TRANSCEND INFORMATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR21000372

To the Board of Directors and Shareholders of Transcend Information, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Transcend Information, Inc. and its subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of 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 at 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Refer to Notes 4(13), 5(2) and 6(5) to the consolidated financial statements for the information on the Group's inventory accounting policy, estimates and assumptions and allowance for inventory valuation losses.

The percentage of the Group's inventories to total assets is material and the Group applies judgements and estimates in determining the net realizable value of inventories at the balance sheet date. The Group mainly produces DRAM and flash memory. As these products have a short life cycle and belong to a highly competitive industry, the market prices change frequently. Since the Group's inventories and the allowance for inventory valuation losses are material to the financial statements, the valuation of inventories has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding of the Group's operations and industry. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.

B. Obtained an understanding of the Group's inventory control procedures. Reviewed annual inventory count plan and observed the annual physical count of inventory in order to assess the effectiveness of internal controls over inventory.

C. Obtained relevant evaluation reports of inventory and tested the logic and accuracy of information to assess the reasonableness of allowance for inventory valuation losses.

Estimation of allowance for sales discount

Description

In consideration of business volume, the Group provides a variety of business incentives to specific customers or products, and based on that, the Group can estimate the allowance for sales discount monthly. Refer to Notes 4(25) and 6(4) to the consolidated financial statements for the information on the estimation of allowance for sales discount.

Since the contracts are numerous and the result could affect the net revenue in the consolidated financial statements, the estimation of allowance for sales discount has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding of the Group's operations, industry and the procedures to recognize allowance for sales discount.

B. Obtained an understanding of the Group's sales procedures and interviewed management to assess the appropriateness of sales allowance contracts and internal control over estimation of allowance.

C. Obtained the evaluation list of allowance for sales discount, and tested material sales allowance contracts and recalculated it to assess the reasonableness of allowance determined by the Group.

Other matter –Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Transcend Information, Inc. as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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, including 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 generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

A. 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.

B. 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.

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

D. 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.

E. 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.

F. Obtain sufficient 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.

Lin, Chun-Yao Chen, Chin-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
Current Assets					
Cash and cash equivalents	6(1)	$ 2,018,106	9	$ 736,852	4
Financial assets at fair value through profit or loss - current	6(2)	1,506,595	7	3,510,998	17
Current financial assets at amortised cost, net	6(3)	5,567,177	25	5,659,889	27
Notes receivable, net	6(4)	2,499	-	759	-
Accounts receivable, net	6(4)	1,622,484	7	1,434,454	7
Other receivables		108,850	-	71,351	-
Inventories, net	6(5)	5,774,825	26	3,190,466	15
Non-current assets held for sale, net	6(6)	159,976	1	-	-
Other current assets		13,445	-	10,495	-
Total Current Assets		16,773,957	75	14,615,264	70
Non-current Assets					
Non-current financial assets at fair value through profit or loss	6(2)	111,599	-	744,922	4
Non-current financial assets at fair value through other comprehensive income	6(7)	629,576	3	111,000	1
Investments accounted for using equity method	6(8)	148,514	1	95,724	-
Property, plant and equipment, net	6(9) and 8	1,942,013	9	2,282,324	11
Right-of-use assets	6(10) and 7	124,054	-	187,079	1
Investment property, net	6(12)	2,602,088	12	2,612,426	13
Deferred tax assets	6(24)	47,355	-	41,472	-
Other non-current assets	6(13)	59,345	-	47,411	-
Total Non-current Assets		5,664,544	25	6,122,358	30
Total Assets		$ 22,438,501	100	$ 20,737,622	100

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
Current Liabilities					
Accounts payable		$ 1,364,835	6	$ 1,134,266	6
Accounts payable - related parties	7	52,241	-	37,416	-
Other payables		286,168	1	246,635	1
Current tax liabilities		592,886	3	295,381	2
Current lease liabilities	7	16,917	-	51,010	-
Other current liabilities		88,606	1	73,046	-
Total Current Liabilities		2,401,653	11	1,837,754	9
Non-current Liabilities					
Deferred tax liabilities	6(24)	128,784	1	139,700	1
Non-current lease liabilities	7	26,033	-	34,705	-
Other non-current liabilities	6(14)	47,196	-	53,437	-
Total Non-current Liabilities		202,013	1	227,842	1
Total Liabilities		2,603,666	12	2,065,596	10
Equity Attributable to Owners of Parent					
Share capital	6(15)				
Common stock		4,290,617	19	4,290,617	21
Capital surplus	6(16)				
Capital surplus		3,730,914	16	3,945,369	19
Retained earnings	6(17)				
Legal reserve		4,803,503	21	4,683,878	22
Special reserve		117,244	1	130,902	1
Unappropriated retained earnings		7,083,072	32	5,738,504	28
Other equity interest	6(18)				
Other equity interest		(190,515)	(1)	(117,244)	(1)
Total Equity		19,834,835	88	18,672,026	90
Significant contingent liabilities and unrecognized contract commitments	9				
Significant events after the balance sheet date	11				
Total Liabilities and Equity		$ 22,438,501	100	$ 20,737,622	100

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars, except for earnings per share amount)

		Year ended December 31			
		2021		2020	
Items	Notes	AMOUNT	%	AMOUNT	%
Operating Revenue	6(19) and 7	$ 14,314,815	100	$ 11,446,696	100
Operating Costs	6(5)(23) and 7	(10,139,129)	(71)	(8,976,600)	(78)
Gross Profit		4,175,686	29	2,470,096	22
Operating Expenses	6(23)				
Sales and marketing expenses		(765,171)	(5)	(692,592)	(6)
Administrative expenses		(366,696)	(3)	(431,320)	(4)
Research and development expenses		(151,458)	(1)	(133,355)	(1)
Impairment loss determined in accordance with IFRS 9	6(4)	(567)	-	(893)	-
Total operating expenses		(1,283,892)	(9)	(1,258,160)	(11)
Operating Profit		2,891,794	20	1,211,936	11
Non-operating Income and Expenses					
Interest income	6(20)	79,117	1	73,952	1
Other income	6(21)	37,253	-	38,721	-
Other gains and losses	6(22)	69,148	1	163,899	1
Net gain from derecognizing financial assets measured at amortised cost	6(3)	-	-	17,210	-
Finance costs	6(10)	(1,248)	-	(2,038)	-
Share of profit (loss) of associates and joint ventures accounted for using the equity method	6(8)	52,590	-	(1,299)	-
Total non-operating income and expenses		236,860	2	290,445	2
Profit before Income Tax		3,128,654	22	1,502,381	13
Income tax expense	6(24)	(595,360)	(4)	(304,646)	(2)
Profit for the Year		$ 2,533,294	18	$ 1,197,735	11
Other Comprehensive Income (Loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
Gains (losses) on remeasurements of defined benefit plans	6(14)	$ 2,344	-	($ 1,072)	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	6(7)(18)	11,826	-	(3,164)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		200	-	(411)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements	6(18)	(95,365)	(1)	21,027	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(18)(24)	19,072	-	(4,205)	-
Other Comprehensive (Loss) Income for the Year		($ 61,923)	(1)	$ 12,175	-
Total Comprehensive Income		$ 2,471,371	17	$ 1,209,910	11
Net profit attributable to:					
Owners of parent		$ 2,533,294	18	$ 1,197,735	11
Comprehensive income attributable to:					
Owners of parent		$ 2,471,371	17	$ 1,209,910	11
Earnings Per Share (in dollars)	6(25)				
Basic earnings per share		$	5.90	$	2.79
Diluted earnings per share		$	5.90	$	2.79

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars)

