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Senao International Co., Ltd.

2021 Annual Report

This annual report is also available on http//mops.twse.com.tw
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Prepared by Senao International Co., Ltd.

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Spokesperson

Chien-Chi Liao/Chief Financial Officer
Tel:(02)2218-3588
E-mail: investor@senao.com.tw

Acting spokesperson

Kuan-Heng Lai/ Finance Department Manager
Tel:(02)2218-3588
E-mail: investor@senao.com.tw

Head Office

Address: 2F., No.531, Zhongzheng Rd., Xindian Dist., New Taipei City
Tel:(02)2218-3588

Shares Administration Agency

Stock Affairs Department, Taishin Securities Co., Limited
Address: B1F., No.96, Sec. 1, Jianguo N. Rd., Taipei City
Tel: (02) 2504-8125
https://stocktransfer.tssco.com.tw/index.action

Latest Financial Statement Auditors:

Name: Dien Sheng Chang, Denny Kuo
Accounting firm: Deloitte & Touche
Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City
Tel: (02) 2545-9988
http: //www.deloitte.com.tw

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

Contents

I. Message to Shareholders

Dear Shareholders:

In 2021, Senao International Co., Ltd. reported consolidated operating revenue of NT$31.039 billion, net income of NT$596 million, net profit attributable to owners of the parent of NT$597 million, and earnings per share of NT$2.31. In comparison to 2020, the operating revenue grew by 14.93% whereas the net income grew by 36.64%. Senao is primarily benefited from increasing unit price and demand for 5G mobile phone increased after the launch of 5G service in Taiwan. More tablets, notebooks, home appliances and peripherals are needed for remote working and teaching during the pandemic. As the result, the operating revenue and net income grow simultaneously, compared to last year.

The new 5G era came in 2021 under the second wave of COVID-19. Operators progressively expanded 5G infrastructure. The AIoT era finally came with the help of the high-speed 5G network. While the 5G infrastructure becomes more comprehensive gradually, Facebook, the largest social media in the world, announced that it will be renamed to Meta, setting off a wave of Metaverse. The Company expands product lines from communication products to information, home appliances and health care products, and promotes the new retail business model through four major diverse channels (retails, distribution, online and no-cost startup platform). The Company actively expands the application development of AIoT/Smart Home/Smart Office and plans for recruitment of “much much,” no-cost startup platform. Therefore, the Company can advance with the new 5G era and develop Senao's omnichannel ecological chain to give consumers a smarter, simpler, better life. Furthermore, Senao is planning to carry more health care and beauty products under the brands, “sakuyo” and projecting to introduce to external sales channels, in addition to its own channels, including E-commerce platform, department store counter and drugstore chain. Senao plans to expand sales, launch portfolios and provides the “Regular Purchase” service to create recurring purchases. We wish to brand Senao as an essential brand in customers’ everyday life.

Besides continuing to devote itself to core businesses, the Company never forgets to implement the corporate social responsibility and prepares its sustainability report every year. This report aims to explain Senao’s commitment and action taken for corporate social responsibility issues and sustainable environment to the public and all the stakeholders who pay attention to Senao. Through continuous contribution to society, provision of courses such as smart life and healthy life, filling of the gap of technological knowledge, and enhancement of the healthcare concept, Senao raises people's awareness on the land in their own hometown and the people and things around them, and further raise the awareness of the next generation on natural ecosystem, environment and humanity. Senao hopes to motivate people to love their hometown and ensure that the natural environment in Taiwan always grows strong.

The era of aging is coming. The Senao Technology Education Foundation initiated Intelligence Charity Plan - All-age Education Course. Free promotion seminars are held in all Senao branches in Taiwan to fill the digital gap for people. Through smart life and healthy life courses, it is hoped to close the gap of technological knowledge. With regard to caring for local culture and environmental sustainability, the Senao Technology Education Foundation has been organizing the "Home Discovery" events since 2002. These events include local culture web page design contest and e-book selection. It has organized and held the "Home Discovery documentary competition" since 2009. It shoots a documentary because it always cares about Taiwan. Based on this documentary, it uses phones and video recorders to capture special glimpses of life and affection flows in daily chat. People who live on this land learn about new things in this environment and build concepts of care for land.

