,967
Expenses on employee stock options	-	500
Benefit of lease modification	(19)	-
Total adjustments to reconcile profit (loss)	(122,282)	76,925
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	711,070	(175,855)
Accounts receivable	(659,156)	(850,093)
Other receivables	(18,503)	(61,922)
Other receivables due from related parties	(20,904)	1,336,850
Inventories	(3,973)	12,208
Prepayments	6,199	124
Net defined benefit asset	806	(1,966)
Other financial assets	(8,446)	(3,494)
Total changes in operating assets	7,093	255,852
Total changes in operating liabilities:		
Contract liabilities	(37,528)	69,774
Notes payable	-	(4)
Accounts payable	28,678	(49,338)
Accounts payable to related parties	(112,243)	126,026
Other payables	78,278	(37,319)
Other payables due from related parties	3,833	406
Provisions	(23,046)	(31,337)
Other financial liabilities	20,873	108,302
Refund liabilities	(2,186)	4,510
Other current liabilities	(5,316)	12,851
Total changes in operating liabilities	(48,657)	203,871
Total changes in operating assets and liabilities	(41,564)	459,723
Total adjustments	(163,846)	536,648
Cash inflows generated from operations	970,632	692,555
Interest received	978	8,534
Dividends received	34,864	35,810
Interest paid	(1,804)	(114)
Income taxes received	51,214	(31,084)
Net cash flows from operating activities	1,055,884	705,701
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	62,425
Acquisition of investments accounted for using equity method	(413,945)	(791,419)
Proceeds from capital reduction of investments accounted for using equity method	538,499	340,421
Acquisition of property, plant and equipment	(393,581)	(10,614)
Proceeds from disposal of property, plant and equipment	2,530	8,569
Acquisition of intangible assets	(8,817)	(10,316)
Other financial assets	(1,058,000)	(16,000)
Prepayment for equipment	(20)	699
Net cash inflows (outflows) from investing activities	(1,333,334)	(416,235)
Cash flows from (used in) financing activities:		
Short-term borrowings	387,520	-
Return of dividends over the years	54	59
Payment of lease liabilities	(8,339)	(7,782)
Cash dividends paid	(278,358)	(556,717)
Net cash flows used in financing activities	100,877	(564,440)
Net increase (decrease) in cash and cash equivalents	(176,573)	(274,974)
Cash and cash equivalents at beginning of period	323,661	598,635
Cash and cash equivalents at end of period	$ **147,088**	**323,661**

See accompanying notes to parent company only financial statements.

(1) Company history

Quanta Storage Inc. (the "Company") was incorporated on February 10, 1999, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 3F., No. 188, Wenhua 2nd Rd., Guishan Dist., Taoyuan City 333010, Taiwan (R.O.C.). The Company' s major business activities include researching, developing, producing, manufacturing, and selling data storage and processing equipment, electronic components, optical instruments.

In view of the future of operations, the address of the Company was changed to 6F., No. 58-2, Huaya 2nd Rd., Guishan Dist., Taoyuan City 333411, Taiwan (R.O.C.) and authorized by the Board of Directors on December 22, 2021. The Company has registered the relocation under the laws.

(2) Approval date and procedures of the financial statements:

The company financial statements have been authorized for issuance by the Board of Directors on February 25, 2022.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as "the FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

(Continued)

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) Hedging financial instruments are measured at fair value;

4) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(p).

(ii) Functional and presentation currency

The functional currency of Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currency transactions and operations

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.
Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies measured based on historical cost are translated using the exchange rate at the date of transaction.

(Continued)

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting date; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in it is settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·i ts contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the ‘ accounts receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’ s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

(Continued)

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Accounts receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'accounts receivables' line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows, or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Company' s management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, guarantee deposit paid and other financial assets).

(Continued)

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a delay or over;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

(Continued)

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(Continued)

The financial reports include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company from the date on which significant influence commences until the date on which significant influence ceases. When an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes of the Company’s shareholding percentage in the associate, the Company recognizes equity changes attributable to the Company by its shareholding percentage as capital surplus.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’s interests in the associate.

When the Company’s share of losses of an associate equals to or exceeds its interest in an associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company’s proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the financial statements. Under equity method, the net income, other comprehensive income and equity in the financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries, but not result in the loss of control, are recognized as equity transaction.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(Continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant, and equipment are as follows:

1)	Machinery equipment	3 years
2)	Testing equipment	3 ~ 5 years
3)	Miscellaneous equipment	2 ~ 5 years
4)	Lease improvements	3 ~ 5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and appropriately adjusted if necessary.

(k) Lease

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

(Continued)

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change of its assessment on whether it will exercise a extension or termination option; or

2) there is any lease modification.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets, including computer software, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	1 ~ 5 years

Amortization methods, useful lives, and residual values are reviewed at the end of each financial period and adjusted where needed.

(m) Impairment of non financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(Continued)

Management periodically assesses the cost of obligation of all litigation and related legal costs. Provision for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recognized when it is probable the present obligation as a result of a past event will result in an outflow of resources and the amount can be reasonably estimated.

Provisions recognized are the best estimates of the expenditure for settling the present obligation at each reporting date.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

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

2) Rendering of services

The Company provides business advisory and management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the amount of work incurred to date as a proportion of the total estimated amount of work of the transaction.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(Continued)

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction; and

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) the Company has a legally enforceable right to set off currenttax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

(r) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(s) Operating segments

The operating segment information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose segment information in the financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

There are no critical judgements in applying accounting policies that have significant effect on the amounts recognized in this financial report.

After assessment, there are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	$ 67	72
Checking account deposits	6,794	14,894
Demand deposits	24,792	217,196
Foreign currency deposits	115,435	91,499
Cash and cash equivalents in the statement of cash flows	**$ 147,088**	**323,661**

Time deposits with a maturity exceeding three months, were presented in other financial assets–current and non-current according to their respective maturity dates.

For the disclosure of currency risk and sensitivity analysis of the financial assets and liabilities of the Company, please refer to Note 6(t).

(Continued)

(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2021	December 31, 2020
Financial assets(liabilities) mandatorily measured at fair value through profit or loss:			
Beneficiary certificate–open-ended fund	$	188,435	867,228
Foreign currency forward contracts		(3,074)	(4,017)
Total	$	**185,361**	**863,211**

The Company uses derivative instruments to hedge risks of foreign currency and interest rate the Company is exposed to arising from its operating, financing and investing activities. The following derivative instruments held by the Company, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2021			
	Amount (in thousands)		**Currency**	**Maturity dates**
Foreign currency forward contracts				
US dollars sold	USD	37,000	USD to TWD	January 7, 2022~ January 27, 2022
US dollars purchased	USD	37,000	TWD to USD	January 6, 2022~ March 8, 2022

	December 31, 2020			
	Amount (in thousands)		**Currency**	**Maturity dates**
Foreign currency forward contracts				
US dollars sold	USD	22,000	USD to TWD	January 8, 2021~ January 19, 2021
US dollars purchased	USD	23,000	TWD to USD	January 12, 2021~ March 10, 2021

(i) For the informations of liquidity ris, please refer to Note 6(t).
(ii) The aforementioned financial assets were not pledged as collateral.

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

		December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:			
Domestic listed stocks	$	**814,426**	**778,575**

(Continued)

(i) Equity investments at fair value through other comprehensive income

The Company designated the investments as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

During 2021, there were no disposals of strategic investments designated at FVOCI.

During 2020, the Company disposed its equity investment designated at FVOCI with a fair value of \$62,425, and the accumulated losses on disposal amounted to \$12,244, the accumulated losses on disposal have been reclassified from other equity interest to retained earnings.

(ii) For equity price risk and fair value information, please refer to Note 6(t).

(iii) The aforementioned financial assets were not pledged as collateral.

(d) Accounts receivable and other receivables

	December 31, 2021	December 31, 2020
Accounts receivable—measured at amortized cost	$ 2,329,384	1,866,662
Accounts receivable—measured at fair value through other comprehensive income	231,222	34,788
Less: Loss allowance	(21,338)	(16,271)
	$ 2,539,268	1,885,179

The Company has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The analysis of expected credit losses on accounts receivable was as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 2,483,020	0~1%	14,743
1 to 90 days past due	77,586	0~10%	6,595
	$ 2,560,606		21,338

(Continued)

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,789,190	0~1%	9,537
1 to 90 days past due	111,699	0~10%	6,698
More than 91 days past due	561	11~100%	36
	$ 1,901,450		**16,271**

The movement in the allowance for accounts receivable was as follows:

	2021	**2020**
Beginning balance	$ 16,271	9,370
Impairment losses recognized	5,067	6,901
Ending balance	**$ 21,338**	**16,271**

As of December 31, 2021 and 2020, the Company other receivables amounted to $212,738 and $169,232, respectively. As the amount overdue was not material, no impairment was recognized after assessment.

The Company entered into non-recourse factoring agreements with different financial institutions to sell its accounts receivables. Under the agreements, the Company does not have the responsibility to assume the default risk of the transferred accounts receivables, which meets the requirement for derecognition of financial assets. As of the reporting date, the factored and unexpired accounts receivables were as follows:

December 31, 2021

Purchaser	Derecognized Amount	Credit Unused	Amount advanced	Amount recognized in other receivables	Range of interest rates	Significant transferring terms
Financial institution	$ -	USD 8,353	-	-	-	None

December 31, 2020

Purchaser	Derecognized Amount	Credit Unused	Amount advanced	Amount recognized in other receivables	Range of interest rates	Significant transferring terms
Financial institution	$ -	USD 1,238	-	-	-	None

(Continued)

(e) Inventories

		December 31, 2021	December 31, 2020
Raw materials	$	3,659	616
Semi-finished goods		1,862	960
Finished goods		72	44
	$	**5,593**	**1,620**

The details of operating cost were as follows:

		For the years ended December 31, 2021	2020
Cost of goods sold	$	8,346,228	7,691,816
Reversal of write-downs		(16,520)	(4,669)
Total	$	**8,329,708**	**7,687,147**

The finished goods sold out that leading to the net realizable value of inventories is lower than the cost was vanished, so that the reversal gain of inventories is recognized due to the increase in net realizable value for the year ended December 31, 2021 and 2020.

As of December 31, 2021 and 2020, none of the Company’ s inventories have been pledged as collateral.

(f) Investments accounted for using equity method

A summary of the Company’s financial information for investments accounted for using the equity method at the reporting date was as follows:

		December 31, 2021	December 31, 2020
Subsidiaries	$	6,933,759	6,582,156
Associates		29,511	26,973
	$	**6,963,270**	**6,609,129**

(i) Subsidiaries

The subsidiaries, Quanta Storage Investment Inc. and Techman Inc., were liquidated completely on August 18, 2021 and July 30, 2021, and returned the investment Funds $31,784 and $502,424 back to the Company, respectively.

The subsidiary, Techman Robot Inc.(TRI), had increased its capital by cash in the amount of $600,000 with 10,000 thousand shares, that had agreed by the Board of Directors on December 3, 2021. The Company did not participate in the capital increase and recognized the changes in capital surplus $390,130. The shareholding of TRI owned by the Company was decreased to 80%.

(Continued)

The Company had increased capital of $495,000 to Techman Inc. on April 15, 2020, and had increased capital of $296,419 to Techman Robot Inc. on October 22, 2020.

On December 22, 2021, the Company had increased capital of $413,937 (THB500,000 thousand) to Techman Electronics (Thailand) Co., Ltd., which had agreed by the Board of Directors.

In the first quarter of 2020, the Company underwent structural adjustment. On February 5, 2020, Quanta Storage Investment Inc. carried out capital reduction $17,021 in cash and $554,979 offset by its entire equity interests in Techman Robot Inc., decreasing its shareholdings to 0%, and the equity interests in Techman Robot Inc. have become wholly owned by the Company. Subsequent to the structural change, Techman Robot Inc.(TRI) granted employee share options and issued shares for capital increase by cash, decreasing the Company's shareholding ratio to 90%.

Quanta Storage International Ltd. had been capital reduction and returned investment Funds $323,400 back to the Company on August 11, 2020.

Please refer to the consolidated financial statements for other related information.

(ii) Associates

The Company's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates' equity	$ 29,510	26,973

	For the years ended December 31, 2021	2020
Attributable to the Company:		
(Losses) profit from continuing operation	$ (1,002)	285

The associate, NU Inc., had been capital reduction on July 2, 2021, that had agreed by the Board of Directors. The investment Funds $4,291 has been returned to the Company.

The Company had no contingent liability assumed jointly with other investors or severally from associates' liabilities.

(iii) Pledges

As of December 31, 2021 and 2020, none of the investments accounted for using the equity method has been pledged as collateral.