		Equity attributable to owners of the parent										
			Capital Reserves			Retained Earnings			Other Equity Interest			
	Notes	Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
Year ended December 31, 2020												
Balance at January 1, 2020		$ 4,307,617	$ 4,307,541	$ 4,185	$ 35,128	$ 4,510,981	$ 61,572	$ 6,427,300	($ 138,461)	$ 7,559	($ 116,574)	$ 19,406,848
Net income for the year		-	-	-	-	-	-	1,197,735	-	-	-	1,197,735
Other comprehensive income (loss)	6(7)(18)	-	-	-	-	-	-	(1,483)	16,822	(3,164)	-	12,175
Total comprehensive income (loss)		-	-	-	-	-	-	1,196,252	16,822	(3,164)	-	1,209,910
Appropriations and distribution of 2019 earnings	6(17)											
Legal reserve		-	-	-	-	172,897	-	(172,897)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,544,622)	-	-	-	(1,544,622)
Special reserve		-	-	-	-	-	69,330	(69,330)	-	-	-	-
Cash payment from capital surplus	6(17)	-	(386,156)	-	-	-	-	-	-	-	-	(386,156)
Expired unclaimed dividends recognized as capital surplus		-	-	93	-	-	-	-	-	-	-	93
Purchase of treasury stock	6(15)	-	-	-	-	-	-	-	-	-	(14,047)	(14,047)
Cancellation of treasury stock	6(15)	(17,000)	(15,422)	-	-	-	-	(98,199)	-	-	130,621	-
Balance at December 31, 2020		$ 4,290,617	$ 3,905,963	$ 4,278	$ 35,128	$ 4,683,878	$ 130,902	$ 5,738,504	($ 121,639)	$ 4,395	$ -	$ 18,672,026
Year ended December 31, 2021												
Balance at January 1, 2021		$ 4,290,617	$ 3,905,963	$ 4,278	$ 35,128	$ 4,683,878	$ 130,902	$ 5,738,504	($ 121,639)	$ 4,395	$ -	$ 18,672,026
Net income for the year		-	-	-	-	-	-	2,533,294	-	-	-	2,533,294
Other comprehensive income (loss)	6(7)(18)	-	-	-	-	-	-	2,544	(76,293)	11,826	-	(61,923)
Total comprehensive income (loss)		-	-	-	-	-	-	2,535,838	(76,293)	11,826	-	2,471,371
Appropriations and distribution of 2020 earnings	6(17)											
Legal reserve		-	-	-	-	119,625	-	(119,625)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,094,107)	-	-	-	(1,094,107)
Reversal of special reserve		-	-	-	-	-	(13,658)	13,658	-	-	-	-
Cash payment from capital surplus	6(17)	-	(214,531)	-	-	-	-	-	-	-	-	(214,531)
Net gain on disposal of financial assets at fair value through other comprehensive income	6(7)(18)	-	-	-	-	-	-	8,804	-	(8,804)	-	-
Expired unclaimed dividends recognized as capital surplus		-	-	76	-	-	-	-	-	-	-	76
Balance at December 31, 2021		$ 4,290,617	$ 3,691,432	$ 4,354	$ 35,128	$ 4,803,503	$ 117,244	$ 7,083,072	($ 197,932)	$ 7,417	$ -	$ 19,834,835

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 3,128,654	$ 1,502,381
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(22)	(84,872)	(147,742)
Share of profit or loss of associates and joint ventures accounted for using the equity method	6(8)	(52,590)	1,299
Expected credit loss	6(4)	567	893
(Gain) loss on disposal of property, plant and equipment	6(22)	(12)	2,098
Depreciation	6(23)	253,806	257,272
Interest income	6(20)	(79,117)	(73,952)
Interest expense	6(10)	1,248	2,038
Dividend income	6(7)(22)	(6,787)	(3,834)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		2,012,362	(916,025)
Notes receivable		(1,740)	2,295
Accounts receivable		(188,555)	43,310
Accounts receivable - related parties		-	8
Other receivables		(41,547)	43,684
Inventories		(2,584,359)	(1,127,807)
Other current assets		(2,950)	7,478
Changes in operating liabilities			
Accounts payable		230,569	128,916
Accounts payable - related parties		14,825	(15,412)
Other payables		39,533	(20,481)
Other current liabilities		15,560	57,735
Other non-current liabilities		(3,897)	(819)
Cash inflow (outflow) generated from operations		2,650,698	(256,665)
Dividends received		6,787	3,834
Interest received		83,165	82,994
Income tax paid		(295,582)	(78,570)
Net cash flows from (used in) operating activities		2,445,068	(248,407)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of non-current financial assets at fair value through profit or loss		841,021	-
Acquisition of non-current financial assets at fair value through profit or loss		(130,785)	(611,063)
Proceeds from disposal of financial assets at amortised cost		2,619,758	6,287,094
Acquisition of financial assets at amortised cost		(2,530,400)	(3,884,624)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(7)	54,426	-
Acquisition of non-current financial assets at fair value through other comprehensive income		(561,176)	-
Proceeds from disposal of property, plant and equipment		20	-
Acquisition of property, plant and equipment	6(9)	(15,334)	(29,700)
Acquisition of investment property	6(12)	(2,409)	(1,082)
(Increase) decrease in other non-current financial assets		(11,934)	3,783
Net cash flows from investing activities		263,187	1,764,408
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid (including cash payment from capital surplus)	6(17)	(1,308,638)	(1,930,778)
Repayment of lease liabilities		(56,105)	(54,459)
Expired unclaimed dividends recognized as capital surplus		76	93
Purchase of treasury stock		-	(37,371)
Net cash flows used in financing activities		(1,364,667)	(2,022,515)
Effect of exchange rate changes		(62,334)	9,959
Net increase (decrease) in cash and cash equivalents		1,281,254	(496,555)
Cash and cash equivalents at beginning of year		736,852	1,233,407
Cash and cash equivalents at end of year		$ 2,018,106	$ 736,852

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan Dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Transcend Information, Inc. (the "Company") was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1989. The main activities of the Company and its subsidiaries (collectively referred herein as the "Group") are manufacturing, processing and sales of computer software and hardware, peripheral equipment and other computer components. The Securities and Futures Commission of the Republic of China had approved the Company's shares to be listed on the Taiwan Stock Exchange and the shares started trading on May 3, 2001.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 3, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

(a) Financial assets at fair value through profit or loss.

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

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.

B. The preparation of financial statements in conformity with requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed 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.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of Investor	Name of Subsidiary	Main Business Activities	December 31, 2021	December 31, 2020	Description
Transcend Taiwan	Saffire Investment Ltd. (Saffire)	Investment holdings	100	100	
	Transcend Japan Inc. (Transcend Japan)	Wholesale and import of computer memory modules and peripheral products	100	100	
	Transcend Information Inc. (Transcend USA)	Wholesale and import of computer memory modules and peripheral products	100	100	
	Transcend Korea Inc. (Transcend Korea)	Wholesale and import of computer memory modules and peripheral products	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2021	Ownership (%) December 31, 2020	Description
Saffire Investment Ltd.	Memhiro Pte. Ltd. (Memhiro)	Investment holdings	100	100	
Memhiro Pte. Ltd.	Transcend Information Europe B.V. (Transcend Europe)	Wholesale and import of computer memory modules and peripheral products	100	100	
	Transcend Information Trading GmbH (Transcend Germany)	Wholesale and import of computer memory modules and peripheral products	100	100	
	Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings	100	100	
	Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components	100	100	
	Transcend Information (Hong Kong), Ltd. (Transcend Hong Kong)	Wholesale and import of computer memory modules and peripheral products	100	100	

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustment for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within‘other gains and losses’.

B. Translation of foreign operations

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

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

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

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

(5) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) <u>Cash equivalents</u>

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(8) <u>Financial assets at fair value through other comprehensive income</u>

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting. (Irrevocable election is separately classified, and needs to be disclosed when there is various election).