In 2022, pandemic impact slowly decreases while COVID-19 vaccination gradually becomes popular. Economic growth is expecting and it is believed that this leads to recovery of the domestic consumption market. Senao will continue to place focus on operation of core businesses, deepen the relationship with Senao members, promote "sakuyo", a health brand of Senao, focus on hot sale products, connect all channels, initiate cross-industry alliance, develop business opportunities for application of AIoT peripherals such as Smart Home/Smart Office. The management team will continue to uphold the spirit of ethical operation, build omnichannel brands, and integrate corporate social responsibility to seek the greatest interest for shareholders. We would like to express our deep gratitude for all shareholders' continuous support.

Finally, we wish all shareholders

good health and success

Chairman Chin-Lin Lai

President Pao-Yung Lin

1. 2021 Operating Result

(1) Operating Result

Annual consolidated operating income reached NT$31.039 billion; profit before tax was NT$715 million; net income was NT$596 million; net income attributable to owners of parent was NT$597 million; earnings per share was NT$2.31.

(2) Profitability Analysis:

Profitability Analysis

Item \ Year	2021	2020
Return on Assets (%)	5.66	4.39
Return on Equity (%)	9.87	7.39
Net Profit Margin (%)	1.92	1.61
Earnings per Share (NT$)	2.31	1.69

Note: Amounts in the table are data from the consolidated financial statements of the Company and its subsidiaries.

(3) Research and Development:

In 2019, major manufacturers expected that 5G will be developed quickly in 2020 and the debut of 5G network was set to be in 2020. However, the current progress of 5G application around the world is slightly slower than expected. Currently 5G application still focuses on smartphone. There is not much 5G application service available. Extremely large bandwidth and extremely low latency are both required. There is no urgent demand for 5G mobile phone yet. Usually consumers would want to upgrade their phone after their 4G phone contract ends and only a certain number of consumers would wish to upgrade.

Besides. COVID-19 outbreak in 2020 casts an impact on 5G popularization. First of all, a disproportion arose between the deployment of 5G infrastructure and compatible mobile devices. Internet demand increases and drives the deployment of 5G infrastructure, thanks to remote working and teaching due to a quarantine policy. On the other hand, factories in some countries were forced to shut down due to pandemic lockdown. The price for mobile phone parts climbed due to shortage and the supply chain in assemblers was temporarily disrupted, leading to dropping supply of mobile phones due to economic shock induced by the quarantine policy. The public consumption pattern turned conservative. According to the survey made by a market research agency, the sales of smartphones in

Taiwan was about 5.48 million in 2021, 9.5% less than in 2020. The distribution of price range shows that, as smartphone consumers turned conservative in spending behaviors, the sales of flagship models slightly declined year-on-year, and a reverse effect was observed in the increased sales of mid-range phone.

The key to popularization of 5G communication technology is the launch of diverse application service. For instance, the demand for video entertainment quickly increased due to pandemic lockdown. VR and AR technologies became mature. Metaverse went viral. All these could be incentives for 5G service uptake. These application services will facilitate full upgrade of hardware specifications for communication products. Hardware specifications for communication products are enhanced along with the demand for 5G communication technology. In particular, the demand focuses on escalation of computing performance for 5G chip and CPU, enhancement of camera function, memory expansion, increase of screen-to-body ratio, and support for quick-charge technology. In addition to the trend of foldable phone emerged in 2019, numerous brands continue to launch foldable phones in 2021, e.g. Galaxy Z Fold3 and Z Flip3 5G. The price has reached the pricing sweet spot of flagship model, setting off lots of discussions. Price drop for foldable phone is expecting, thanks to technology maturation and scope expansion and it is likely to attract more consumers.