(Continued)

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

		Land	Equipment	Equipment under acceptance	Office and miscellaneous equipment	Lease improvements	Construction in progress	Total
Cost or deemed cost:								
Balance at January 1, 2021	$	-	653	40,769	21,440	1,273	-	64,135
Additions		466,506	658	5,669	3,280	94	14,840	491,047
Disposal and obsolescence		-	-	(2,210)	(3,046)	-	-	(5,256)
Balance at December 31, 2021	$	**466,506**	**1,311**	**44,228**	**21,674**	**1,367**	**14,840**	**549,926**
Balance at January 1, 2020	$	-	653	47,791	21,552	2,035	-	72,031
Additions		-	-	554	9,012	-	-	9,566
Disposal and obsolescence		-	-	(7,576)	(9,124)	(762)	-	(17,462)
Balance at December 31, 2020	$	**-**	**653**	**40,769**	**21,440**	**1,273**	**-**	**64,135**
Depreciation and impairments loss:								
Balance at January 1, 2021	$	-	242	38,094	19,075	952	-	58,363
Depreciation for the year		-	311	1,834	1,070	118	-	3,333
Disposal and obsolescence		-	-	(2,210)	(516)	-	-	(2,726)
Balance at December 31, 2021	$	**-**	**553**	**37,718**	**19,629**	**1,070**	**-**	**58,970**
Balance at January 1, 2020	$	-	79	43,085	17,934	1,601	-	62,699
Depreciation for the year		-	163	2,521	1,760	113	-	4,557
Disposal and obsolescence		-	-	(7,512)	(619)	(762)	-	(8,893)
Balance at December 31, 2020	$	**-**	**242**	**38,094**	**19,075**	**952**	**-**	**58,363**
Carrying value:								
Balance at December 31, 2021	$	**466,506**	**758**	**6,510**	**2,045**	**297**	**14,840**	**490,956**
Balance at December 31, 2020	$	**-**	**411**	**2,675**	**2,365**	**321**	**-**	**5,772**

For the purpose of constructing the office building and research and development center of the headquarter, the Company purchased land and building in Guishan District, Taoyuan City from the parent company, Quanta Computer Inc. The cost of acquisition was $466,506 and $14,840, and accounted as Land and Construction in progress, respectively. The Company completed the registration of ownership. As of December 31, 2021, the remaining unpaid balance including tax was $96,700, and was accounted as other payable-related parties. Please refer to Notes 7 and 9 for relevant information.

(i) Collateral

As of December 31, 2021 and 2020, no fixed assets have been pledged as collateral.

(ii) Capitalization of interest

As of December 31, 2021 and 2020, no interests shall be capitalized.

(Continued)

(h) Right-of-use assets

The cost, depreciation, and impairment of the leased land and buildings of the Company for the years ended December 31, 2021 and 2020, were as follows:

		Buildings
Cost:		
Balance as of January 1, 2021	$	23,577
Additions		46,865
Disposal/Write-off		(23,643)
Balance as of December 31, 2021	**$**	**46,799**
Balance as of January 1, 2020	$	23,229
Additions		348
Balance as of December 31, 2020	**$**	**23,577**
Accumulated depreciation and impairment losses:		
Balance as of January 1, 2021	$	15,564
Depreciation for the year		8,977
Disposal/Write-off		(22,045)
Balance as of December 31, 2021	**$**	**2,496**
Balance as of January 1, 2020	$	7,782
Depreciation for the year		7,782
Balance as of December 31, 2020	**$**	**15,564**
Carrying amount:		
Balance as of December 31, 2021	**$**	**44,303**
Balance as of December 31, 2020	**$**	**8,013**

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2021 and 2020, were as follows:

		Software	Others	Total
Cost:				
Balance at January 1, 2021	$	18,260	6,533	24,793
Additions		6,114	2,703	8,817
Disposal and obsolescence		(7,699)	(2,075)	(9,774)
Balance at December 31, 2021	**$**	**16,675**	**7,161**	**23,836**

(Continued)

		Software	Others	Total
Balance at January 1, 2020	$	23,289	4,908	28,197
Additions		8,241	2,075	10,316
Disposal and obsolescence		(13,270)	(450)	(13,720)
Balance at December 31, 2020	$	**18,260**	**6,533**	**24,793**
Accumulated amortization and impairment losses:				
Balance at January 1, 2021	$	8,687	2,535	11,222
Amortization for the year		8,731	3,612	12,343
Disposal and obsolescence		(7,699)	(2,075)	(9,774)
Balance at December 31, 2021	$	**9,719**	**4,072**	**13,791**
Balance at January 1, 2020	$	10,848	1,356	12,204
Amortization for the year		11,109	1,629	12,738
Disposal and obsolescence		(13,270)	(450)	(13,720)
Balance at December 31, 2020	$	**8,687**	**2,535**	**11,222**
Carrying value:				
Balance at December 31, 2021	$	**6,956**	**3,089**	**10,045**
Balance at December 31, 2020	$	**9,573**	**3,998**	**13,571**

(i) Amortization recognized

The amortization of intangible assets is included in the statement of comprehensive income:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Operating costs	**$ 428**	**-**
Operating expenses	**$ 11,915**	**12,738**

(j) Other current financial assets

The Company's other current financial assets are detailed as follows:

	December 31, 2021	December 31, 2020
Current long-term time deposits	$ 1,136,000	78,000
Other	10,556	4,962
	$ 1,146,556	**82,962**

(Continued)

(k) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank loans	$ 387,520	-
Unused short-term credit lines	$ 4,188,480	3,867,000
Range of interest rates	0.64%~0.70%	-

For the disclosure of liquidity risk, exchange rate risk and sensitivity analysis of the Company's financial assets and liabilities, please refer to Note 6(t).

The Company did not provide any collateral for short-term borrowings. Please refer to Note 6(s) for interest expense.

(l) Lease liabilities

The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2021	December 31, 2020
Current	$ 14,781	7,852
Non-current	$ 30,214	234

For the maturities analysis, please refer to Note 6(t).

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2021	2020
Interest on lease liabilities	$ 151	114
Expenses relating to short-term leases	$ -	10

The amounts recognized in the statement of cash flows for the Company was as follows:

	For the years ended December 31,	
	2021	2020
Total cash outflow for leases	$ 8,490	7,906

(Continued)

(i) Real estate leases

The Company leases land and buildings for its office and plant space. The leases typically run for a period of 2 to 3 years. Some leases include an option to renew the lease for an additional period of the same duration at the end of the contract term.

(ii) Other leases

The Company also leases office equipment, which are short-term or low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Provisions

	Current provisions
Balance at January 1, 2021	$ 246,859
Provisions made during the year	22,691
Provisions used and reversed during the year	(22,424)
Effect of movement in exchange rates	(23,313)
Balance at December 31, 2021	**$ 223,813**
Balance at January 1, 2020	$ 278,196
Provisions made during the year	948,316
Provisions used and reversed during the year	(979,560)
Effect of movement in exchange rates	(93)
Balance at December 31, 2020	**$ 246,859**

The provisions of the Company was for litigations. Please refer to Note 9 for related informations.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value are as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ -	20,238
Fair value of plan assets	(45,333)	(62,753)
Net defined benefit asset	**$ (45,333)**	**(42,515)**

(Continued)

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $45,333 as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	**2020**
Defined benefit obligation at January 1	$ 20,238	28,637
Current service cost and interest cost	71	213
Remeasurements of net defined benefit liabilities (assets)		
－Actuarial gains and losses arising from experience adjustments	(2,145)	(5,948)
－Actuarial gains and losses arising from changes in demographic assumptions	94	51
－Actuarial gains and losses arising from changes in financial assumptions	(705)	1,079
Effect of planned settlement	(17,553)	(3,794)
Defined benefit obligations at December 31	**$ -**	**20,238**

(Continued)

3) Movements of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for 2021 and 2020 were as follows:

	For the years ended December 31, 2021	2020
Fair value of plan assets at January 1	$ 62,753	62,338
Interest income	221	470
Remeasurements of net defined benefit liabilities (assets)		
－Return on plan assets (excluding current interest)	868	2,030
Contribution paid by the employer	312	979
Benefits paid by the plan	(18,821)	(3,064)
Fair value of plan assets at December 31	**$ 45,333**	**62,753**

4) Benefit recognized in profit or loss

The expenses recognized in profit or loss of the Company for the years ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31, 2021	2020
Net interest of net defined benefit liabilities (assets)	**$ 1,118**	**(987)**
Operating cost	$ 52	(15)
Selling expenses	249	(58)
General and administrative expenses	291	(63)
Research and development expenses	526	(851)
	$ 1,118	**(987)**

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Discount rate	0.70 %	0.35 %
Future salary increase rate	2.50 %	2.50 %

(Continued)

6) Sensitivity analysis

As of December 31, 2020, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2020		
Discount rate	(584)	607
Future salary increase rate	593	(574)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $8,901 and $9,352 for the years ended December 31, 2021 and 2020, respectively.

(o) Income taxes

(i) Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

	For the years ended December 31,	
	2021	**2020**
Current income tax expense:		
Current period	$ 212,403	29,665
Adjustment for prior periods	(70,275)	1,712
	142,128	31,377
Deferred tax expense:		
Temporary differences	(881)	10,192
Income tax expense from continuing operations	**$ 141,247**	**41,569**

(Continued)

Reconciliation of income tax and profit before tax for 2021 and 2020 is as follows:

	For the years ended December 31, 2021	2020
Profit excluding income tax	$ 1,134,478	155,907
Income tax using the Company's domestic tax rate	$ 225,727	31,181
Nontaxable income	(7,379)	(7,677)
Adjustment in permanent differences	(8,525)	19,346
Changes in temporary differences	1,699	(2,993)
(Overestimate) Underestimate of income tax in prior periods	(70,275)	1,712
Income tax expenses	$ 141,247	41,569

(ii) Deferred Tax Assets and Liabilities

1) Recognized deferred tax assets and liabilities

Changes in deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Unrealized investment profit (loss)	Others	Total
Deferred Tax Liabilities:			
Balance at January 1, 2021	$ 308,882	1,066	309,948
Debit (credit) on income statement	8,146	(808)	7,338
Balance at December 31, 2021	$ 317,028	258	317,286
Balance at January 1, 2020	$ 315,522	-	315,522
Debit (credit) on income statement	(6,640)	1,066	(5,574)
Balance at December 31, 2020	$ 308,882	1,066	309,948

	Unrealized Expenses	Others	Total
Deferred Tax Assets:			
Balance at January 1, 2021	$ 98,597	25,882	124,479
(Debit) Credit on income statement	11,275	(3,056)	8,219
Balance at December 31, 2021	$ 109,872	22,826	132,698
Balance at January 1, 2020	$ 115,712	24,533	140,245
(Debit) Credit on income statement	(17,115)	1,349	(15,766)
Balance at December 31, 2020	$ 98,597	25,882	124,479

(Continued)

(iii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed and approved by the Tax Authority.

(p) Capital and other equity

As of December 31, 2021 and 2020, the number of authorized ordinary shares were 278,359 thousand shares with par value of $10 per share. The total value of authorized ordinary shares was amounted to $2,783,589. All issued shares were paid up upon issuance.

(i) Capital surplus

The components of capital surplus were as follows：

	December 31, 2021	December 31, 2020
Additional paid-in capital	$ 1,621,460	1,760,639
Changes in ownership interests in subsidiaries	405,400	15,261
Others	382	328
	$ 2,027,242	**1,776,228**

The subsidiary, Techman Robot Inc., increased its capital by cash in 10,000 thousand shares with the amount of $600,000 in December 2021. The Company did not participate in the capital increase. The change of the subsidiary' s ownership resulted in the adjustment for $390,139 of capital surplus.

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. Capital surplus included the income was derived from the issuance of new shares at a premium and income from the endowments received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(ii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, unless the amount in the legal reserve has already reached the total paid-in capital. In addition, special reserve shall be appropriated according to related regulations and the Company' s operating needs, after which any remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

(Continued)

The Company, taking into consideration long-term financial planning and demand for capital, adopted a residual dividend policy. The retained earnings are set aside for the demand in capital, after which the remainder is distributed as cash dividends, wherein the annual distribution of cash dividends shall be no less than 50 percent of the total dividends appropriated. The Company's dividend policy was formulated by the Board of Directors considering factors such as the Company's operation and investment planning, the budget for capital expenditure, and changes in the internal and external context.