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

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

(9) Financial assets at amortised cost

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

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

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

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

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

(10) Accounts and notes receivable

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

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

(11) Financial assets impairment

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

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on actual operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(15) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

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

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

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

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

Buildings and structures	8 ~ 50 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	3 ~ 5 years
Office equipment and others	2 ~ 5 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 55 years.

(19) Impairment of non-financial assets

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

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Income tax

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

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

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

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

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(23) Share capital

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

B. Where the Company repurchases the Company’s shares that have been issued, the consideration paid, excluding any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders.

(24) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells computer software and hardware, computer peripheral equipment, and computer component products. When the right of control is transferred to the customer, sales revenue is recognized. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales revenue is recognized based on contract price, net of sales returns, volume discounts and estimated sales discounts. The goods are often sold with volume discounts based on aggregate sales over a one-month period. Sales discounts and allowances are estimated and provided for based on customer contracts, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date and recognized as allowance for sales discounts. No element of financing is deemed present as the sales are made with a credit term of 30-60 days after monthly billing, which is consistent with market practice.

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

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairmen of the Board of Directors that makes strategic decisions.

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

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

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

Investment property

The Group uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own use portion accounts for an insignificant portion of the property.

(2) Critical accounting estimates and assumptions

Valuation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. The valuation of inventories is based on recent market price and demand of products in the future specific period, thus there might be significant changes in the valuation.

As of December 31, 2021, the carrying amount of inventories was $5,774,825.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and petty cash	$ 217	$ 844
Checking accounts and demand deposits	1,931,009	736,008
Time deposits	86,880	-
	$ 2,018,106	$ 736,852

A. The aforementioned time deposits pertain to high liquidity investments with maturity within three months.

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

C. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 1,501,948	$ 3,501,229
Valuation adjustments	4,647	9,769
	$ 1,506,595	$ 3,510,998
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 100,976	$ 611,063
Valuation adjustments	10,623	133,859
	$ 111,599	$ 744,922

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 84,375	$ 145,108
Financial products	497	859
Non-hedging derivatives	-	1,775
	$ 84,872	$ 147,742

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Current items:		
Time deposits with original maturity of more than three months	$ 5,567,177	$ 5,659,889

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

	Years ended December 31,	
	2021	2020
Interest income	$ 24,813	$ 65,622
Gain on disposal	-	17,210
	$ 24,813	$ 82,832

B. The Group has no financial assets at amortised cost pledged to others as collateral.

C. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of debt instruments on December 31, 2021 and 2020, and considered guarantee for repurchase agreement held by the Group to estimate expected credit loss. The Group does not expect material credit loss after assessment.

D. The Group transacts time deposits with reputable domestic and foreign banks. The Group's counterparties have good credit quality, and the impairment loss is assessed using a 12-month expected credit loss approach.

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 2,499	$ 759
Accounts receivable	$ 1,623,284	$ 1,438,764
Less: Loss allowance	(800)	(4,310)
	$ 1,622,484	$ 1,434,454

A. As of December 31, 2021 and 2020, the estimated sales discounts and allowances were $63,361 and $93,140, respectively. Since the sales discounts and allowances met the requirements for offset of financial liabilities and financial assets, the net amounts were shown under accounts receivable.

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

	December 31, 2021	
	Accounts receivable	Notes receivable
Not past due	$ 1,347,477	$ 2,499
Up to 30 days	258,288	-
31 to 90 days	11,418	-
91 to 180 days	406	-
Over 180 days	5,695	-
	$ 1,623,284	$ 2,499

	December 31, 2020	
	Accounts receivable	Notes receivable
Not past due	$ 1,177,490	$ 759
Up to 30 days	237,151	-
31 to 90 days	8,835	-
91 to 180 days	406	-
Over 180 days	14,882	-
	$ 1,438,764	$ 759

The above ageing analysis was based on past due date.

C. The Group has credit insurance that covers accounts receivable from major customers. Should bad debts occur, the Group will receive 90% of the losses resulting from non-payment.

D. As of December 31, 2021 and 2020, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2020, the balance of notes receivable and accounts receivable from contracts with customers amounted to $1,487,056.

E. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were $2,499 and $759, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were $1,622,484 and $1,434,454, respectively.

F. The Group classifies customers' accounts receivable in accordance with the credit rating of the customer. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.

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

H. The Group used forecastability, historical and timely information to assess the loss rate of accounts receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

	Not past due	1-180 days past due	Over 180 days past due	Total
December 31, 2021				
Expected loss rate	0.002%~0.496%	0.015%~36%	25%~100%	
Total book value	$ 1,347,477	$ 270,112	$ 5,695	$ 1,623,284

	Not past due	1-180 days past due	Over 180 days past due	Total
December 31, 2020				
Expected loss rate	0.003%~0.386%	0.018%~41%	25%~100%	
Total book value	$ 1,177,490	$ 246,392	$ 14,882	$ 1,438,764

I. The balance of allowance for loss and movements are as follows:

	2021	
	Accounts receivable	Notes receivable
At January 1	$ 4,310	$ -
Provision for impairment	567	-
Write-offs	(903)	-
Reclassified to overdue receivables	(3,132)	-
Effect of exchange rate changes	(42)	-
At December 31	$ 800	$ -

	2020	
	Accounts receivable	Notes receivable
At January 1	$ 5,471	$ -
Provision for impairment	893	-
Write-offs	(616)	-
Reclassified to overdue receivables	(178)	-
Reclassified to other income	(1,134)	-
Effect of exchange rate changes	(126)	-
At December 31	$ 4,310	$ -

J. The Group does not hold any collateral as security.

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 4,555,175	($ 48,311)	$ 4,506,864
Work in progress	604,979	(438)	604,541
Finished goods	667,191	(3,771)	663,420
	$ 5,827,345	($ 52,520)	$ 5,774,825

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,161,744	($ 28,593)	$ 2,133,151
Work in progress	487,023	(1,023)	486,000
Finished goods	576,861	(5,546)	571,315
	$ 3,225,628	($ 35,162)	$ 3,190,466

A. The cost of inventories recognized as expense for the year:

	Years ended December 31,			
	2021		2020	
Cost of goods sold	$	10,121,771	$	8,970,221
Loss on decline in market value of inventory		17,358		6,379
	$	10,139,129	$	8,976,600

B. No inventories were pledged to others.

(6) Non-current assets held for sale

	December 31, 2021		December 31, 2020	
Buildings and structures held for sale	$	143,596	$	-
Right-of-use assets held for sale - land		16,380		-
	$	159,976	$	-

A. On November 26, 2021, the Board of Directors of the Group’s overseas second-tier subsidiary, Transcend Information (Shanghai), Ltd., resolved to sell its buildings in response to the land expropriation and the related assets were transferred to non-current assets held for sale. Refer to Note 11 for related transactions.

B. The carrying amount of non-current assets held for sale was lower than the fair value less costs to sell based on the assessment. Thus, no impairment has occurred.

(7) Non-current financial assets at fair value through other comprehensive income

Items	December 31, 2021		December 31, 2020	
Non-current items:				
Equity instruments				
Listed stocks	$	621,034	$	105,480
Others		1,125		1,125
		622,159		106,605
Valuation adjustments		7,417		4,395
	$	629,576	$	111,000

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $629,576 and $111,000 as at December 31, 2021 and 2020, respectively.

B. For the year ended December 31, 2021, the Group disposed equity investments whose fair value was $54,426, and the cumulative gain on disposal was transferred to retained earnings in the amount of $8,804. There was no such transaction for the year ended December 31, 2020.