Development Trend of Smartphones:

1. In terms of operating system:
   - Google released the first developer preview of “Android 12” in February 2021, the first beta in May 2021, and the official version in October 2021. Given popularization of HEVC (High Efficiency Video Coding) hardware encoder on the mobile device, the file conversion function of compatible media will be provided by Android 12. The program that does not support HEVC can convert the file into compatible AVC automatically via the platform. This function pays more attention to privacy. Users can view the programs currently using microphone or camera from the phone condition field, close the function, or set precise or fuzzy location of program. Regarding all the privacy settings, the access to all programs can be managed from the new privacy dashboard. New functions and improvements of Android 12 include optimized foreground service, simplified gesture operation in the

immersive mode, and faster notice with more functions.

2. In terms of hardware specification:
   - Processor: 5G has become a necessity for flagship smartphones. In 2021, most of the processors of high-end phones are Snapdragon 888 Plus and Snapdragon 870. Release of Snapdragon 695, Snapdragon 480 Plus, Dimensity 810 and Dimensity 920 at the end of the year impacted the mid-range 5G phone market. More cheap 5G phones with unit price below ten thousand in NTD can be expected in 2022 and the price will become more accessible.

     As for the processor supplier, the annual shipment of MediaTek in 2021 exceeded Qualcomm for the first time. MediaTek became the head of the global phone chip industry. The global market share of phone chip of MediaTek is expected to reach 37% in 2022. Qualcomm only takes up 31% of the market share but it focuses on production of high-end chips; therefore, it still has the highest market revenue in the global smartphone AP market. Due to constrained production during pandemic, Qualcomm and MediaTek focus their resources on mid-range and high-end 5G chips, which have higher gross profit, to consolidate profit performance. The mid-range and low-end 4G processors are purchased from Unisoc instead, a Chinese IC design house, leading to soaring YOY shipment.
   - Monitor: All brands strive for smaller monitor frames and higher screen-to-body ratio for the past few years and pushed the limits. For better utilization of monitor space, foldable phone has been developed, which has a higher technical barrier. Samsung, the leader of Android phone, launched Galaxy Z in the second half year of 2021, showing that it is determined to lead the era of foldable phone. Major brands have been motivated by the success of Samsung foldable phone and have been proactively devoted to development of foldable technology.
   - Display: These years consumers start to care more about smooth scrolling. All flagship models gradually increase the monitor refresh rate from 60 Hz to 90 Hz and 120 Hz. The monitor refresh rate of iPhone Pro released in 2021 is 120Hz. That is how Apple fulfilled the expectation of Apple fans. This implies that 120Hz will be a standard for flagship models. The monitor refresh rate of some gaming phones such as Asus ROG even reaches 144Hz.

When playing HD dynamic videos or 3D heavy hitter games, there would be no afterimage and the image will be smoother. Therefore, users can enjoy a better video experience.

- Battery: The function of the phone becomes more powerful while the system has been upgraded to 5G. People nowadays are more attached to their phones. The battery capacity must be increased. Starting from 2021, 5000mAh capacity will be more popular. Flagship phones are no longer the only ones with 5000mAh. The capacity for most of the phones is 4000 - 5000mAh. Besides capacity, people focus more on quick charge technology, e.g. OPPO Super VOOC, which supports up to 125W. The battery can be charged to 41% in five minutes. Besides quick charge, flagship models are equipped with wireless charging and reverse charging functions, offering more options. For example, Galaxy Z, released by Samsung in 2021, supports wireless charging and wireless power sharing. Samsung wearables can be charged by phone, which is more convenient.
- 5G LTE: 5G telecom technology delivers high data speed, low latency, and massive network capacity. Through 5G technology, innovative applications have been developed, such as 4K/8K media, gaming, AR/VR, IoV, telemedicine, IoT, AI and cloud service. 5G spectrum license release in Taiwan was completed at the beginning of 2020. Chunghwa Telecom, Senao's parent company, acquired the largest bandwidth in 3.5GHz and 28GHz bands. 5G users reached 1.8 million and 5G base stations reached 12,000 by the end of 2021. Chunghwa Telecom has the most 5G base stations and 5G users in Taiwan.
- Camera: According to a consumer research conducted by Kantar Worldpanel, camera, screen and battery are the three major factors in smartphone purchase. Periscope lens, multiple optical zoom, and telephoto/ultra-wide camera become popular. Camera functions become more diverse, include options such as night mode, portrait mode, and dual-camera double-shot. Brands fall over each other to invest in development of camera system and the competition is still white hot. In 2021, people are starting to see a few flagship phones equipped with under display camera, such as Galaxy Z Fold3. Phone brands will continue to enhance AI algorithm to provide a precise camera algorithm. The market still believes that this technology will soon be adopted by more