The Company distributes its earnings in cash and distributes the aggregate or a portion of the legal reserve and the capital surplus to shareholders in cash in proportion to shareholdings pursuant to Article 241(i) of the Company Act, before which a resolution has to be made during a board meeting attended by at least two-thirds of the total number of directors. Aside from that, such distribution shall be reported to the shareholders' meeting.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity and the balance of the special surplus reserve mentioned in the preceding paragraph. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2020 and 2019 had been approved during the shareholders' meeting on August 6, 2021 and June 17, 2020, respectively. The relevant dividend distributions to shareholders were as follows:

	For the years ended December 31,			
	2020		2019	
	Dividend per share (TWD)	Amount	Dividend per share (TWD)	Amount
Dividends distributed to ordinary shareholders:				
Earnings distribution	$ 0.50	139,179	1.15	417,538
Capital surplus, additional paid-in capital	0.50	139,179	0.50	139,179
Total		$ 278,358		556,717

(Continued)

(iii) Other equity interest after tax

	Exchange differences on translation of foreign financial statement	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2021	$ (311,037)	(99,436)
Exchange differences on foreign operations	7,895	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	35,803
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(1,358)
Balance at December 31, 2021	**$ (303,142)**	**(64,991)**
Balance at January 1, 2020	$ (208,859)	(30,443)
Exchange differences on foreign operations	(102,178)	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(77,084)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	8,091
Balance at December 31, 2020	**$ (311,037)**	**(99,436)**

(q) Earnings per share

(i) Basic earnings per share

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31,	
	2021	**2020**
Profit attributable to ordinary shareholders	**$ 993,231**	**114,338**

2) Weighted average number of ordinary shares

	For the years ended December 31,	
	2021	**2020**
Weighted average number of ordinary shares	**278,359**	**278,359**

(ii) Diluted earnings per share

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31,	
	2021	**2020**
Profit attributable to ordinary shareholders	**$ 993,231**	**114,338**

(Continued)

2) Weighted average number of ordinary shares (diluted)

	For the years ended December 31, 2021	2020
Weighted average number of ordinary shares outstanding (basic)	278,359	278,359
Effect of employee share bonus	1,942	952
Weighted average number of ordinary shares (diluted)	**280,301**	**279,311**

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31, 2021	2020
Primary geographical markets:		
Mainland China	$ 4,408,478	4,253,885
United States	867,255	620,265
Thailand	2,964,618	2,649,652
Other countries	1,606,315	1,775,936
	$ 9,846,666	**9,299,738**
Major products/service lines:		
Sales of merchandise (storage devices)	$ 9,617,439	8,970,792
Rendering of Services	229,227	328,946
	$ 9,846,666	**9,299,738**

(ii) Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	**$ 255,679**	**293,207**	**223,433**

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were $129,489 and $223,433, respectively.

For details on notes and accounts receivables and allowance for impairment, please refer to note 6(d).

(Continued)

(s) Employee compensation and directors' and supervisors' remuneration

The Company's Articles of Incorporation stipulate that if the Company nets a profit for the year, then a minimum of 5% shall be allocated as employee's remuneration and a maximum of 3% shall be allocated as remuneration of directors and supervisors. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to $89,627 and $18,709, respectively, which were calculated based on net profits before tax of each period (excluding employees' remuneration) multiplied by the percentage of the remuneration of employees as specified in the Company's articles. These remunerations were expensed under operating costs and operating expenses. The differences between the estimated employee remuneration in the financial statements and the actual amounts distributed, if any, shall be accounted as changes in accounting estimates and adjusted in profit or loss in the next year.

The employees' remuneration of 2021 has not agreed by the Board of Directors. The actual amounts of 2020 distributed and the estimated amounts in the financial statements were the same. Related information would be available at the Market Observation Post System website.

(t) Non-operating income and expenses

(i) Interest income

The details of the Company's interest income were as follows:

	For the years ended December 31,	
	2021	**2020**
Interest income from bank deposits	$ 5,074	5,447
Other interest income		
Other	3	2,580
Total Interest income	**$ 5,077**	**8,027**

(ii) Other income

The details of the Company's other income were as follows:

	For the years ended December 31,	
	2021	**2020**
Rent income	$ 2	24
Dividend income	34,864	35,810
Other income	7,820	12,099
	$ 42,686	**47,933**

(Continued)

(iii) Other gains and losses

The details of the Company's other gains and losses were as follows:

	For the years ended December 31, 2021	2020
Foreign exchange gain (loss)	$ 34,221	(29,789)
Gains from financial assets at fair value through profit or loss	33,220	26,797
Provisions and others	(6,204)	(948,336)
	$ 61,237	(951,328)

(iv) Finane costs

The details of the Company's finance costs were as follows:

	For the years ended December 31, 2021	2020
Interest expense	$ 1,887	114

(u) Financial instruments

(i) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2021 and 2020, the maximum amounts of credit risk exposure were to $5,041,822 and $4,102,890, respectively.

As of December 31, 2021 and 2020, the accounts receivable from three of the Company's major customers amounted to $1,822,349 and $1,491,304, respectively, representing 71% and 78% of accounts receivable. Thus, credit risk is significantly centralized.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2021							
Non derivative financial liabilities							
Unsecured loans	$ 387,520	387,520	387,520	-	-	-	-
Accounts payable	2,078,238	2,078,238	2,078,238	-	-	-	-
Other payables	617,809	617,809	617,809	-	-	-	-
Lease liabilities	44,995	45,952	7,659	7,659	15,317	15,317	-
Derivative financial liabilities							
Foreign currency forward contract							
Outflow	5,220	5,220	5,220	-	-	-	-
Inflow	(2,146)	(2,146)	(2,146)	-	-	-	-
	$ 3,131,636	3,132,593	3,094,300	7,659	15,317	15,317	-

(Continued)

	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
December 31, 2020							
Non derivative financial liabilities							
Accounts payable	$ 2,161,803	2,161,803	2,161,803	-	-	-	-
Other payables	438,149	438,149	438,149	-	-	-	-
Lease liabilities	8,086	8,134	3,948	3,948	238	-	-
Derivative financial liabilities							
Foreign currency forward contract							
Outflow	6,563	6,563	6,563	-	-	-	-
Inflow	(2,546)	(2,546)	(2,546)	-	-	-	-
	$ 2,612,055	2,612,103	2,607,917	3,948	238	-	-

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risks

1) Exposure to foreign currency risks

The Company’s significant exposure to foreign currency risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency (In thousands)	Exchange rate	TWD	Foreign currency (In thousands)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 104,026	27.680	2,879,440	76,129	28.100	2,139,222
CNY	331	4.340	1,436	330	4.310	1,423
Financial liabilities						
Monetary items						
USD	87,787	27.680	2,429,941	75,085	28.100	2,109,887

2) Sensitivity analysis

The Company’ s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables and other receivables that are denominated in foreign currency. A strengthening (weakening) of 5% of the TWD against USD and CNY as of December 31, 2021 and 2020, would have increased (decreased) the net profit after tax by $18,037 and $1,230, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for prior year.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $34,221 and $29,789, respectively.

(Continued)

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 5 basis points when reporting to management internally, which also represents the Company management's assessment of on the reasonably possible interest rate change.

If the interest rate had increased or decreased by 5%, with all other variable factors remaining constant, the Company's net income would have increased or decreased by $15 for the year ended December 31, 2021.

There were no borrowing with variable rate for the year ended December 31, 2020.

(v) Other market price risk

For the years ended December 31, 2021 and 2020, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the years ended December 31,			
	2021		2020	
Securities price at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Stock and equity certificate - Increasing 7%	$ 57,010	-	54,500	-
Stock and equity certificate - Decreasing 7%	$ (57,010)	-	(54,500)	-
Beneficiary certificate–Increasing 1%	$ -	1,884	-	8,672
Beneficiary certificate–Decreasing 1%	$ -	(1,884)	-	(8,672)

(vi) Fair value information

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for non-hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to fair value, and lease liabilities, disclosure of fair value information is not required:

(Continued)

	December 31, 2021				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Beneficiary certificate–open-ended fund	$ 188,435	188,435	-	-	188,435
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	814,426	814,426	-	-	814,426
Financial assets at amortized cost					
Cash and cash equivalents	147,088	-	-	-	-
Accounts receivable	2,539,268	-	-	-	-
Other Receivables	212,738	-	-	-	-
Other financial assets	1,139,867	-	-	-	-
Subtotal	4,038,961	-	-	-	-
Total	**$ 5,041,822**	**1,002,861**	**-**	**-**	**1,002,861**
Financial liabilities at fair value through profit or loss					
Foreign currency forward contracts	$ 3,074	-	3,074	-	3,074
Financial liabilities at amortized cost					
Short-term loans	387,520	-	-	-	-
Accounts payable	2,078,238	-	-	-	-
Other payables	617,809	-	-	-	-
Lease liabilities	44,995	-	-	-	-
Subtotal	3,128,562	-	-	-	-
Total	**$ 3,131,636**	**-**	**3,074**	**-**	**3,074**

(Continued)

	December 31, 2020				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Beneficiary certificate–open-ended fund	$ 867,228	867,228	-	-	867,228
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	778,575	778,575	-	-	778,575
Financial assets measured at amortized cost					
Cash and cash equivalents	323,661	-	-	-	-
Accounts receivable	1,885,179	-	-	-	-
Other Receivables	169,232	-	-	-	-
Other financial assets	79,015	-	-	-	-
Subtotal	2,457,087	-	-	-	-
Total	**$ 4,102,890**	**1,645,803**	**-**	**-**	**1,645,803**
Financial liabilities at fair value through profit or loss					
Foreign currency forward contracts	$ 4,017	-	4,017	-	4,017
Financial liabilities measured at amortized cost					
Accounts payable	2,161,803	-	-	-	-
Other payables	438,149	-	-	-	-
Lease liabilities	8,086	-	-	-	-
Subtotal	2,608,038	-	-	-	-
Total	**$ 2,612,055**	**-**	**4,017**	**-**	**4,017**

2) Valuation techniques for financial instruments not measured at fair value

The Company’s financial liabilities measured at amortized cost

If no quoted market prices are available, the discounted cash flows are used to estimate fair values.

(Continued)

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Fair value measurement of financial instruments was based on quoted market prices if these prices were available in an active market. The fair value of listed equity instruments is based on the market prices that were published at main stock exchanges.

The categories and nature of the fair value for the Company's financial instruments which have active market are presented as follows:

Open-end funds, listed stock, and debt instruments with quoted market price are financial assets which had standard terms and be traded in an active market. The fair value is determined by the market quoted prices respectively.

b) Derivative financial instruments

Fair value of forward currency is determined by he forward currency exchange rate.

(v) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following discussed the information of risk exposure, objectives, policies and process of risk measurement and management of the Company. For more disclosures about the quantitative effects of these risk exposures, please refer to respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. The financial management department reports to the Board of Directors on a quarterly basis.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers, time deposits and investments in securities.

1) Accounts receivable and other receivables

The Company’ s credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default. The Company assesses the ratings based on other publicly available financial information and transactions records with its major customers. The Company continues to monitor the exposure to credit risk and the credit rating of counterparties, and divide the total transaction amounts among all qualified customers, with management reviewing and approving annually the credit facilities of counterparties, so as to control credit risk exposure.

The Company’ s exposure to credit risk is mainly influenced by the condition of each customer. However, management also considers the demographics of the Company’ s customer base, including the default risk of the industry and the country in which customers operate, as these factors may have an influence on credit risk.

The Company continuously assesses the financial position of customers from whom the accounts receivable are due, ; if necessary, it also purchases credit guarantee insurance or requests advance sales receipts. Except for the Company’s three largest customers, the Company does not have significant credit exposure to any single counterparty or any Company of counterparties with similar characteristics. Counterparties that are an associate to each other are defined by the Company as a counterparties with similar characteristics.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company’s finance department. As the Company only deals with banks with good credit rating as well as other external parties, corporate organizations, government agencies and financial institutions above investment grade, contract performance shall not be in significant doubt, hence no significant credit risk.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2021 and 2020, the subsidiaries applied for credit lines of bank loans, the Company was required to provide letters of support for Quanta Storage Asia Ltd. and Techman Electronic (Thailand) Co., Ltd., and for Quanta Storage Asia Ltd. and Techman Robot Inc., respectively, stating the commitment to maintain the agreed percentage of ownership in the aforementioned associates.

(Continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

In general, the Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on operating expenses, including financial liabilities, over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Besides, the Company’s unused credit lines of bank loans amounted to $4,188,480 and $3,867,000 as of December 31, 2021 and 2020, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company’s entities, primarily the TWD, USD, and CNY. The currencies used in these transactions are the TWD, USD, CNY, and EUR.

Loan interest was denominated in the currency of the principal. The Company utilizes loans to hedge related currency risk; the gain or loss on foreign currency assets and liabilities arising from the movements in exchange rates will roughly offset each other, which is a natural hedge. This provided an economic hedge without derivatives being entered into. Therefore, hedge accounting was not applied in these circumstances.