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

	Years ended December 31, 2021	Years ended December 31, 2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income (loss)	$ 11,826	($ 3,164)
Cumulative gain reclassified to retained earnings due to derecognition	$ 8,804	$ -
Dividend income recognized in profit or loss		
Held at end of year	$ 6,787	$ 3,834
Derecognized during the year	-	-
	$ 6,787	$ 3,834

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(8) Investments accounted for using equity method

Investee Company	December 31, 2021	December 31, 2020
Taiwan IC Packaging Corp.	$ 148,514	$ 95,724

A. The basic information of the associate that is material to the Group is as follows:

Associate name	Principal place of business	Shareholding ratio December 31, 2021	Shareholding ratio December 31, 2020	Nature of relationship	Method of measurement
Taiwan IC Packaging Corp.	Taiwan	12.52%	12.74%	Note	Equity method

Note: Taiwan IC Packaging Corp. is engaged in IC packaging and testing and is the upstream supplier in the IT and semiconductor industries. In order to reach synergy of vertical integration, Taiwan IC Packaging Corp. processes the raw materials provided by the Group into relevant semi-finished goods.

B. The Group held a 12.52% equity interest in Taiwan IC Packaging Corp., and is the company's largest single shareholder. However, the Group does not hold the majority of the voting power during the shareholders' meeting of Taiwan IC Packaging Corp. and the Group has no seat in the Board of Directors of Taiwan IC Packaging Corp., which indicate that the Group has no control ability to direct the relevant activities of Taiwan IC Packaging Corp. In addition, the Company's chairman is the same with Taiwan IC Packaging Corp.; hence, the Group has significant influence over Taiwan IC Packaging Corp.

C. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	Taiwan IC Packaging Corp.	
	December 31, 2021	December 31, 2020
Current assets	$ 1,408,762	$ 942,507
Non-current assets	1,219,160	1,224,429
Current liabilities	(374,580)	(327,211)
Non-current liabilities	(83,523)	(85,765)
Total net assets	$ 2,169,819	$ 1,753,960
Share in associate's net assets	$ 271,661	$ 223,480
Net equity differences	(123,147)	(127,756)
	$ 148,514	$ 95,724

Statement of comprehensive income

	Taiwan IC Packaging Corp.	
	Years ended December 31,	
	2021	2020
Revenue	$ 1,944,950	$ 1,210,125
Gain (loss) for the year from continuing operations	$ 411,645	($ 11,040)
Total comprehensive income (loss)	$ 409,917	($ 9,466)
Dividends received from associates	$ -	$ -

D. Share of profit (loss) of associates accounted for using the equity method is as follows:

	Years ended December 31,	
Investee Company	2021	2020
Taiwan IC Packaging Corp.	$ 52,590	($ 1,299)

E. The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was $446,724 and $239,053 as of December 31, 2021 and 2020, respectively.

(9) Property, plant and equipment

	2021						
	Land	Buildings and structures	Machinery	Vehicles	Office equipment	Others	Total
At January 1							
Cost	$ 725,983	$ 2,601,967	$ 418,357	$ 26,892	$ 28,116	$ 52,518	$ 3,853,833
Accumulated depreciation	-	(1,257,196)	(243,085)	(12,767)	(21,134)	(37,327)	(1,571,509)
	$ 725,983	$ 1,344,771	$ 175,272	$ 14,125	$ 6,982	$ 15,191	$ 2,282,324
Opening net book amount as at January 1	$ 725,983	$ 1,344,771	$ 175,272	$ 14,125	$ 6,982	$ 15,191	$ 2,282,324
Additions (including transfers)	-	500	2,710	1,216	7,731	3,177	15,334
Disposals	-	-	-	-	(8)	-	(8)
Transfers to non-current assets held for sale	-	(143,596)	-	-	-	-	(143,596)
Depreciation charge	-	(106,069)	(63,254)	(4,328)	(3,490)	(6,085)	(183,226)
Net exchange differences	(13,847)	(14,457)	(57)	(69)	(364)	(21)	(28,815)
Closing net book amount as at December 31	$ 712,136	$ 1,081,149	$ 114,671	$ 10,944	$ 10,851	$ 12,262	$ 1,942,013
At December 31							
Cost	$ 712,136	$ 2,227,274	$ 383,459	$ 27,859	$ 32,077	$ 48,096	$ 3,430,901
Accumulated depreciation	-	(1,146,125)	(268,788)	(16,915)	(21,226)	(35,834)	(1,488,888)
	$ 712,136	$ 1,081,149	$ 114,671	$ 10,944	$ 10,851	$ 12,262	$ 1,942,013

	2020						
	Land	Buildings and structures	Machinery	Vehicles	Office equipment	Others	Total
At January 1							
Cost	$ 727,072	$ 2,582,168	$ 479,560	$ 25,696	$ 30,700	$ 58,042	$ 3,903,238
Accumulated depreciation	-	(1,144,423)	(245,826)	(8,675)	(23,730)	(42,430)	(1,465,084)
	$ 727,072	$ 1,437,745	$ 233,734	$ 17,021	$ 6,970	$ 15,612	$ 2,438,154
Opening net book amount as at January 1	$ 727,072	$ 1,437,745	$ 233,734	$ 17,021	$ 6,970	$ 15,612	$ 2,438,154
Additions (including transfers)	-	5,830	13,616	1,348	2,396	6,510	29,700
Disposals	-	-	(2,098)	-	-	-	(2,098)
Depreciation charge	-	(105,764)	(69,921)	(4,197)	(2,464)	(6,968)	(189,314)
Net exchange differences	(1,089)	6,960	(59)	(47)	80	37	5,882
Closing net book amount as at December 31	$ 725,983	$ 1,344,771	$ 175,272	$ 14,125	$ 6,982	$ 15,191	$ 2,282,324
At December 31							
Cost	$ 725,983	$ 2,601,967	$ 418,357	$ 26,892	$ 28,116	$ 52,518	$ 3,853,833
Accumulated depreciation	-	(1,257,196)	(243,085)	(12,767)	(21,134)	(37,327)	(1,571,509)
	$ 725,983	$ 1,344,771	$ 175,272	$ 14,125	$ 6,982	$ 15,191	$ 2,282,324

A. The relevant assets of the Group recognized as property, plant and equipment are all for self-use.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements-lessee

A. The Group leases various assets including land, buildings, and business vehicles. Rental contracts are typically made for periods of 1 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	$ 82,013	$ 138,189
Buildings	41,158	47,034
Transportation equipment (business vehicles)	883	1,856
	$ 124,054	$ 187,079

	Years ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 39,117	$ 39,080
Buildings	18,238	16,045
Transportation equipment (business vehicles)	845	726
	$ 58,200	$ 55,851

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $15,494 and $1,200, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,248	$ 2,038
Expense on short-term lease contracts	8,534	11,514
Expense on leases of low-value assets	1,455	1,510

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were $66,094 and $67,483, respectively.

F. On November 26, 2021, the Board of Directors of the Group's overseas second-tier subsidiary, Transcend Information (Shanghai), Ltd., approved a resolution on land expropriation. Refer to Note 6(6) for details of right-of-use assets transferred to non-current assets held for sale, and Note 11 for related transactions.