models.In the future, there will be more 5G application scenarios. Further revolution of camera system of phone can be expected, such as AR and optimized sensing technology, posed a challenge on the function of traditional camera.

- Memory and capacity: The faster the network speed, the demand for larger phone memory increases. Most of 5G phones nowadays have 8GB of RAM. Flagship models even have 12GB and 16GB for more complicated needs. Despite that traffic and data soars in the 5G era, 8GB RAM is probably still enough nowadays. However, the usage of resident program increases, the screen resolution becomes higher, some large games and applications require a certain level of RAM capacity, phone memory is bound to increase. 128G memory is very common nowadays. Most of the mid-level Android phones support 128G memory. Flagship phones mostly support 256GB and 512GB. Currently no Android model is available with 1TB storage.
- Wearable: The wearable shipment continues to increase in 2021. The followings are Truewireless Bluetooth earphones, smartwatches, smart bracelets, AR and VR products, and rechargeable products, described below:
  (1) Truewireless Bluetooth earphones: More people work and learn from home due to global epidemic. The demand for Truewireless Bluetooth earphones increases and the shipment soars. As for the product trend, ANC (Active noise Cancellation) headphones has become a basic function for most of the models. The personalized sound effect app can adjust ambient sound and audio frequency to create the best listening effect. In addition, real-time interpreter, healthy sleep function and voice assistant are integrated with cloud and IoT applications to provide more smart life services for users. These functions are the key product trend.
  (2) Smartwatches and smart bracelets: Consumers care more about health management because of continuous COVID-19 impact. Wearables that can monitor body condition anytime become popular and the demand for wearables continues to rise quickly. All major brands invest in development of relevant products, one after another, speeding up maturity of wearables market. While the pandemic rages on, product function places particular emphasis on medical-level

physiological measurement. In addition to existing basic health measurement functions such as heart rate and blood pressure measurement and ECG, blood oxygen measurement gradually becomes one of the necessities of wearables because of happy hypoxia. Blood oxygen measurement used to be a function that is only available for specific high-end products. Wearables can provide users with complete health data, and health evaluation and advice when necessary. Professional motion assistant tools are added for various exercise conditions, such as built-in map, fitness route tracker and altitude calculator.

(3) AR and VR product: As the 5G era begins, network speed increases. With comprehensive infrastructure available, Facebook, the largest social media in the world, announced that it will be renamed to Meta. It invests a lot in development of VR/AR hardware and software, setting off a wave of Metaverse instantly. The consumer demand for AR/VR rises quickly. Major technological brands in different nations hastened to invest a lot in development. Various AR and VR products spring up like mushrooms. Gaming and entertainment continue to grow. Interpersonal communication turns from face-to-face to remote and multi-user collaboration because of the pandemic. Relevant virtual social media platform, remote meeting software, virtual economy, healthcare and content service increase rapidly.

Hardware becomes lightweight, which become portable and can alleviate discomfort for long-term wear. VR gradually becomes a part of daily life. Light helmet and glasses have become mainstream. HTC VIVE Flow launched in November 2021 is only 189 g. It is a pair of glasses easy for storage. It is not the usual heavy VR glasses.