2) Interest rate risk

The Company’s exposure to changes in interest rates is mainly attributable to short-term and long-term loans at variable rates. Any change in interest rates will cause the effective interest rates of short-term and long-term loans to change and the future cash flows to fluctuate over time.

(Continued)

(w) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The debt-to-equity ratios on December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 4,310,395	3,657,147
Less: cash and cash equivalents	(147,088)	(323,661)
Net debt	4,163,307	3,333,486
Total equity	8,436,269	7,283,881
Total capital	**$ 12,599,576**	**10,617,367**
Debt to equity ratio	**33.04 %**	**31.40 %**

As of December 31, 2021, the Company's capital management has remained constant.

(x) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2021	Cash flows	Others	Changes in exchange rate	December 31, 2021
Short-term borrowings	$ -	387,520	-	-	387,520
Lease liabilities	8,086	(8,339)	45,248	-	44,995
Total amount of liabilities arising from financing activities	**$ 8,086**	**379,181**	**45,248**	**-**	**432,515**

(Continued)

	January 1, 2020	Cash flows	Non-cash changes: Newly added contracts	Non-cash changes: Changes in exchange rate	December 31, 2020
Total amount of liabilities arising from financing activities (lease liabilities)	$ 15,520	(7,782)	348	-	8,086

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Quanta Computer lnc.is both the parent company and the ultimate controlling party of the Group. It owns 29.77% percent of all shares outstanding of the Company and has issued the Consolidated Financial Statements Available for Public Use.

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Company during the periods covered in the financial statements:

Name of related party	Relationship with the Company
Quanta Computer Inc. (QCI)	Parent company
Quanta Storage International Ltd. (QSI (CAYMAN))	Subsidiary of the Company
Quanta Storage Investment Inc.(QSII)	〃 (Note 1)
Techman Inc.(TAI)	〃 (Note 2)
Techman Electronics (Thailand) Co., Ltd. (TMT)	〃
Techman Robot Inc.(TRI)	〃
E-Forward Technology Ltd. (SAMOA) (E-Forward (SAMOA))	Subsidiary of QSI (CAYMAN)
Quanta Storage (BVI) Ltd. (QSL (BVI))	〃
Quanta Storage Asia LTD. (QSA)	Subsidiary of E-Forward (SAMOA)
Quanta Storage Holding (HK) Ltd. (QHH)	Subsidiary of QSL (BVI)
Techman Electronic (HK)Limited(QIH)	〃
Quanta Storage(Shanghai) Inc.(QSS)	Subsidiary of QHH
Techman Electronic (Changshu) Limited(Techman)	Subsidiary of QIH
Tech Front (Chongqing) Computer Co., Ltd. (TFQ)	Associate of the Company
EBN Technology Corporation (EBN)	〃

Note 1: The date of dissolution for the subsidiary, Quanta Storage Investment Inc., was on December 31, 2020. The court ruled that the liquidation was completed on August 18, 2021.

Note 2: The date of dissolution for the subsidiary, Techman Inc., was on November 30, 2020. The court ruled that the liquidation was completed on July 30, 2021.

(Continued)

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31,	
	2021	2020
QSA	$ (2,009)	807,261
Other subsidiaries	-	10,435
Associates	-	241
	$ (2,009)	**817,937**

Selling price of the aforementioned transactions was determined through negotiations and there were no other transactions with non-related parties to compare. The term of payment was 90 days.

For 2021 and 2020, the Company eliminated duplicate sales and purchase with subsidiaries, which amounted to $332,821 and $325,589, respectively.

For 2021 and 2020, the Company charged royalty from subsidiaries, which amounted to $0 and $10,435, respectively.

(ii) Purchases

The amounts of significant purchases by the The Company from related parties were as follows:

	For the years ended December 31,	
	2021	2020
QSA	$ 1,095,405	2,043,933
TMT	3,921,447	2,320,630
QSS	3,310,704	3,287,764
	$ 8,327,556	**7,652,327**

Purchase price of the aforementioned transactions was determined through negotiations and there were no other transactions with non-related parties to compare. The term of payment was 90 days.

For 2021 and 2020, the unrealized losses of purchases were $19,900 and $10,156, respectively, which were accounted as adjustments of investment income.

(Continued)

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship		December 31, 2021	December 31, 2020
Other receivables	QSA (Note)	$	3,875	46,445
Other receivables	TMT (Note)		83,672	45
Other receivables	Other subsidiaries		134	20,287
		$	**87,681**	**66,777**

Note: Other receivables to subsidiaries were mainly for purchasing raw materials.

Receivables from related parties were not pledged as collateral assessed not to estimate any allowance for doubtful debts.

(iv) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship		December 31, 2021	December 31, 2020
Accounts payables	TMT	$	607,935	708,719
Accounts payables	QSS		1,379,343	908,003
Accounts payables	QSA		207	483,006
Other payables	Parent company (Note)		98,659	3,336
Other payables	TMT		5,210	-
		$	**2,091,354**	**2,103,064**

Note: Other payables to Parent company were mainly payables for purchasing fixed assets and other expenses.

(v) Lease

In 2019, the Company leased an office building from Parent company, for which a two-to-four-year contract was entered into with reference to the market price in the vicinity. The lease liability decreased $1,617 due to the early termination of the lease in October, 2021. The interest expense for 2021 and 2020 amounted to $40 and $114, respectively. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to $0 and $8,086, respectively.

(vi) Other expenses

For 2021 and 2020, other expenses from related parties amounted to $10,636 and $9,942, respectively.

(Continued)

(vii) Property transactions

Acquisition of property, plant and equipment

The purchase price of property, plant and equipment purchased from related parties were summarized as follows:

	For the years ended December 31,	
	2021	**2020**
Parent	**$ 480,000**	**-**

The Company purchase both land and building located in Guishan District, Taoyuan City from the parent company. The land of 4,219 square meters cost $466,000 and the building cost $14,000, totaling $480,000. As of December 31, 2021, the remaining unpaid balance including tax was $96,700. The cost of acquisition refer to the appraisal report of Jia Ju Real Estate Joint Appraisers Firm.

(viii) Other non-operating revenues

For 2021 and 2020, other non-operating revenues from related parties amounted to $5,709 and $6,009, respectively.

(ix) Intangible assets transactions

For 2021 and 2020, the disposal of intangible assets to the subsidiaries amounted to $358 and $16,162, unrealized profit amounted to $7,564 and $12,880, respectively.

(d) Key Management Personnel Compensation

Compensation to key management personnel comprised:

	For the years ended December 31,	
	2021	**2020**
Short-term employee benefits	$ 114,543	36,074
Post-employment benefits	6,622	468
	$ 121,165	**36,542**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	**Object**	**December 31, 2021**	**December 31, 2020**
Refundable deposits	Deposits for customs and factory lease	**$ 3,867**	**1,015**

(Continued)

(9) Commitments and contingencies:

(a) Significant unrecognized contractual commitments

Promissory notes issued by the Company as guarantee for purchasing, borrowings, foreign exchange forward contracts and export bills advance were as follows:

	December 31, 2021	December 31, 2020
Guarantee Notes Submitted		
TWD	$ 2,550,000	2,950,000
USD	$ 85,600	81,600

(b) Contingent liabilities:

(i) In October 2017, the Company and its subsidiary, Quanta Storage America, Inc., received the investigation result of the antitrust lawsuit from the European Union Court. The result includes a fine of $7,146 thousand Euros imposed on the Company. The Company has received the formal verdict and recognized relevant losses and provisions. Meanwhile, The Company has appealed to the European Union Court.

(ii) In March 2014, the Company and its subsidiary, Quanta Storage America, Inc., noticed that HP Inc. filed an antitrust lawsuit on DVD players. On October 25, 2019, the jury of the court of Southern District of Texas determined the facts that the Company and its subsidiary, Quanta Storage America, Inc., were involved in anti-competitive practices. The first-instance court ruled that the plaintiff was permitted to be compensated USD 176,000 thousand by all the defendants (including the Company and its subsidiary, Quanta Storage America, Inc., Sony Optiarc Inc., Toshiba Corp., Hitachi-LG Data Storage Inc., Panasonic Corp., NEC Corp., and Samsung Electronics Co. Ltd.) for damages of selling the products. The plaintiff (HP Inc.) made a further motion to the district court judge in accordance with Federal law in order to claim a higher compensation after the first judgment. On January 3, 2020, the Company and its subsidiary, Quanta Storage America, Inc., noticed that the court of Southern District of Texas made an amended judgment in response to the plaintiff' s (HP Inc.' s) motion, with the compensation amount increased to USD 528,000 thousand. After deducting the settlement money amounted to USD 89,350 thousand negotiated by the plaintiff (HP Inc.) and the other defendants, the remaining compensation amounted to USD 438,650 thousand will be fully paid by the Company and its subsidiary, Quanta Storage America, Inc. The Company has received the formal verdict and accrued relevant losses and provisions in the annual report of 2019. Meanwhile, the Company has appealed to the U.S. Fifth Circuit. In the first quarter of 2020, the plaintiff (HP Inc.) requested the court of Southern District of Texas to enforce the properties of the Company. At the request of the court, the Company transferred the intellectual property rights in the United States to the court for custody. Meanwhile, the Company claimed to the court of Southern District of Texas that the Company was unable to fully cooperate with the enforcement. The plaintiff (HP Inc.) considered that the Company's claim applied to "Contempt of Court" and requested the court of Southern District of Texas to penalize against the claim. The penalty started from May 1, 2020. The Company has appealed against the penalty to the U.S. Fifth Circuit according to the United States Court of Appeals. On April 30, 2020, the U.S. Fifth Court has approved the temporary suspension of the original penalty adjudged by the court of Southern District of Texas. However, the court of Southern

(Continued)

District of Texas could still determine whether to execute the penalty ex-officio. On June 7, 2020, the Company has received a joint appeal decision of antitrust lawsuit on DVD players and turnover order from the U.S. Fifth Circuit. The U.S. Fifth Court decided to remain the same judgment on the antitrust lawsuit with the compensation amounted to USD 438,650 thousand. The U.S. Fifth Court also made the judgment on turnover order, which invalidate the original transfer date of properties.

On June 19, 2020, the Company and the plaintiff (HP. Inc) had settled and signed the confidential reconciliation agreement. Both parties agreed to withdraw all related litigation. The Company has dealt with the case according to the reconciliation agreement and the related accounting standard and regulations.

(iii) In June 2017, the Company and its subsidiary, Quanta Storage America, Inc., noticed that FTI Consulting, Inc. filed an expert and witness fee arbitration with American Arbitration Association. American Arbitration Association made an arbitration result on October 15, 2018 that the Company and its subsidiary, Quanta Storage America, Inc., had to pay USD 625 thousand. According to the nature of the case, the arbitration result still needs to be confirmed and recognized by the U.S. Judiciary requested by the arbitration claimant. The arbitration claimant requested U.S. district court with jurisdiction to recognize the result according to the U.S. Federal Procedure Law on September 24, 2021, and applied for an extension on March 22, 2021. Both parties have signed the reconciliation agreement on May 18, 2021, and paid the settlement fee which was recognized as other gains and losses.

(iv) The subsidiary, Techman Electronics (Thailand) Co., Ltd., received the notice of contract dispute about human resource from the outsourcing human resourcing agency in May 2020. The claiming amount of the contract dispute is THB 6,229 thousand. Techman Electronics (Thailand) Co., Ltd. has appointed external attorney to manage this case.

(v) For the purpose of constructing the headquarters, the Company and QCI signed a purchase contract for the real estate located at No. 4, Wenming 1st St., Guishan Dist., Taoyuan City on October 19, 2021, and the Company completed the registration and acquired the ownership of the real estate on November 10, 2021. However, after the Company completed the registration of the ownership, the real estate was still occupied by the original lessees, Beautiful Card Corporation and Vaild Card Manufacturing Taiwan Limited. The Company had appointed the attorney and appealed to the Court for the ownership restitution and the compensation for damages on December 9, 2021.

The Company has made certain provisions with respect to certain of the above lawsuits as the management deems appropriate, considering factors such as the nature of the litigation or claims, the materiality of the amount of possible loss, the progress of the cases and the opinions or views of legal counsel and other advisors. Management will reassess all litigation and claims at each reporting date based on the facts and circumstances that exist at that time, and will make additional provisions or adjustments to previous provisions. The ultimate amount cannot be ascertained until the relevant cases are closed. The ultimate resolution of the legal proceedings and/or lawsuits cannot be predicted with certainty. The Company is willing to defend the aforesaid litigations actively; however, due to the unpredictable nature of lawsuits and the probable loss that cannot be precisely estimated, the Company cannot rule out the possibility that it fails to win or settle all the related cases. The fines, judgment amounts, or settlements may result in significant adverse effects on the Company’s business, operations, or prospects.