(11) Leasing arrangements-lessor

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. For the years ended December 31, 2021 and 2020, the Group recognized rent income in the amount of $37,253 and $38,721, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2021		December 31, 2020
2022	$ 38,925	2021	$ 23,725
2023	26,757	2022	3,900
2024	16,806	2023	400
2025	9,406	2024	-
2026	9,406	2025	-
	$ 101,300		$ 28,025

(12) Investment property

	2021		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 2,268,726	$ 459,716	$ 2,728,442
Accumulated depreciation	-	(116,016)	(116,016)
	$ 2,268,726	$ 343,700	$ 2,612,426
Opening net book amount as at January 1	$ 2,268,726	$ 343,700	$ 2,612,426
Additions (including transfers)	-	2,409	2,409
Depreciation charge	-	(12,380)	(12,380)
Net exchange differences	-	(367)	(367)
Closing net book amount as at December 31	$ 2,268,726	$ 333,362	$ 2,602,088
At December 31			
Cost	$ 2,268,726	$ 461,381	$ 2,730,107
Accumulated depreciation	-	(128,019)	(128,019)
	$ 2,268,726	$ 333,362	$ 2,602,088

	2020		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 2,268,726	$ 446,392	$ 2,715,118
Accumulated depreciation	-	(104,826)	(104,826)
	$ 2,268,726	$ 341,566	$ 2,610,292
Opening net book amount as at January 1	$ 2,268,726	$ 341,566	$ 2,610,292
Additions (including transfers)	-	13,498	13,498
Depreciation charge	-	(12,107)	(12,107)
Net exchange differences	-	743	743
Closing net book amount as at December 31	$ 2,268,726	$ 343,700	$ 2,612,426
At December 31			
Cost	$ 2,268,726	$ 459,716	$ 2,728,442
Accumulated depreciation	-	(116,016)	(116,016)
	$ 2,268,726	$ 343,700	$ 2,612,426

A. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2021	2020
Rental income from investment property	$ 37,253	$ 38,721
Direct operating expenses arising from investment property that generated rental income	$ 11,679	$ 11,399
Direct operating expenses arising from investment property that did not generate rental income	$ 701	$ 708

B. The fair value of the investment property held by the Group was $5,702,362 and $5,380,484 as of December 31, 2021 and 2020, respectively, which was based on the transaction prices of similar properties in the same area.

C. No investment property was pledged to others.

(13) Other non-current assets

	December 31, 2021	December 31, 2020
Guarantee deposits paid	$ 31,414	$ 32,823
Prepayment for business facilities	12,416	-
Others	15,515	14,588
	$ 59,345	$ 47,411

(14) Pensions

A. Defined benefit plan

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

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 38,857	$ 43,239
Fair value of plan assets	(25,454)	(26,678)
Net defined benefit liability	$ 13,403	$ 16,561

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	$ 43,239	($ 26,678)	$ 16,561
Current service cost	608	-	608
Interest expense (income)	151	(96)	55
	43,998	(26,774)	17,224
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(369)	(369)
Change in demographic assumptions	1,941	-	1,941
Change in financial assumptions	(1,836)	-	(1,836)
Experience adjustments	(2,080)	-	(2,080)
	(1,975)	(369)	(2,344)
Pension fund contribution	-	(1,477)	(1,477)
Paid pension	(3,166)	3,166	-
Balance at December 31	$ 38,857	($ 25,454)	$ 13,403

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
Balance at January 1	$ 40,765	($ 24,411)	$ 16,354
Current service cost	431	-	431
Interest expense (income)	326	(200)	126
	41,522	(24,611)	16,911
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(802)	(802)
Change in demographic assumptions	105	-	105
Change in financial assumptions	527	-	527
Experience adjustments	1,242	-	1,242
	1,874	(802)	1,072
Pension fund contribution	-	(1,422)	(1,422)
Paid pension	(157)	157	-
Balance at December 31	$ 43,239	($ 26,678)	$ 16,561

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

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

	Years ended December 31,	
	2021	2020
Discount rate	0.750%	0.350%
Future salary increases	1.625%	1.625%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 1,158)	$ 1,208	$ 1,170	($ 1,127)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 1,306)	$ 1,364	$ 1,315	($ 1,267)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to $1,474.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 12.4 years.

B. Defined contribution plans

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

(b) Transcend Shanghai, Transtech Shanghai and Transcend Hong Kong have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages, ranging from 12.5% to 20%. Other than the monthly contributions, the Group has no further obligations.

(c) Transcend Japan, Transcend Korea, Transcend USA, Transcend Europe and Transcend Germany have defined contribution plans. Monthly contributions are based on a certain percentage of employees’ monthly salaries and wages and are recognized as pension costs accordingly. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were $41,055 and $41,061, respectively.

(15) Share capital

A. As of December 31, 2021, the Company’s authorized capital was $5,000,000, consisting of 500 million shares of ordinary stock (including 25 million shares reserved for employee stock options), and the paid-in capital was $4,290,617 with par value of $10 per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares (shares in thousands) outstanding are as follows:

	2021	2020
At January 1	429,062	429,248
Purchase of treasury shares (retired)	-	(186)
At December 31	429,062	429,062

B. Treasury shares

(a) To enhance the Company's credit rating and stockholders' equity, on November 7, 2019, the Board of Directors resolved to repurchase and retire 3 million ordinary shares. The repurchase period is from November 8, 2019 to January 7, 2020, and the price ranged between $49 and $97 (in dollars) per share. The details are as follows:

Name of company holding the shares	Reason for reacquisition	Numbers of shares (in thousands)	Carrying amount
The Company	Enhance the Company's credit rating and stockholders' equity	1,700	$ 130,621

On March 5, 2020, the Board of Directors during its meeting resolved to retire treasury shares for capital reduction with the effective date set on March 31, 2020. The registration was completed on April 15, 2020.

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(16) Capital surplus

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

(17) Retained earnings

A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Company shall also set aside special reserve in accordance with the regulations. On the premise that there is no effect on the Company's normal operations and no violation of regulations, the Company shall reserve certain amount for maintaining stability of dividends. The remainder, if any, is the distributable earnings to be appropriated as resolved by stockholders at the stockholders' meeting. The Board of Directors is authorized by the shareholders to resolve the appropriation of cash dividends and cash payment from capital surplus by a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, which will then be reported to the shareholders.

B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of stockholders. Cash dividends shall account for at least 5% of the total dividends distributed.

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

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

E. (a) The cash appropriation of earnings and cash payment from capital surplus for the years ended December 31, 2020 and 2019 have been resolved at the shareholders' meeting on August 26, 2021 and June 19, 2020, respectively. Details are summarized below:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 119,625		$ 172,897	
(Reversal of) special reserve	(13,658)		69,330	
Cash dividends	1,094,107	$ 2.55	1,544,622	$ 3.60
	$ 1,200,074		$ 1,786,849	

	Amount	Cash payment per share (in dollars)	Amount	Cash payment per share (in dollars)
Cash payment from capital surplus	$ 214,531	$ 0.50	$ 386,156	$ 0.90

Actual distribution of retained earnings for 2020 and 2019 was in agreement with the amounts resolved at the stockholders' meeting.

(b) The appropriations of earnings and capital surplus for the year ended December 31, 2021 as proposed by the Board of Directors on March 3, 2022 are as follows:

	Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 254,464	
Special reserve	73,270	
Cash dividends	2,231,121	$ 5.20
Total	$ 2,558,855	

	Amount	Cash dividends per share (in dollars)
Cash payment from capital surplus	$ 343,249	$ 0.80

Aforementioned proposal for the appropriations of 2021 earnings and capital surplus have not yet been resolved by the stockholders.

(18) Other equity items

	2021		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	$ 4,395	($ 121,639)	($ 117,244)
Revaluation - gross	11,826	-	11,826
Revaluation transferred to retained earnings - gross	(8,804)	-	(8,804)
Currency translation differences	-	(95,365)	(95,365)
Effect from income tax	-	19,072	19,072
At December 31	$ 7,417	($ 197,932)	($ 190,515)

	2020		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	$ 7,559	($ 138,461)	($ 130,902)
Revaluation - gross	(3,164)	-	(3,164)
Currency translation differences	-	21,027	21,027
Effect from income tax	-	(4,205)	(4,205)
At December 31	$ 4,395	($ 121,639)	($ 117,244)

(19) Operating revenue

	Years ended December 31,	
	2021	2020
Sales revenue	$ 14,314,815	$ 11,446,696

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

Year ended December 31, 2021	Electronic products					
	Taiwan	Asia	America	Europe	Others	Total
Revenue from external customer contracts	$ 3,400,049	$ 5,221,283	$ 1,759,042	$ 3,155,301	$ 779,140	$ 14,314,815

Year ended December 31, 2020	Electronic products					
	Taiwan	Asia	America	Europe	Others	Total
Revenue from external customer contracts	$ 2,521,695	$ 4,075,807	$ 1,163,131	$ 2,822,582	$ 863,481	$ 11,446,696

B. The delay of the Group's sales orders has a knock-on effect on the overall revenue due to Covid-19 in the first half of 2020. However, there is no significant impact to the scope and price of the service contracts as the Group negotiated with customers and continuously invests in the manufacture of products for the subsequent shipments.