(4) Rechargeable product: 5G smartphones have high-frequency wireless waves and high volume of information transmission. Mobile phone makers introduce the quick charging technology actively to extend battery life. For example, major phone manufacturers such as Apple and Samsung include Type-C as a standard. Their phones support new quick charging technologies such as USB PD, to charge to 50% in 30 minutes. MEGA KING, a private brand of Senao,

developed 30W travel charger to support quick charging for Apple iPhone 13 (20W) and Samsung Z (25W). The 65w GaN travel charger is provided for the notebook, tablet and mobile phone. The GaN charging head is small with high charge rate. It is favored by electronics with high frequency and power voltage. The demand for Type-C market is expected to grow rapidly.

Development trend of smart appliances:

Smart family development is divided into three stages. First, smart functions are added to a family product. Second, smart family products connect to each other. Eventually, full smart home has been realized. Different rooms connect to each other to fulfill personalization needs. ABI is a global technical market research institute ABI’s data shows that 2022 - 2025 will be the peak of smart family products. TrendForce pointed out that the global smart family market is likely to grow form US$ 105.5 billion to US$ 145.5 billion during 2019 - 2023, 8.3% CAGR. These years the smart function has been added to all the home appliances. Networking and voice control have become essential. Technology implementation delivers an automated, smart living space for greater comfort and convenience. People spend a lot more time at home due to pandemic. Lifestyle has changed accordingly.

The smart family communication standard was diverged. Interconnection among products from different brands is poor. Consumers are constrained by the communication standard supported by the product when structuring smart home family products. Therefore, Amazon, Google and Zigbee collaborated to establish the home smart device interconnection plan. CHIP is official renamed as Matter in 2021, pursuing a compatible environment allowing interconnection among all smart family platforms, and delivering a safer smart home system, diverse products and higher compatibility. Over 350 suppliers have joined the platform and more smart family products supporting Matter are expecting in 2022.

Samsung announced that it formed the Home Connectivity Alliance with Arçelik A.Ş, Electrolux, Haier, GE and Trane Technologies to reinforce compatibility for interconnection among smart home appliances from different brands.

Throughout technical upgrade and development of AI and IoT in recent years, smart home industry continues to evolve to the smart home stage with full smart home and smart scenario. All suppliers keep rolling out products in the smart home appliance market. For instance, consumers can use Samsung Bespoke refrigerators to play music and videos in the kitchen. Meanwhile, they can control the kitchen appliances and smart devices. Samsung Neo QLED will be equipped with the new Smart Hub to provide smart services to users. Whirlpool will launch Intelli Sense in Q1. This analyzes the interior and exterior of refrigerator and usage habits to adjust to the best temperature to ensure freshness. In 2022, all LG smart TVs will be equipped with Independa, a health platform, to provide health education and remote health services to users.

This shows that all suppliers extend from mobile phone terminals to other devices, integrate them and ensure compatibility among them, to gain a foothold in the smart family market, with everything connected.

Development trend of dietary supplements:

In 2020, National Development Council announced that the total population in Taiwan saw negative growth. The peak population is 23.6 million. In 20 years, the total population might fall below 21 million at the end of 2040. The elderly population over 65 years old was 3.94 million (17%), increasing to 6.7 million (32%) by the end of 2021. Taiwan officially became the super-aged society. The main momentum comes from the improved health care quality, prolonged life expectancy in average and increased ratio of aging population. The COVID-19 pandemic raged on in the world during 2020-2021. Statistics of Food Industry Research and Development Institute indicates that the dietary supplement market in Taiwan expands from NT$ 79.1 billion in 2020 to NT$ 84.5 billion in 2021, 6.8% increase. It is expected to grow 5% every year. With the development of economy and urbanization, delicate diet, long hours of sitting and lack of exercise all can potentially trigger the chronic diseases, such as cancers, diabetes and high blood pressure. To deal with these challenges, the GHSA is performing paradigm shift. It aims to achieve personalized preventive health care, connect the information flow, and offer health promotion and preventive health care services.