(Continued)

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

On February 11, 2022, the Boards of Directors of Quanta Storage International Ltd., E-Forward Technology Ltd., and Quanta Storage Asia Ltd. approved the capital reduction through the return of share proceeds to shareholders with the amount of USD10,500 thousand, USD5,000 thousand and USD5,000 thousand, respectively.

(12) Other:

The summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By funtion / By item	For the year ended December 31, 2021			For the year ended December 31, 2020		
	Cost of Sale	**Operating Expense**	**Total**	**Cost of Sale**	**Operating Expense**	**Total**
Employee benefits						
Salary	-	374,389	374,389	-	179,189	179,189
Labor and health insurance	-	18,885	18,885	-	18,088	18,088
Pension	-	10,019	10,019	-	8,365	8,365
Remuneration of directors	-	3,000	3,000	-	3,000	3,000
Others	-	10,309	10,309	-	10,349	10,349
Depreciation	-	12,310	12,310	-	12,339	12,339
Amortization	-	12,343	12,343	-	12,738	12,738

For the years ended December 31, 2021 and 2020, the number of employees and employee benefits expenses of the Company were as follows

	2021	**2020**
Number of employees	**181**	**181**
Number of directors who were not employees	**6**	**5**
The average employee benefits	**$ 2,363**	**1,227**
The average salaries and wages	**$ 2,139**	**1,018**
The adjustment rate of average employee salaries	**110.12 %**	**(9.11)%**
Remuneration of supervisors	**$ -**	**-**

(Continued)

The remuneration policy (including directors, managers and employees) of the Company are as below:

(a) Directors and Managers

(i) The Company has established the "Remuneration Committee" to ensure the remuneration policy comply with laws and regulations and in order to attract talents.

(ii) The Company formulates and regularly reviews the directors and managers' performance evaluation and the policies, systems, standards and structures of the remuneration. The information should be disclosed in the annual report.

(iii) The performance evaluation and remuneration of directors and managers should refer to the usual level of payment in the industry and consider the time invested, the responsibilities, the achieved goals, the performance of other positions, and the given salary remuneration for the same position in recent years, and consider the reasonableness of the relationship between personal performance and the Company's operating performance and future risks with the Company's short-term and long-term business goals and the Company's financial status.

(iv) Directors and managers should not be guided to engage in behaviors that exceed the risk appetite of the Company in pursuit of remuneration.

(v) The ratio of the short-term performance of directors and managers and the payment time of part of the variable salary payment should be determined in consideration of the characteristics of the industry and the nature of the Company's business.

(b) Employees

(i) The remuneration of employees includes basic salary (base pay and allowances), year-end bonus and employee dividends.

(ii) The employee remuneration policies are in reference to the salary market, salary payment , the operation and structure of the Company , and will be adjusted according to the changes of salary market, macro-economic environment, industrial boom and relevant laws and regulations.

(iii) The salary of employees is determined based on their education level, professional knowledge, skills, seniority, and the required occupational competence, responsibility, and complexity of different positions. The outcome should not be influenced by age, gender, race, religion, political stance, marital status, and union affiliation.

(iv) Year-end bonus and employee dividends:

The Company contributes the year-end bonus and employee dividends based on the operational performance. The employee performance evaluation is taken as reference to the distribution of bonus and dividends.

(v) Annual salary adjustment:

The Company considers the operational performance, domestic economic growth rate, salary level of the industrial job market, and employee performance evaluation to annually adjust the salary.

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Company for the year ended December 31, 2021:

(i) Lending to other parties: None

(ii) Guarantees and endorsements for other parties:None

(iii) Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance: Number of shares	Ending balance: Book value	Ending balance: Percentage of shares	Ending balance: Market value	Note
	Common Stock							
The Company	Taiwan Mobile Co., Ltd.	-	Current financial assets at FVOCI	2,556,000	255,600	0.07 %	255,600	
〃	Far EasTone Telecommunications Co., Ltd.	-	〃	3,709,000	239,602	0.11 %	239,602	
〃	Chunghwa Telecom Co., Ltd.	-	〃	2,720,000	316,880	0.04 %	316,880	
〃	Far Eastern New Century Co., Ltd.		〃	80,000	2,344	- %	2,344	
	Beneficiary Certificate							
〃	Franklin Templeton Sinoam Money Market Fund	-	〃	18,025,705	188,435	- %	188,435	
	Common Stock			-	-	- %	-	
Cayman	BluSense	-	Non-current financial assets mandatorily measured at FVTPL	24,000	715	4.18 %	715	
TRI	Jih Sun Money Market Fund	-	Current financial assets-mandatorily measured at FVTPL	4,230,443	63,402	- %	63,402	

(iv) Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance: Shares	Beginning Balance: Amount	Purchases: Shares	Purchases: Amount	Sales: Shares	Sales: Price	Sales: Cost	Sales: Gain (loss) on disposal	Ending Balance: Shares	Ending Balance: Amount
The Company	Jih Sun Money Market Fund	Current financial assets-mandatorily measured at FVTPL	-	-	21,769,250	325,450	-	-	21,769,250	326,153	325,047	1,106	-	-
〃	Union Money Market Fund	〃	-	-	10,816,787	143,968	32,035,537	426,585	42,852,324	570,748	570,538	210	-	-
TRI	Jih Sun Money Market Fund	〃			26,202,374	391,725	-	-	21,971,931	329,000	328,139	861	4,230,443	63,402

(v) Acquisition of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock :

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information: Owner	Relationship with the Company	Date of transfer	Amount	References for determining price	Purpose of acquisition and current condition	Others
The Company	Land and Buildings	2021/10/19	480,000	paid 80%	QCI	Parent company	Not applicable	Not applicable	Not applicable	-	Refer to the market price and appraisal report	Construct office buildings and R&D Center	Note

Note : If the original lessees, Beautiful Card Corporation and Vaild Card Manufacturing Taiwan Limited, do not return the real estate to the Company within one year of the purchase contract for the real estate transaction completed on October 19, 2021, the seller and the buyer have rights to terminate the real estate purchase/sale contract and are both responsible for restoring the original status mutually.

(Continued)

(vi) Disposition of real estate for which the dollar amount reaches $300 million or 20% or more of the capital stock :

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually receivable	Gain from disposal	Counter-party	Nature of relationship	Purpose of disposal	Price reference	Other terms
Techman Electronics(Changshu) Ltd.	Land and Buildings	2021/9/15	2009/1~2014/4	442,997 (CNY101,769)	465,054 (CNY106,836)	Received 100%	22,057 (CNY5,067)	Suzhou Yonghao Technology Inc.	Non-related	Operation needs	Refer to the market price and appraisal report	None

Note : The contract price of CNY115,000 thousand deducted related disposal expenses of CNY8,164 thousand, is the net disposal price of CNY106,836 thousand.

(vii) Related party transactions for purchases and sales with amounts exceeding the lower of $100 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

			Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Accounts/notes receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending Balance	Percentage of total accounts/ notes receivable (payable)	Notes
The Company	TMT	Affiliate	Sale	(232,817)	(2.29)%	Credit for 90 days	-	-	-	- %	
〃	〃	〃	Purchase	4,158,820	46.18 %	〃	-	-	(607,935)	(29.25)%	
〃	QSA	〃	Purchase	1,197,228	13.30 %	〃	-	-	(207)	(0.01)%	
〃	QSS	〃	Purchase	3,312,526	36.79 %	〃	-	-	(1,379,343)	(66.37)%	
QSA	QUANTA STORAGE INC.	Parent Company	Sale	(1,197,228)	(66.55)%	〃	-	-	207	0.08 %	
〃	TMT	Affiliate	Sale	(597,111)	(33.19)%	〃	-	-	250,566	99.74 %	
QSS	QUANTA STORAGE INC.	Parent Company	Sale	(3,312,526)	(99.34)%	〃	-	-	1,379,343	97.39 %	
TMT	〃	〃	Sale	(4,158,820)	(99.30)%	〃	-	-	607,935	100.00 %	
〃	〃	〃	Purchase	232,817	5.26 %	〃	-	-	-	- %	
〃	QSA	Affiliate	Purchase	597,111	13.49 %	〃	-	-	(250,566)	(15.51)%	
TRI	TRS	〃	Sale	(143,188)	(11.80)%	Credit for 120 days	-	-	55,740	22.93 %	
TRS	TRI	Parent Company	Purchase	143,188	98.16 %	〃	-	-	(55,740)	(92.04)%	

Note 1: The related-party transactions above include intra-group transactions.

(viii) Receivables from related parties with amount exceeding the lower of $100 million or 20% of the capital stock:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of related party	Related-party	Nature of relationship	Ending balance	Turnover rate	Past-due receivables from related party		Amount received in subsequent period	Loss allowance
					Amount	Action taken		
QSS	QUANTA STORAGE INC.	Parent Company	1,379,343	3.06	-	-	553,600	-
TMT	〃	〃	607,935	6.76	-	-	607,935	-
QSA	TMT	Affiliate	250,566	4.77	-	-	250,566	-

(ix) Derivative transactions: Please refer to Note (6)(b) for related information.

(Continued)

QUANTA STORAGE INC.
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

(Amount Expressed in thousands of New Taiwan dollars)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Balance as of			Net income	Investment	Note
				December 31, 2021	December 31, 2020	Shares	Ratio of shares	Book value	(losses) of the investee	income (losses)	
The Company	QSI (CAYMAN)	Cayman	Investment company	2,292,458	2,292,458	-	100.00 %	4,242,265	(58,908)	(68,652)	Subsidiary (Note 1, 2)
〃	QSII	Taiwan	〃	-	28,000	-	- %	-	163	163	Subsidiary
〃	NU Inc.	〃	Wholesale and retail of computers and peripherals	86,709	91,000	3,862,227	29.80 %	21,977	(1,721)	(705)	Investment holding
〃	EBN	〃	Manufacture of electronic components	10,978	-	1,001,000	2.99 %	7,534	(7,369)	(297)	〃
〃	TMT	Thailand	Manufacture and sale of computer storage devices and components of peripherals	1,446,975	1,033,039	15,999,998	100.00 %	1,479,166	100,893	100,893	Subsidiary
〃	TRI	Taiwan	Manufacture and sale of industrial collaborative robots	796,420	796,420	71,957,000	79.95 %	1,196,298	54,081	47,068	Subsidiary (Note 1)
〃	TAI	〃	Factory automation planning. installation and implementation	-	500,000	-	- %	-	99	99	Subsidiary
〃	JVM	Malaysia	Sale of computer storage devices and components of peripherals	15,214	15,214	2,040,000	51.00 %	16,030	4,197	2,140	〃
QSI (CAYMAN)	QSL (BVI)	BVI	Investment company	1,619,834	1,619,834	-	100.00 %	3,880,343	(84,189)	(84,189)	Affiliate (Note 2)
〃	E-Forward	SAMOA	Manufacture and sale of computer storage devices and components of peripherals	166,080	166,080	-	100.00 %	371,868	25,570	25,570	Affiliate
QSL(BVI)	QHH	Hong Kong	Investment company	1,043,500	1,043,500	-	100.00 %	2,788,414	24,365	24,365	〃 (Note 3)
〃	QIH	〃	〃	769,138	769,138	-	100.00 %	1,192,220	(56,515)	(56,515)	〃 (Note 2)
E-Forward (SAMOA)	QSA	〃	Sale and after-salesservice of computerstorage devices andcomponents ofperipherals	166,080	166,080	-	100.00 %	352,139	25,568	25,568	〃
QSII	EBN	Taiwan	Manufacture of electronic components	-	10,970	-	- %	-	(7,369)	313	Investment holding
TRI	TRH	Hong Kong	Investment company	120,943	92,638	-	100.00 %	32,184	(21,172)	(21,172)	Affiliate
JVM	JVMT	Thailand	Sale of computer storage devices and components of peripherals	4,550	4,550	-	100.00 %	4,047	(22)	(22)	〃

Note 1: The difference to the subsidiary is mainly unrealized gross profit from sales.
Note 2: QSI(CAYMAN), QSL (BVI) and QIH approved capital reduction by the Board of Directors on July 20, 2021, with the amounts of USD 20,000 thousand, USD 20,000 thousand and USD 10,000 thousand, respectively. As of December 31, 2021, the registration of capital reduction has not been completed.
Note 3: QHH approved capital reduction by the Board of Directors on December 29, 2021, with the amount of USD 10,000 thousand. As of December 31,2021, the registration of capital reduction has not been completed.