C. Contract assets and liabilities

The Group has no revenue-related contract assets and liabilities.

(20) Interest income

	Years ended December 31, 2021	Years ended December 31, 2020
Interest income from bank deposits	$ 1,467	$ 3,114
Interest income from financial assets measured at amortised cost	24,813	65,622
Other interest income	52,837	5,216
	$ 79,117	$ 73,952

(21) Other income

	Years ended December 31, 2021	Years ended December 31, 2020
Rental income	$ 37,253	$ 38,721

(22) Other gains and losses

	Years ended December 31, 2021	Years ended December 31, 2020
Gain (loss) on disposal of property, plant and equipment	$ 12	($ 2,098)
Net currency exchange loss	(14,506)	(54,016)
Net gain on financial assets and liabilities at fair value through profit or loss	84,872	147,742
Dividend income	6,787	3,834
Royalty refund	-	62,738
Others	(8,017)	5,699
	$ 69,148	$ 163,899

(23) Expenses by nature

	Years ended December 31, 2021	Years ended December 31, 2020
Wages and salaries	$ 1,167,733	$ 1,104,801
Labor and health insurance fees	122,002	114,392
Pension costs	41,718	41,618
Other personnel expenses	53,910	53,914
Depreciation on property, plant and equipment (including investment property and right-of-use assets)	253,806	257,272

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 0.2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at $32,691 and $15,225, respectively; while directors' remuneration was accrued at $4,577 and $2,131, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 0.2% of distributable profit of current period for the year ended December 31, 2021. The employees' compensation and directors' remuneration resolved by the Board of Directors were $31,542 and $3,200, respectively, and the employees' compensation will be distributed in the form of cash.

The difference between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amounts recognized in the 2020 financial statements by $438 and $29, respectively, has been adjusted in profit or loss for 2021.

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

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2021	Years ended December 31, 2020
Current tax:		
Current tax on profits for the year	$ 603,473	$ 261,380
Prior year income tax (overestimation) underestimation	(10,386)	28,866
Total current tax	593,087	290,246
Deferred tax:		
Origination and reversal of temporary differences	2,273	14,400
Total deferred tax	2,273	14,400
Income tax expense	$ 595,360	$ 304,646

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

	Years ended December 31, 2021	Years ended December 31, 2020
Exchange differences on translation of foreign financial statements	($ 19,072)	$ 4,205

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2021	Years ended December 31, 2020
Income tax calculated by applying statutory rate to the profit before tax	$ 640,025	$ 296,358
Effects from tax exemption and items disallowed by tax regulation	(33,620)	(19,985)
Prior year income tax (overestimation) underestimation	(10,386)	28,866
Effect from investment tax credits	(659)	(593)
Income tax expense	$ 595,360	$ 304,646

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2021			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
Deferred income tax assets				
Amount of allowance for bad debts that exceed the limit for tax purpose	$ 2,282	($ 1,932)	$ -	$ 350
Pension provision amount in excess of appropriation amount	5,137	(163)	-	4,974
Royalty fees	4,342	(2,171)	-	2,171
Accrued hard drive recycling fees	-	1,794	-	1,794
Unused compensated absences	1,336	(171)	-	1,165
Unrealized sales discounts and allowances	16,108	(6,572)	-	9,536
Unrealized gross profit from sales	2,692	(540)	-	2,152
Unrealized loss on market value decline and obsolete and slow-moving inventories	7,092	3,470	-	10,562
Currency translation differences	-	-	11,065	11,065
Others	2,483	1,103	-	3,586
Total	$ 41,472	($ 5,182)	$ 11,065	$ 47,355

	2021			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
Deferred income tax liabilities				
Unrealized exchange gain	($ 2,774)	$ 1,845	$ -	($ 929)
Currency translation differences	(8,007)	-	8,007	-
Net gain on investment accounted for using equity method	(128,821)	1,059	-	(127,762)
Others	(98)	5	-	(93)
Total	($ 139,700)	$ 2,909	$ 8,007	($ 128,784)

	2020			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
Deferred income tax assets				
Amount of allowance for bad debts that exceed the limit for tax purpose	$ 2,740	($ 458)	$ -	$ 2,282
Unrealized exchange loss	30,166	(30,166)	-	-
Pension provision amount in excess of appropriation amount	5,310	(173)	-	5,137
Royalty fees	-	4,342	-	4,342
Unused compensated absences	2,025	(689)	-	1,336
Unrealized sales discounts and allowances	19,982	(3,874)	-	16,108
Unrealized gross profit from sales	6,138	(3,446)	-	2,692
Unrealized loss on market value decline and obsolete and slow-moving inventories	5,805	1,287	-	7,092
Others	3,693	(1,210)	-	2,483
Total	$ 75,859	($ 34,387)	$ -	$ 41,472
Deferred income tax liabilities				
Unrealized exchange gain	$ -	($ 2,774)	$ -	($ 2,774)
Currency translation differences	(3,802)	-	(4,205)	(8,007)
Net gain on investment accounted for using equity method	(151,574)	22,753	-	(128,821)
Others	(106)	8	-	(98)
Total	($ 155,482)	$ 19,987	($ 4,205)	($ 139,700)

D. The Company’s income tax returns through 2019 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	Year ended December 31, 2021		
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,533,294	429,062	$ 5.90
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,533,294	429,062	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	485	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,533,294	429,547	$ 5.90

	Year ended December 31, 2020		
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,197,735	429,064	$ 2.79
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,197,735	429,064	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	366	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,197,735	429,430	$ 2.79

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Taiwan IC Packaging Corporation	Associate accounted for using equity method
Won Chin Investment Inc. (Won Chin)	Other related party
Cheng Chuan Technology Development Inc. (Cheng Chuan)	Other related party

(2) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31,	
	2021	2020
Sales of goods		
Associates accounted for using the equity method	$ 1,393	$ 2,016

The sales prices charged to related parties are approximate to those charged to third parties. The credit term to Taiwan IC Packaging Corporation is 30 days after receipt of goods. The credit term to third parties is 30 to 60 days after monthly billings.

B. Purchases

	Years ended December 31,	
	2021	2020
Purchases of goods		
Associates accounted for using the equity method	$ 235,161	$ 231,335

The purchase prices charged by related parties are approximate to those charged by third parties. The payment term from Taiwan IC Packaging Corporation is 30 days after monthly billings. The payment term from third parties is 30 to 45 days after monthly billings.

C. Payables to related parties

	December 31, 2021	December 31, 2020
Accounts payable:		
Associates accounted for using equity method	$ 52,241	$ 37,416

The payables to related parties arise mainly from purchase transactions and are due 30 days after the date of purchase. The payables bear no interest.

D. Leasing arrangements - lessee

The Company signed a land lease contract with its related party, Won Chin and Cheng Chuan, to build a new plant on the leased land with a lease term of 3 years from June 12, 2019 to June 11, 2022. The annual rental payment is $37,058 (excluding tax), which was determined based on the average rent of land near the leased land shown in the appraisal report issued by Sinyi Real Estate Appraisers Firm. Rent was paid on the contract date and becomes payable on the same date each following year until the end of the lease. As of December 31, 2021 and 2020, the balance of related right-of-use assets amounted to $15,263 and $51,893 while lease liabilities amounted to $0 and $36,815, respectively.