(Continued)

QUANTA STORAGE INC.
Notes to the Financial Statements

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(Amount Expressed in thousands of New Taiwan dollars)

Name of the investee	Main Businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Quanta Storage(Shanghai) Inc.(QSS) (Note 6)	Manufacture and sale of computer storage devices and components of peripherals	830,400 (USD30,000)	(2)	830,400 (USD30,000)	-	-	830,400 (USD30,000)	24,612	100.00 %	24,612	2,779,864	1,834,319 (USD66,269)
Techman Electronic (Changshu) Limited(TECHMAN)	〃	498,240 (USD18,000)	(2)	498,240 (USD18,000)	-	-	498,240 (USD18,000)	(56,373)	100.00 %	(56,373)	1,190,069	-
Techman Robot (Shanghai) Ltd. (TRS)	After-sales service and sale of industrial collaborative robots and components of peripherals	110,720 (USD4,000)	(2)	83,040 (USD3,000)	27,680 (USD1,000)	-	110,720 (USD4,000)	(21,172)	100.00 %	(21,172)	32,184	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
1,439,360	1,757,680	-
(USD52,000)	(USD63,500)	-

Note 1: There are four kinds of investments:
(1) Direct investment in Mainland China with remittance through a third region.
(2) Indirect investments in Mainland China through companies registered in a third region.
(3) Indirect investment Mainland China through an existing company registered in the third region.
(4) Direct investment in Mainland China
(5) Others.

Note 2: Recognized profit or loss from investment in the current period:
(1) As the investee was still in the pipeline, no investment profit (loss) has been generated yet.
(2) Recognition basis of investment gains or losses were grouped under the following three categories:
1) Financial statements of the investee company were audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
2) Financial statements of the investee were audited and certified by the external accountant of the parent.
3) Others

Note 3: In accordance with the Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China revised on August 29, 2008, the Company obtained the certificate of qualified operating headquarters issued by the Industrial Development Bureau, Ministry of Economic Affairs, and therefore no limitations on investment in Mainland China.

Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 5: Quanta Storage (Changshu) Limited has completed its liquidation in September 2014, but as of December 31, 2021, the remittance from Taiwan of USD 10,500 thousand has not been returned. The investment amount approved by the Investment Commission of Techman Robot (Shanghai) Co., Ltd. is USD 2,000 thousand, but as of December 31, 2021, USD 1,000 thousand has not been remitted.

Note 6: Techman Electronic (Changshu) Limited (TECHMAN) approved capital reduction by the Board of Diretors on July 20, 2021, with the amount of USD 10,000 thousand. As of December 31, 2021, the registration of capital reduction has not been completed.

Note 7: Techman Robot (Shanghai) Ltd. (TRS) approved capital reduction by the Board of Diretors on December 29, 2021, with the amount of USD 10,000 thousand. As of December 31, 2021, the registration of capital reduction has not been completed.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which have been written off in the preparation of consolidated financial statements, are disclosed in“Information on significant transactions”.

(Continued)

(d) Major shareholders:None

Shareholding Shareholder’s Name	Shares	Percentage
Quanta Computer Inc.	82,881,664	29.77 %

Note: (1)The table above shows major shareholders owning more than 5% of the Company’ s delivered uncertificated/scripless shares, with ordinary shares and preference shares combined (including treasury shares) according to calculation made by Taiwan Depository & Clearing Corporation (TDCC) based on the numbers as of each quarter's last business date. As a result of different basis of calculation, there may be inconsistency between share capital reported in the financial statements and the actual awarded number of uncertificated/scripless shares.

(2)In a situation where a shareholder entrusted the holdings, the individual account of the settlor opened by the trustee was disclosed. Pursuant to the Securities and Exchange Act, significant shareholders reported insider holdings of more than 10% of the Company’s total shares, including individual holdings, plus trust shares, whose use the shareholder had the right to direct. For information on the reported insider holdings, please refer to the website of Public Information Observatory.

(14) Segment information: Please refer to the consolidated financial report for the year ended December 31, 2021.

VI. Where the Company and its Affiliates Have Encountered Financial Difficulties in the Last Year and As of the Publication Date of the Annual Report, the effect on the Company's financial position shall be specified:

none.

Seven. Analysis and Review of Financial Position and Financial Performance and Risk Issues

I. Review and Analysis of Financial Position

(I) Analysis of financial position

Unit: NTD thousand

Items \ Year	2021	2020	Deviation	
			Amount	%
Current asset	12,294,982	10,071,741	2,223,241	22.07
Property, Plant and Equipment	1,591,607	1,258,239	333,368	26.49
Intangible asset	25,139	23,697	1,442	6.09
Other assets	451,446	462,287	(10,841)	(2.35)
Total assets	14,363,174	11,815,964	2,547,210	21.56
Current liabilities	5,080,460	4,070,112	1,010,348	24.82
Non-current liabilities	531,075	362,850	168,225	46.36
Total liabilities	5,611,535	4,432,962	1,178,573	26.59
Share capital	2,783,589	2,783,589	0	0.00
Capital reserve	2,027,242	1,776,228	251,014	14.13
Retained earnings	3,993,571	3,134,537	859,034	27.41
Other adjustment items of shareholders' equity	(368,133)	(410,473)	42,340	10.31
Non-controlling interests	315,370	99,121	216,249	218.17
Total shareholders' equity	8,751,639	7,383,002	1,368,637	18.54

Note: The above-stated information were from the consolidated financial statement prepared based on the IFRSs.

(II) Reasons of major changes in assets, liabilities, and shareholders' equity in the past two year:

Current assets: mainly due to the increase in time deposits with a duration of more than three months in this period.

Property, plant and equipment: mainly due to land purchased in this period.

Current liabilities: mainly due to the increase in short-term borrowings in this period.

(III) Future responding plan: (if the changes above impacts greatly, the future responding plan should be specified.)

The Company's financial status in the last two years include changes in normal operating activities, so there is no major responding plan.

II. Financial Performance Comparison and Analysis

(I) Financial Performance Comparative Analysis Table

Unit: NTD thousand

Items \ Year	2021	2020	Increase / decrease amount	Percentage of change (%)
Operating revenue	11,028,508	10,476,353	552,155	5.27
Operating cost	8,435,558	8,159,448	276,110	3.38
Gross profit	2,592,950	2,316,905	276,045	11.91
Operating expenses	1,616,233	1,284,639	331,594	25.81
Operating profit	976,717	1,032,266	(55,549)	(5.38)
Non-operating income and expense	239,030	(875,909)	1,114,939	127.29
Profit before tax	1,215,747	156,357	1,059,390	677.55
Less: income tax expense	215,199	51,817	163,382	315.31
Non-controlling interests	7,317	(9,798)	17,115	174.68
Current period net profit	993,231	114,338	878,893	768.68

Note: The above-stated information were from the consolidated financial statement based on the IFRSs.

(II) Explanation of the changed percentage in the past two years:

Operating expenses: mainly due to the increase in bonuses estimated in this period.

Non-operating income and expense: mainly due to the increase in the liability reserve in this period.

(III) Expected sales volume and its basis, and the possible effect on the Company's future finance and business and responding plan:

For the storage devices, based on the forecasts of survey institutions, the overall storage product prices as a whole will be stable in 2022. However, the overall applications, as people's life quality improved, will be applied to different new products; the overall market will maintain stable demands.

With regards to external extension docking station, with the introduction of Type C related technologies, it is expected that there will be considerable growth every year in the future.

With the high growth of the collaborative robot market, naturally more and more new entrants are investing in research and development to join the field of collaboration. In addition to actively developing the market, the company will continue to strengthen the development of new products, hoping to continue to lead in the collaborative robot market.

In response to the ever-changing environment, the company not only actively strives for related business, and plans and prepares for related changes, but also accelerates the development of new products, hoping to make its own way in the current severe industrial environment and competition.

III. Review and Analysis of Cash Flow

(I) Analysis on the change of 2020 Cash flow:

Unit: NTD thousand

Items	2021	2020	Change in Amount	Change in Ratio (%)
Operating activities	1,642,551	145,403	1,497,148	1,029.65
Investing activities	(3,563,358)	(873,977)	(2,689,381)	(307.72)
Funding Activities	710,745	(497,515)	1,208,260	242.86
Total	(1,210,062)	(1,226,089)	16,027	1.31

Note: The above-stated information were from the consolidated financial statement prepared based on the IFRSs.

(1) Cash from operating activities increased by NT$1,497,148 thousand, mainly due to the increase in net profit before tax in this period.

(2) Net cash from investing activities decreased by NT$2,689,381 thousand, mainly due to the increase of other financial assets in this period.

(3) Net cash from financing activities increased by NT$1,208,260 thousand, mainly due to the increase in bank borrowings and non-controlling interests in this period.

(II) Liquidity Analysis of the Year

Items \ Year	2021	2020	Increase (decrease) %
Cash Flows Ratio%	32.33	3.57	805.60
Cash flow adequacy %	65.57	70.69	(7.24)
Cash Flow Reinvestment Ratio %	13.25	(4.44)	398.42

Analysis of the change in the increase and decrease ratio: Mainly due to the increase in the net cash inflow from operating activities during this period.

(III) Liquidity Analysis for the coming year

Unit: NTD thousand

Opening balance of cash Balance (1)	Annual net cash flow from operating activities (2)	Cash Outflow of the Year (3)	Cash Balance (1)+(2)-(3)	Remedy for Cash Shortfall: Investment Plan	Remedy for Cash Shortfall: Financing Plan
2,343,080	1,700,000	1,500,000	2,543,080	-	-

It is expected that operations in 2022 will remain stable or with slightly growth, and the cash inflow from operating activities and corresponding investment and other financial expenditures will maintain a stable balance.

IV. Impact of Material Capital Expenditures on Financial Operations in the Last Year: None.

V. Investment Policy in the Last Year, the Main Reason For Its Profit or Loss, Improvement Plan, and Investment Plan for the Coming Year:

The company's reinvestment is mainly based on investment in the production business in Mainland China and Thailand, and core competitiveness is our main consideration. In addition, the company's investment income recognized by the equity method in 2021 was NT$80,709 thousand. In the future, the company will continue to develop in the direction of diversified production bases and carefully evaluate investment plans in accordance with changes in the global market to continue to strengthen the company's competitiveness.

VI. Risk Assessment Items in the Last Year and As of the Publication Date of the Annual Report

(I) The organization structure of the company's various risk management, its implementation and responsible units are as follows:

1. President: Mainly for the evaluation of operational decision-making risks , and supervision and coordination of the implementation of various departments' goals and risk response measures.
2. Audit Office: Mainly review the existing or potential risks of each operation, formulate and implement a annual audit plan base on risk management, and be responsible for the revision and promotion of the internal control system.
3. Finance and Accounting Department: Responsible for financial scheduling and application, establishing risk-avoidance mechanisms, and evaluating and controlling financial risks, liquidity risks, credit risks and tax planning, etc., responsible for the company's relevant financial risk management assessment and implementation of response strategies unit.
4. Legal Affairs Department: Responsible for legal risk management, review various contracts and provide internal legal advice, handle legal disputes and litigation to reduce legal risks.
5. Information Department: Responsible for information security risk assessment of systems, networks, computers, mainframes and related peripheral equipment, and implementation of response measures.
6. Human Resources Department: Responsible for assisting each unit in the risk assessment and response of the human resources required to implement the operational goals, and to promote the human resources policy.

7. Business Department: Mainly responsible for the assessment of market risks and the implementation of response strategies, the promotion of the company's annual business goals and implementation plans, customer and order risk assessment and the implementation of sales control measures.
8. Research and Development Division: Mainly responsible for the risk assessment of product design, and research and development project plans and the implementation of response strategies.

(II) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. Affects to the company's Incomes or Losses:

Unit: NTD thousand

Item	2021 Consolidated Financial Statement	
	Amount	Percentage to the operating revenue
Net Interest income (expenditure)	54,440	0.49%
Net Foreign Exchange Gain (Loss)	33,662	0.31%

2. Future Response Measures:
   (1) Effect of change in the tax rate:
   The company's products are mainly exported, so the international dollar trend is closely related to the company's exchange gains and losses. The exchange gain in 2021 was NT$33,662 thousand, accounting for 0.31% of the revenue, which has no significant impact on the company. In addition, the company is effective to reduce the operational risk of exchange rate fluctuations, specific measures will be taken as follows:
   ①The company contacting banks regularly, collecting relevant information on international finance and exchange rate trends, in order to grasp exchange rate changes in a timely manner.
   ②Since the transactions of some raw materials and products are based on the same kind of foreign currency receipts and payments, this purchase and sale item will produce a mutual offset result, so that the impact of exchange rate changes will be reduced, and the effect of automatic hedging will be achieved.

③The company estimates that or after receiving the foreign exchange payment, the personnel of the finance department will consider the company’s capital needs and estimate the direction of future foreign exchange market changes, so as to consider and decide whether to hedge and compare risks through hedging derivatives and the favorable timing of exchange for the company.

(2) Interest and Inflation:

As the overall economic environment has prompted low interest rates in the money market, the company continues to focus on its business operations, and its financial operations are based on the principle of being conservative and prudent. Therefore, changes in interest rates and inflation have little impact on the company.

(III) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. The company’s main business scope as research, development, manufacturing and sales, the company has not involved in high risk investments and high leveraged investment.
2. There is no funding to the others by the Company.
3. The company and its subsidiaries handle guarantee transactions for customs clearance of goods in and out of the customs due to operational needs, and handle them in accordance with the "Operational Procedure of Loan Funding and Making Endorsement and Guarantee" enacted by the company.
4. The transactions of derivative financial products are all to avoid the risk of foreign currency assets and liabilities exchange rate changes, and are handled in accordance with the "Procedures for Acquisition or Disposal of assets" enacted by the company.

(IV) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

For the research and development, please refer to the description of business content under Five. Operation Overview, and the plans are executed according to the schedule.

(V) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The company has always paid close attention to and grasped any policies and laws that may affect the company's operations, and coordinated adjustments to the company's internal related systems to meet the requirements of the laws and regulations.

(VI) Effect of changes in technology (including information and communication security risks) and industrial changes on the company's financial operations and countermeasures:

The Company studies the definition and quality requirements for our confidential information (or important information), the degree of informatization, the reliability of the information system used, and the degree of outsourcing of information operations, and evaluates the information and communication security inspection required as per the scope of the Company’s environment, frequency, and items as the basis for selection of information and communication security inspection and control models. The results of the implementation of the security inspection work of information and communication are reviewed by the audit unit and submitted to the company's regular meeting by signing opinions and establishing a tracking improvement mechanism to continuously track the improvements.

(VII) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: None.

(VIII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(IX) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.

(X) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: None.

(XI) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(XII) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XIII) The company and company directors, supervisors, president, substantive persons in charge, major shareholders with more than 10% shareholding, and affiliated companies have been determined by judgment or are still in a major litigation, non-litigation or administrative litigation events, the results of which may have a significant impact on shareholder benefits and interest or securities prices, the facts in dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the handling conditions as of the publication date of the annual report:

1. The Company and its subsidiary Quanta Storage America, Inc. received the European Union Court's first-instance judgment on Antitrust Legal Suit and the Decision of the fine with 7,146 thousand Euro in October 2017. The Company has estimated relevant losses and provisions for compensation. At the same time, the Company and its subsidiary Quanta Storage America, Inc. have appealed to the European Union Court.
2. The Company and its subsidiary Quanta Storage America, Inc. filed an expert witness fee arbitration case with the American Arbitration Association (American Arbitration Association) by the plaintiff FTI Consulting, Inc. The result of the arbitration was made on October 15, 2018, and it was determined that the Company and its subsidiary Quanta Storage America, Inc were required to pay US$625 thousand. According to the nature of this case, the arbitration result still needs to be confirmed and recognized by the arbitration claimant to the U.S. judicial authority by applying for a judgment. The both parties signed a settlement agreement on May 18, 2021, and the court notified that the case was closed. A settlement has been paid and is recognized in other gains or losses.
3. Subsidiary Techman Electronics (Thailand) Co., Ltd and the outsourced human resources company received a notice of contract disputes arising from human agency in May, 2020. The claimed amount of contract disputes was 6,229 thousand baht. The subsidiary Techman Electronics (Thailand) Co., Ltd has appointed an external lawyer to handle this case.
4. To prepare for the establishment of the Company's group headquarters, the Company and related party, Quanta Computer Inc. (hereinafter referred to as "Quanta"), signed a real estate purchase/sales contract on October 19, 2021 for the property at No. 4, Wenming 1st Street, Guishan District, Taoyuan City, and completed the registration and acquired the ownership of the property on November 10, 2021. However, the above-mentioned property were still occupied by Quanta's original tenants, Beautiful Card Corporation and Valid Card

Manufacturing Taiwan Limited, without a legitimate right after the Company has completed the registration and change of ownership. The Company has appointed an attorney to file a lawsuit for return of ownership and damages to the court on December 9, 2021.

According to the nature of the case, the amount of possible losses and whether it is significant, the progress of the case, and the opinions of professional consultants, the consolidated company will evaluate the reasonableness of the recognized expenses during each financial reporting period, and make necessary adjustments in a manner deemed appropriate by the company, but the final amount will still be determined after the relevant case is concluded. The consolidated company wants to actively defend the aforementioned unreconciled or ongoing litigation cases. However, due to the unpredictable nature of legal cases, it is currently unable to accurately estimate possible losses (if any). The consolidated company cannot rule out its inability to win in all relevant cases or The possibility of settlement, the suspension of fines, the amount of judgment or the settlement of related cases may have a material adverse effect on the business, operations or prospects of the consolidated company.

(XIV) Other important risks, and mitigation measures being or to be taken: None.

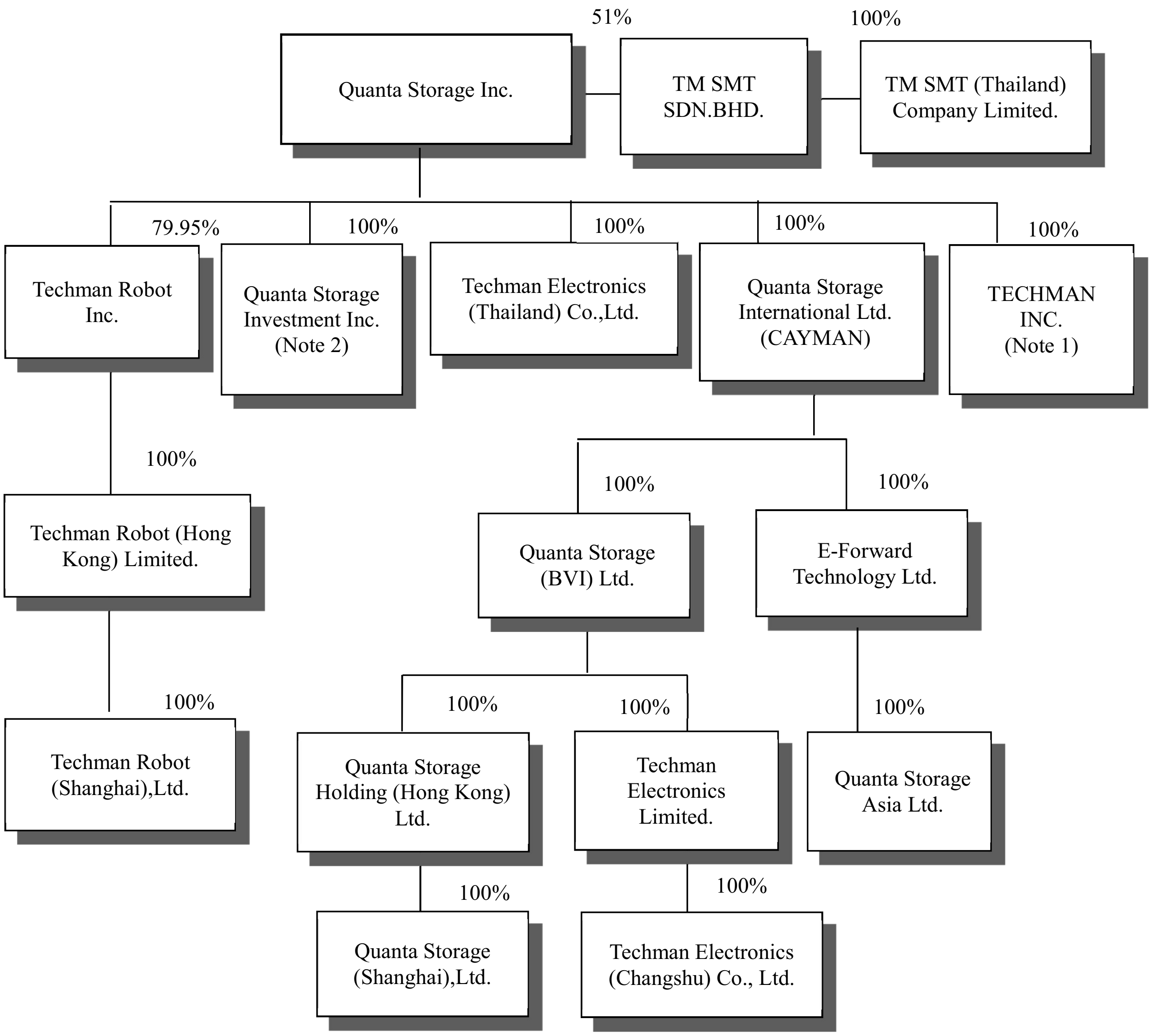
VII. Other Important Matters: None.

Eight. Special Disclosure

I. Relevant Information on Affiliates

(I) Consolidated Business Report of the Affiliates Enterprise

1. Organizational Chart of the Affiliates Enterprise



Note 1: Techman Inc. completed the process of dissolution and liquidation on July 30, 2021.

2: Quanta Storage Investment Inc. completed the process of dissolution and liquidation on August 18, 2021.

2. Basic Information of each affiliates enterprise

Unit: NT$ Thousand

Name of the Enterprise	Date of Establishment	Address	Paid-in Capital	Main business or production items
Quanta Storage International Ltd. (Cayman)	2001.07	P.O.Box 31119 Grand Pavilion, Hibiscus Way,802 West Bay Road, Grand Cayman,KY1-1205,Cayman Islands	USD62,320	Investment
Quanta Storage (BVI) Ltd.	2001.07	QMC Chambers, Wickhams Cay 1,Road Town, Tortola, British Virgin Islands	USD48,520	Investment
Quanta Storage (Shanghai),Ltd. (QSS)	2001.11	No. 6, Alley 66, Sanzhuang Road, Songjiang Export Processing Zone, Shanghai	USD30,000	Manufacturing and sales of computer peripheral storage devices and related components
Techman Electronics (Changshu) Co., Ltd.(Techman)	2009.01	No. 66 Dalian Rd., High-tech Industrial Park, Changshu Economic Development Zone, Jiangsu Province	USD8,000	Manufacturing and sales of computer peripheral storage devices and related components
Quanta Storage Holding(Hong Kong)Ltd.(QHH)	2007.11	Room 1501, No.15, Capital Centre, No.151 Gloucester Rd., Wan Chai, Hong Kong	USD37,699	Investment
Techman Electronics Limited. (QIH)	2007.11	Room 1501, No.15, Capital Centre, No.151 Gloucester Rd., Wan Chai, Hong Kong	USD17,787	Investment
E-Forward Technology Ltd. (E-Forward)	2000.08	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia Samoa	USD1,000	Manufacturing and sales of computer peripheral storage devices and related components
Quanta Storage Asia Ltd.(QSA)	2003.05	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia Samoa	USD1,000	Sales and maintenance services of computer peripheral storage devices and related components
Techman Robot Inc. (TRI)	2015.09	Relocated to 5F, No. 58-2, Huaya 2nd Road, Guishan District, Taoyuan City	NTD900,000	Manufacturing and sales of industrial collaborative robots and related components
Techman Electronics (Thailand) Co.,Ltd. (TMT)	2017.06	40/10-12,40/28 Moo 5, Rojana Industrial Park,Tambol U-Thai, Amphur U-Thai, Ayudhaya Province 13210	THB1,600,000	Manufacturing and sales of computer peripheral storage devices and related components
Techman Robot (Hong Kong) Limited.(TRH)	2019.04	Room 1501, No.15, Capital Centre, No.151 Gloucester Rd., Wan Chai, Hong Kong	USD4,000	Investment
Techman Robot (Shanghai),Ltd. (TRS)	2019.04	Room 402-1, Building 6, No. 1158, Zhongxin Road, Jiuting Town, Songjiang District, Shanghai	USD4,000	Maintenance and sales of industrial collaborative robots and related components
TM SMT SDN.BHD. (JVM)	2019.05	1-10-7 SUNTECH@PENANG CYBERCITY LINTANG MAYANG PASIR 3 11950 BAYAN BARU PULAU PINANG MALAYSIA	MYR4,000	Sales of computer peripheral storage devices and related components
TM SMT (Thailand) Company Limited. (JVMT)	2020.08	No,196,Mu 10,304 Industrial Park, Tha Tum Sub-district, Si Maha Pho District, Prachin Buri Province.	THB 5,000	Sales of computer peripheral storage devices and related components

3. Information of Shareholders in common for companies presumed to have a relationship of control and subordination: None.