(3) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other employee benefits	$ 44,300	$ 35,811

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged assets	December 31, 2021	December 31, 2020	Pledge purpose
Property, plant and equipment	$ 127,675	$ 148,671	Collateral for general credit limit granted by financial institutions

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of December 31, 2021, except for the provision of endorsements and guarantees mentioned in Note 13(1) B, there are no other significant commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) Information on distribution of 2021 earnings and cash dividends from capital surplus is provided in Note 6(17) E(b).

(2) To cooperate with the government's expropriation policy, the Group's second-tier subsidiary, Transcend Information (Shanghai), Ltd., entered into a compensation agreement with Shanghai Minhang Export Processing Zone Development Co., Ltd. on November 26, 2021 with respect to land use right and buildings for staff dormitory in Fengxian District, Shanghai (shown as non-

current assets held for sale of $159,976). The compensation amounted to RMB 125 million. As of March 3, 2022, 90% of the compensation has been collected, and the remaining 10% will be collected after the transfer is completed.

(3) On February 18, 2022, the Board of Directors of the Group's second-tier subsidiary, Transcend Information (Shanghai), Ltd., approved to sell land use right and factory buildings in Fengxian District, Shanghai to Shanghai Fengpu Construction Development Co., Ltd. The contract price is expected to be RMB 392 million.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders 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 amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's own funds are currently sufficient, daily operations can create stable cash inflows, and there are no significant capital expenditure plans in the short term. Except for obtaining loans to reduce the exchange rate exposure, the Group has sufficient funds to cover its own needs. Debt financing is not necessary.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 1,618,194	$ 4,255,920
Financial assets at fair value through other comprehensive income	629,576	111,000
Financial assets at amortised cost		
Cash and cash equivalents	2,018,106	736,852
Financial assets at amortised cost	5,567,177	5,659,889
Notes receivable	2,499	759
Accounts receivable (including related parties)	1,622,484	1,434,454
Other receivables	108,850	71,351
Refundable deposits	31,414	32,823
	$ 11,598,300	$ 12,303,048

	December 31, 2021	December 31, 2020
Financial liabilities		
Accounts payable (including related parties)	$ 1,417,076	$ 1,171,682
Other payables	286,168	246,635
	$ 1,703,244	$ 1,418,317
Lease liabilities	$ 42,950	$ 85,715

B. Financial risk management policies

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

	December 31, 2021			
	Foreign Currency	Foreign Currency Amount	Exchange rate	Book value
Financial assets	USD：NTD	$ 104,112	27.68	$ 2,881,820
	RMB：NTD	28,260	4.344	122,761
	EUR：NTD	1,492	31.32	46,729
	JPY：NTD	90,334	0.241	21,725
	GBD：EUR	1,887	1.1909	70,385
	USD：EUR	1,712	0.8838	47,388
Financial liabilities	USD：NTD	$ 41,900	27.68	$ 1,159,792

	December 31, 2020			
	Foreign Currency	Foreign Currency Amount	Exchange rate	Book value
Financial assets	USD：NTD	$ 24,579	28.48	$ 700,010
	EUR：NTD	3,551	35.02	124,356
	RMB：NTD	9,070	4.3770	39,699
	JPY：NTD	122,026	0.2763	33,716
	USD：EUR	4,859	0.8132	138,384
	USD：HKD	817	7.7539	23,268
	USD：JPY	395	103.0764	11,250
	GBP：EUR	972	1.1108	37,811
Financial liabilities	USD：NTD	$ 35,425	28.48	$ 1,008,904

The information on total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 is provided in Note 6(22).

Sensitivity analysis relating to foreign exchange rate risks is primarily for financial reporting period-end date of foreign currency monetary item. If the New Taiwan dollar exchange rate to the U.S. dollar increases or decreases by 1%, the Group's net income will decrease or increase by $17,220 and $3,089 for the years ended December 31, 2021 and 2020, respectively.

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss and other comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

ii. The Group's investments in listed and unlisted equity securities and financial instruments by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $16,182 and $42,559, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $6,296 and $1,110, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's principal interest-bearing assets are cash and cash equivalents and financial assets at amortised cost. Cash and cash equivalents are due within twelve months. Financial assets at amortised cost are maintained at fixed rates. Therefore, it is assessed that there is no significant cash flow interest rate risk.

ii. The Group has not used any financial instruments to hedge its interest rate risk.

(b) Credit risk

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

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

iii. The Group determines that the default occurs when the contract payments are past due over 180 days.

iv. The Group adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is low.

v. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. For details of credit risk in relation to accounts receivable and notes receivable, please refer to Note 6(4).

(c) Liquidity risk

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

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, monetary funds and financial instruments, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2021 and 2020, the Group held money market position of $9,091,878 and $9,907,739, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group's non-derivative financial liabilities are analysed based on the remaining period at the balance sheet date to the contractual maturity date and all the Group's financial liabilities expire within one year.

(3) <u>Fair value information</u>

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in non-hedging derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market, financial products and investment property is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(12).

C. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values.

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

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 1,618,194	$ -	$ -	$ 1,618,194
Financial assets at fair value through other comprehensive income	-	-	-	
Equity securities	628,451	-	1,125	629,576
	$ 2,246,645	$ -	$ 1,125	$ 2,247,770

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 4,255,920	$ -	$ -	$ 4,255,920
Financial assets at fair value through other comprehensive income				
Equity securities	109,875	-	1,125	111,000
	$ 4,365,795	$ -	$ 1,125	$ 4,366,920

E. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed stocks classified as financial assets at fair value through other comprehensive income and beneficiary certificates classified as financial assets at fair value through profit or loss.

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

G. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

H. The financial products purchased for the years ended December 31, 2021 and 2020 were categorised to Level 3.

I. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and frequently review the fair value.

J. The qualitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement is as follows: financial products are income investments, and the judgements of their valuation technique and significant unobservable inputs are based on the cash flow of individual contract.

(4) Other matter

Due to the strong demand in the industrial chain and the use of its products in diverse applications this year, the Group's orders from domestic and foreign customers were not impacted by the COVID-19 pandemic. The operation and production headquarters in Taiwan have activated the relevant contingency mechanisms, adopted high-standard COVID-19 preventive measures and monitored employees' health condition on a daily basis. Overall, in 2021, the pandemic had no significant impact on the Group's operations and financial performance and did not cause any suspension of work and production. Also, the Group has delivered good sales and profit performance.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

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

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: Please refer to table 3.

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

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

G. Purchases or sales of goods from or to relate parties reaching NT$100 million or 20% of the Company's paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chairman of the Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Years ended December 31,	
	2021	2020
Segment revenue	$ 14,314,815	$ 11,446,696
Segment income	$ 2,533,294	$ 1,197,735

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm’s length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

(4) Information on products and services

All external customer revenue comes from sale of electronic products. Please refer to Note 6(19)A for details.

(5) Geographical information

For details of geographical information of the Group’s revenue, please refer to Note 6(19)A. The information on the Group’s non-current assets is as follows:

	December 31, 2021	December 31, 2020
	Non-current assets	Non-current assets
Taiwan	$ 4,052,455	$ 4,185,560
Asia	726,026	812,348
America	64,566	78,320
Europe	44,429	53,012
Total	$ 4,887,476	$ 5,129,240

(6) Major customer information

None.

Transcend Information, Inc. and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2021 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements /guarantees provided (Note 7)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Transcend Taiwan	Transcend Japan Inc.	2	$ 3,966,967	$ 543,200 (JPY $2,000,000) (In thousands)	$ 481,000 (JPY $2,000,000) (In thousands)	$ -	-	2	$ 7,933,934	Y	-	-	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(a) The Company is ‘0’.

(b) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(a) Having business relationship

(b) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(c) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(d) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(e) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(f) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(g) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Not exceeding 20% of the Company’s net asset value. ($19,834,835*20%=$3,966,967)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of December 31, 2021 is JPY$2,000,000 (In thousands).

Note 5: The amount was approved by the Board of Directors.

Note 6: The actual amount of endorsement drawn down is $0.