4. The industries covered by the business operated by the affiliates and description of the mutual dealings and division of work among such affiliates

Industries	Name of Affiliated Enterprise	description of the mutual dealings and division of work among such affiliates
Holding company	Quanta Storage International Ltd.（CAYMAN）	Investment Holding
	Quanta Storage (BVI) Ltd.	Investment Holding
	Quanta Storage Holding (Hong Kong) Ltd.	Investment Holding
	Techman Electronics Limited.	Investment Holding
	Techman Robot (Hong Kong) Limited.	Investment Holding
Electronic Products Manufacturing	Quanta Storage (Shanghai),Ltd.	Manufacturing and Sale
	Techman Electronics (Changshu) Co., Ltd.	Manufacturing and Sale
	Techman Robot Inc.	Manufacturing and Sale
	Techman Electronics (Thailand) Co.,Ltd.	Manufacturing and Sale
Electronic Products Trading and Sales	Quanta Storage Asia Ltd.	Trade purchases and sales
	E-Forward Technology Ltd.	Trade purchases and sales
	Techman Robot (Shanghai),Ltd.	Trade purchases and sales
	TM SMT SDN.BHD.	Trade purchases and sales
	TM SMT (Thailand) Company Limited.	Trade purchases and sales

5. The names of the directors, supervisors, and president of each affiliate

Unit: Thousand Shares

Name of the Enterprise	Position	Name or Representatives	Shareholding	
			Shares	Shares Ratio
Quanta Storage International Ltd.	Director	Quanta Storage Inc. Representatives: HO, SHI-CHI	-	100%
Quanta Storage (BVI) Ltd.	Director	QSI (CAYMAN) Representative: HO, SHI-CHI	-	100%
Quanta Storage Holding (Hong Kong) Ltd.	Director	QSL(BVI) Representatives: HO, SHI-CHI	-	100%
Techman Electronics Limited.	Director	QSL(BVI) Representatives: HO, SHI-CHI	-	100%
Quanta Storage (Shanghai),Ltd.	Director	QHH Representatives: C.T. Huang/HO, SHI-CHI/ CHANG, CHIA-FENG	-	100%
Techman Electronics (Changshu) Co., Ltd.	Director	QIH Representatives: HO, SHI-CHI/ CHANG, CHIA-FENG	-	100%
E-Forward Technology Ltd.	Director	QSI (CAYMAN) Representative: HO, SHI-CHI	-	100%
Quanta Storage Asia Ltd.	Director	E-Forward Representatives: HO, SHI-CHI	-	100%
Techman Robot Inc.	Director	Quanta Storage Inc. Representatives: HO, SHI-CHI / CHANG, CHIA-FENG/ CHEN, SHANG-HAO/ HUANG, SHIH-JUNG/ CHANG, CHUN-HUI	71,957	79.95%
	Supervisor	LEE, CHIH-JEN/ CHEN, MEI-CHUAN	108	0.12%
Techman Electronics (Thailand)Co.,Ltd.	Director	Quanta Storage Inc. Representatives: HO, SHI-CHI/ CHANG, CHIA-FENG/ LEE,CHIH-JEN	16,000	100%
Techman Robot (Hong Kong) Limited.	Director	Techman Robot Inc. Representatives: HO, SHI-CHI	-	100%
Techman Robot (Shanghai),Ltd.	Director	Techman Robot Inc. Representatives: HO, SHI-CHI/ CHANG, CHIA-FENG / CHEN,SHANG-HAO	-	100%
	Supervisor	Techman Robot Inc. Representatives: William.Wang		
TM SMT SDN.BHD.	Director	Quanta Storage Inc. Representatives: CHANG, CHIA-FENG / LEE,CHIH-JEN	-	51%
TM SMT (Thailand) Company Limited.	Director	JVM Representatives: CHANG, CHIA-FENG / LEE,CHIH-JEN	-	51%

6. The overview of the operations of the affiliates

Unit: NTD thousand

Overview of Operations / Name of the Enterprise	Capital	Total assets	Total liabilities	Value	Operating revenue	Operating profit	Current profit and loss (After-Tax)	Basic earnings per share (NT$) (After-Tax)
Quanta Storage International Ltd.	2,292,458	4,262,166	0	4,262,166	0	(307)	(58,908)	Not applicable.
Quanta Storage (BVI) Ltd.	1,619,834	3,985,490	105,147	3,880,343	0	(131)	(84,189)	Not applicable.
Quanta Storage (Shanghai),Ltd.	830,400	3,859,839	1,079,975	2,779,864	3,350,610	(7,667)	24,612	Not applicable.
Techman Electronics (Changshu) Co., Ltd.	498,240	1,194,492	4,423	1,190,069	807	(76,368)	(56,373)	Not applicable.
Quanta Storage Holding (Hong Kong) Ltd.	1.043,500	2,788,414	0	2,788,414	0	(264)	24,365	Not applicable.
Techman Electronics Limited.	769,138	1,192,220	0	1,192,220	0	(143)	(56,515)	Not applicable.
E-Forward Technology Ltd.	166,080	371,868	0	371,868	0	(38)	25,570	Not applicable.
Quanta Storage Asia Ltd.	166,080	445,793	93,654	352,139	1,819,935	23,158	25,568	Not applicable.
Quanta Storage Investment Inc.	0	0	0	0	0	0	163	Not applicable.
Techman Robot Inc.	800,000	1,492,368	576,058	916,310	1,213,199	34,209	54,081	Not applicable.
Techman Electronics (Thailand)Co.,Ltd.	1,446,975	3,256,906	1,777,740	1,479,166	4,188,286	79,880	100,893	Not applicable.
TECHMAN INC.	0	0	0	0	0	0	99	Not applicable.
Techman Robot (Hong Kong) Limited.	120,943	32,184	0	32,184	0	0	(21,172)	Not applicable.
Techman Robot (Shanghai),Ltd.	110,720	101,730	69,546	32,184	189,011	(23,997)	(21,172)	Not applicable.
TM SMT SDN.BHD.	29,831	142,887	111,457	31,431	11,326	5,357	4,197	Not applicable.
TM SMT (Thailand) Company Limited.	4,550	4,061	14	4,047	0	(23)	(22)	Not applicable.

(II) Consolidated financial statements of Affiliates Enterprise:

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year 2021 (starting from January 1, 2021 to December 31, 2021) are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 endorsed by the FSC "Consolidated Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

(III) Independent Auditors’ Review Opinion on Affiliation Reports

Independent Auditors’ Review Opinion on Affiliation Reports

Quanta Storage Inc.

The Auditors have reviewed the 2021 Quanta Storage Inc. Affiliation Reports in accordance with the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan No. Financial-Securities-Six 04448 letter issued on November 30, 1999. Our work is to express an opinion on the 2021 Affiliation Report of Quanta Storage Inc., whether which was prepared in accordance with the regulation of “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and not significantly in consistent with the notes for the financial statement for the same period audited on February 25, 2022.

In our opinion, we did not find any violation of the regulation of “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and significantly inconsistent with the notes for the financial statements for the same period in the above Affiliated Report.

KPMG Certified Public Accountants

Certified Public Accountants:
WU,TSAO-JEN
LIEN,SHU-LING

February 25, 2022

REPRESENTATION LETTER

The company’s 2021 Affiliated Report is prepared under the regulation of “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, and there is no significantly inconsistent with the notes for the financial statements for the same period in the above Affiliated Report.

Hereby declare,

Name of the Company: Quanta Storage Inc.

Chairperson: HO, SHI-CHI

February 25, 2022

I. The Relationship between the Subordinate Company and the Controlling Company

Name of Controlling Company	Reason of Controlling	Details of Shareholding and Pledges of the Controlling Company			Any controlling company appointees engaged as managerial officers of the subordinate company	
		No. of shares held	Shares Ratio	Shares on Pledge	Position	Name
Quanta Computer Inc.	1. Evaluate under the equity method 2. Proportion of director seats	82,881,664	29.77%	None	Director Director Director	Alan Tsai C.T. Huang Elton Yang

II. Transactions of Purchase (Sale) of Goods:

Unit: NT$ Thousand

Transactions Between the Controlling Company				Transaction Terms and Conditions Between the Controlling Company		Ordinary Transaction Terms and Condition		Reasons in Differences	Note/Accounts Receivable (Payable)		Accounts Receivable Past due			Remarks
Purchase/Sale	Amount	Percentage to the Total Purchases (Sales)	Gross margin	Unit Price (NT$)	Payment Terms	Unit Price (NT$)	Payment Terms		Balance	Percentage to Total Note/Accounts Receivable (Payable)	Amount	Actions Taken	allowance for non-performing loans	
Purchase	-	-	-	-	90 Days	-	90 Days	None	-	-	-	-	-	
(Sales)	-	-	-	-	"	-	"	"	-	-	-	-	-	

III. Transaction Details of Properties:

Unit: NT$ Thousand

Type of Transactions (Acquisition or Disposal)	Name of the Property	transaction date or date of factual occurrence	Transaction Amount	terms of delivery or payment	details of the receipt/payment of the transaction price	Losses and gains on disposal of property	Reasons for selecting the controlling company as the transaction counterpart	Information on the last preceding transfer (Note 2)				Method by which the transaction was decided upon and reference basis upon which the price was determined (Note 3)	Reference basis for price determination	The specific purpose of the acquisition or disposal and the usage status of the object of the transaction	Other special stipulations
								Owners of the Property	Relationship with the Company	Date of Transfer	Amount				
Acquisition	Land and buildings	2021.10.19	480,000	As per the terms of the sale/purchase agreement	80% of the payment was paid	-	In alignment with the group's overall operational plan.	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Board of Directors	Price is determined as per the appraisal report	Construction of the headquarters building and a R&D center	Note 4

Note 1: Those who acquired property are exempt from listing

Note 2: (1) Those who acquire property should list the original information obtained by the controlling company; those who dispose of property should list the original information obtained by the subsidiary company.

(2) The "Relationship with the company" column should indicate the relationship between the owner and the subsidiary company and the relationship with the controlling company.

(3) If the counterparty of the previous transfer transaction is a related party, the related party's previous transfer data should be listed in the same column.

Note 3: The decision level of the transaction should be stated

Note 4: Where the original lessees, Beautiful Card Corporation and Valid Card Manufacturing Taiwan Limited, failed to return the subject matter of the contract to the Company within one year after the real estate purchase/sales contract was signed on October 19, 2021, the buyer and the seller may agree to rescind the real estate purchase/sales contract, and the buyer and the seller are obliged to restore the original state after rescission.

IV. Situations on Financing: None

Unit: NT$ Thousand

Transaction Type (funds lent or borrowed)	Maximum Balance	Ending balance	Interest Rate	Total Interest for the Current Period	Financing Period	Reason for the Financing	Collateral Obtained(Provided)		Method by which the transaction was decided upon	Allowance Set Aside For Bad Debt
							Name	Amount		
-	-	-	-	-	-	-	-	-	-	-

V. Condition on Assets Leasing:

Unit: NT$ Thousand

Type of Transaction (rental or lease)	Subject Matter		Lease term	Nature of Leasing	Method by the leasing price was determined	Method of Collection (Payment)	Comparison with Ordinary Leasing Price Levels	Total Leasing Price for the Current Period	Collection or Payment Status for the Current Period	Other special stipulations
	Name	Location								
Lease	Office	Hougang St., Shilin Dist.	2019.01.01~ 2021.04.12	Operating lease	Agreed by Both Parties	Monthly Payment	-	$40	The payment was fully paid	None
Lease	Office	Guishan District, Taoyuan City	2019.01.01~ 2021.10.29	Operating lease	Agreed by Both Parties	Monthly Payment	-	$6,536	The payment was fully paid	None

VI. Conditions on Endorsements and Guarantees: None

Unit: NT$ Thousand

Maximum Balance	Ending balance		Reasons of Endorsements or Guarantees	Terms and conditions or dates for rescinding the endorsement or guarantee			obligation or withdrawing the collateral	Contingency loss amounts stated in the financial statements	Whether endorsement or guarantee operations breach applicable operational rules
	Amount	Percentage of the net value of financial statements		Name	Amount	Value			
-	-	-	-	-	-	-	-	-	-

II. **Carry out of a private placement of securities during the most recent fiscal year** or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary: N/A.

III. **The Company's Shares Held or Disposed of by the Subsidiaries in the Last Year and As of the Publication Date of the Annual Report:** None.

IV. **Other Necessary Supplementary Disclosure:** None.

Nine. Any situations which might materially affect shareholders' equity or the price of the Company's securities during the most recent year or during the current year up to the date of printing of the annual report: No any such conditions of the Situations Listed in Subparagraph 2, Paragraph 2 , Article 36 of the Securities and Exchange Act, which might materially Affect Shareholders' Equity or the Price of the Company's Securities, has occurred During the Most Recent Fiscal Year or During the Current Fiscal Year Up to the Date of Publication of the Annual Report.