Note 7: Not exceeding 40% of the Company’s net asset value.($19,834,835*40%=$7,933,934)

Note 8: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary.

Transcend Information, Inc. and Subsidiaries

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

December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2021 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Transcend Taiwan	Stocks							
	TrendForce Corporation	-	Non-current financial assets at fair value through other comprehensive income	60,816	$ 1,125	1	$ 1,125	-
	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	"	1,758,000	110,930	-	110,930	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	380,000	233,700	-	233,700	-
	ASUSTek Computer Inc.	-	"	410,000	154,160	-	154,160	-
	Fubon Financial Holding Co., Ltd.	-	"	1,067,016	81,413	-	81,413	-
	Cathay Financial Holding Co. Ltd.	-	"	200,000	12,500	-	12,500	-
	AU Optronics Corporation	-	"	200,000	4,580	-	4,580	-
	Innolux Corporation	-	"	200,000	3,920	-	3,920	-
	Formosa Plastics Corporation	-	"	262,000	27,248	-	27,248	-
					$ 629,576			
	Beneficiary certificates							
	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	110,142,508	$ 1,506,595	-	$ 1,506,595	-
	Yuanta Taiwan Top 50 ETF	-	Non-current financial assets at fair value through profit or loss	767,000	$ 111,599	-	$ 111,599	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments’.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Transcend Information, Inc. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2021		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2021	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain on disposal	Number of shares	Amount
Transcend Taiwan	Taishin 1699 Money Market Fund	Current financial assets at fair value through profit or loss	-	-	257,293,248	$ 3,501,229	109,792,580	$ 1,500,000	256,943,320	$ 3,511,865	$ 3,499,281	$ 12,584	110,142,508	$ 1,501,948
	Yuanta Taiwan High-yield Leading Company Fund B	Non-current financial assets at fair value through profit or loss	-	-	50,000,000	500,000	-	-	50,000,000	680,350	500,000	180,350	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Transcend Information, Inc. and Subsidiaries

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

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Transcend Taiwan	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	Sales	$ 1,196,974	9	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	$ 132,276	9	-
"	Transcend Japan Inc.	The Company's subsidiary	"	710,838	5	"	"	"	78,741	6	-
"	Transcend Information, Inc.	The Company's subsidiary	"	627,401	5	"	"	"	13,312	1	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	594,935	4	"	"	"	27,658	2	-
"	Transcend Korea Inc.	The Company's subsidiary	"	387,849	3	"	"	"	10,834	1	-
"	Transcend Information Trading GmbH	Subsidiary of Memhiro	"	378,089	3	"	"	"	7,563	1	-
"	Transcend Information (H.K) Ltd.	Subsidiary of Memhiro	"	298,392	2	"	"	"	5,346	-	-
Transcend Information Europe B.V.	Transcend Information Trading GmbH	Controlled by the same ultimate parent company	"	138,609	20	30 days after delivery	"	7 to 60 days after delivery to third parties	602	1	-
Transcend Taiwan	Taiwan IC Packaging Corporation	Associate accounted for using equity method	(Purchase)	(235,161)	(2)	30 days after monthly billings	"	30 to 45 days after monthly billings to third parties	(52,241)	(3)	-

Note 1: The Company's sales to subsidiaries were equivalent to subsidiaries' purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries' purchases from the Company.

Transcend Information, Inc. and Subsidiaries

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

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Transcend Taiwan	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	$ 132,276	7.87	$ -	-	$ 132,276	-
Transcend Information (Shanghai), Ltd.	Transcend Taiwan	Ultimate parent company	408,198	-	408,198	-	-	-

Transcend Information, Inc. and Subsidiaries

Significant inter-company transactions during the reporting year

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Transcend Taiwan	Transtech Trading (Shanghai) Co., Ltd.	1	Sales	$ 1,196,974	There is no significant difference in unit price from those to third parties.	8
"	"	Transcend Japan Inc.	"	"	710,838	"	5
"	"	Transcend Information, Inc.	"	"	627,401	"	4
"	"	Transcend Information Europe B.V.	"	"	594,935	"	4
"	"	Transcend Korea Inc.	"	"	387,849	"	3
"	"	Transcend Information Trading GmbH	"	"	378,089	"	3
"	"	Transcend Information (H.K) Ltd.	"	"	298,392	"	2
"	"	Transcend Information (Shanghai), Ltd.	"	Accounts Payable	(408,198)	120 days after monthly billings	(2)

(Individual transactions not exceeding 1% of the consolidated total revenue and total assets are not disclosed.)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(a) Parent company is "0".

(b) Subsidiaries were numbered from 1.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiaries.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Transcend Information, Inc. and Subsidiaries

Information on investees

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 1)	Footnote
Transcend Taiwan	Saffire Investment Ltd.	B.V.I.	Investment holdings	$ 1,202,418	$ 1,202,418	36,600,000	100	$ 1,496,302	($ 23,916)	($ 23,916)	Note 2
	Transcend Japan Inc.	Japan	Wholesale of computer memory modules and peripheral products	89,103	89,103	6,400	100	229,616	6,218	6,218	Note 2
	Transcend Information, Inc.	United States of America	Wholesale of computer memory modules and peripheral products	38,592	38,592	625,000	100	184,082	8,448	8,448	Note 2
	Transcend Korea Inc.	Korea	Wholesale of computer memory modules and peripheral products	6,132	6,132	40,000	100	55,861	3,942	3,942	Note 2
	Taiwan IC Packaging Corp.	Taiwan	Packaging of Semi-conductors	354,666	354,666	21,928,036	12.52	148,514	411,645	52,590	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investment holdings	1,156,920	1,156,920	55,132,000	100	1,463,177	(24,050)	(24,050)	Note 3
Memhiro Pte Ltd.	Transcend Information Europe B.V.	Netherlands	Wholesale of computer memory modules and peripheral products	1,693	1,693	100	100	220,732	8,813	8,813	Note 4
	Transcend Information Trading GmbH	Germany	Wholesale of computer memory modules and peripheral products	2,288	2,288	-	100	112,428	12,251	12,251	Note 4
	Transcend Information (H.K.) Ltd.	Hong Kong	Wholesale of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	29,868	4,924	4,924	Note 4

Note 1: The Company does not directly recognize the investment income (loss) except for the subsidiaries directly held.
Note 2: Subsidiary of the Company.
Note 3: Subsidiary of Saffire.
Note 4: Subsidiary of Memhiro.
Note 5: Please refer to Note 6 (8).

Transcend Information, Inc. and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income (loss) of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2021 (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Transcend Information (Shanghai), Ltd.	Manufacture and sales of computer memory modules, storage products and disks, and lease of self-owned buildings	$ 1,134,178	2	$ 1,134,178	-	-	$ 1,134,178	($ 74,909)	100	($ 74,909)	$ 1,048,836	$ 1,464,028	-
Transtech Trading (Shanghai) Co., Ltd.	Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components	16,310	2	16,310	-	-	16,310	9,550	100	9,550	46,360	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Transcend Information (Shanghai), Ltd.	$ 1,134,178	$ 1,134,178	$ -
Transtech Trading (Shanghai) Co., Ltd.	16,310	16,310	-
	$ 1,150,488	$ 1,150,488	$ 11,900,901

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

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

(2) Through investing in an existing company in the third area (Memhiro Pte Ltd.), which then invested in Mainland China.

(3) Others.

Note 2: The gain and loss on investment recognized for the year was based on the financial statements that were audited by R.O.C. parent company’s CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Transcend Information, Inc. and Subsidiaries

Major shareholders information

December 31, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Won Chin Investment Inc.	74,783,600	17.42
Wan An Technology Inc.	34,142,854	7.95
Cheng Chuan Technology Development Inc.	32,971,701	7.68
Wan Min Investment Inc.	29,726,397	6.92
Wan Chuan Investment Inc.	29,505,896	6.87