1. For regular products:
   - Change of consumers' life style:
     (1) Eyes: A survey by the Ophthalmological Society of Taiwan in 2019 shows that Taiwanese spend 10.7 hours on

electronics on average every day, in other words two-thirds of the time a day. Media survey data indicates that during Level 3 Alert in 2021, remote learning and work led to prolonged usage time of electronic products. However, consumers have not paid more attention to eye care. Eyesight failing has become a disease of civilization and eye care is now an important public issue.

(2) Gastrointestinal tract: More people dine out due to busy work and thriving food delivery service. Statistics indicates that over 70% people aged 13 to 64 years in Taiwan eat out all day. Most of the food sold contains too much meat, grease and seasoning and lack of vegetables or fruits. Statistics by Sports Administration, MOE in 2021 shows that only 33.8% of people work out regularly in average. Delicate food and lack of exercise cause hyperuricemia, FLD, hyperlipidemia, constipation, hypertension, and hyperglycemia easily. To maintain the health of gastrointestinal tract and metabolism, consumers try to find the right product. SAKUYO, a health brand carried by Senao, seek to take care of everyone's health. It sells probiotics, lutein and DAILY VITA-BOTANICO POWDER MIX, vegan egoma seed oil, fish oil, visceral fat reducing probiotics and Kids Allergy Defense Probiotics, developed based on essential formula nowadays. Senao wishes to change its image by establishing this brand. Besides offering telecoms services, Senao strives for maintaining everyone's health.

2. For seasonal products:
   - Senao will launch seasonal and holiday products to increase sales by buzz marketing. Consumers will be able to buy great Senao packages with the best price. In addition, by combining the products from well-known brands under the new O2O retail model, profits for consumers, Senao and phone makers will be maximized.

Development trend of pet dietary supplements:

In these years, pet health awareness is raising, domestic and abroad. Although pet owners prefer natural products, their demand for delicate, superior pet health food increases year after year. Taiwan Institute of Economic Research (2020) estimated that the size of domestic pet food market will be over NT$ 20 billion in 2021 and the revenue will be over NT$ 5 billion. The size of domestic pet health food market will be NT$ 3 billion in 2021 and the revenue will be over NT$ 1 billion. A survey on pet health food consumers by the Biotechnology Industry Study Centre, Taiwan Institute of Economic Research shows that, pet owners pay particular attention to health issues such as orthopedic care, pet skin care, gastrointestinal care, dental care and kidney care. It is expected that the demand for highly delicate, top-quality pet health care food will continue to increase.

2. 2022 Business Plan

(1) Business Policy

1. "Focusing on products and integrating channels": By expanding product lines from communication products to information, home appliances and health care products, and promoting through the new retail business model integrating Senao's four major diverse channels (retails, distribution, online and no-cost startup platform), Senao anticipates to create a deep-rooted brand image in customers and achieve synergy in the cooperation with manufacturers.
2. Building a brand image of "Buy smartphones at Senao": By offering fully thoughtful services, Senao will enhance customer adhesiveness and brand image as a whole.
3. By analyzing Senao members' buying behavior using the Senao digital service and providing tailor-made packages and promotion kits to reinforce customers loyalty and adhesiveness, Senao aims to achieve goals of member base expansion, precise marketing and customer experience optimization.
4. Senao will proactively develop 5G AIoT and multi-telecommunication services based on the idea of smart home to adapt to 5G commercialization, and develop daily life care. From customer's perspective, Senao will build a one-stop shop, truly leveraging the value of being a channel.
5. Following the raising health awareness, in addition to entry of luxury and smart home appliance business through the cooperation with global and local brands, Senao will introduce the health-care home appliance product line. With brand-name home appliances display and sales and the whole O2O sales service at our retail stores, Senao wishes to deliver a unique purchasing experience to our customers.
6. Senao is planning to carry more health care and beauty products

under the brands, “sakuyo” and projecting to introduce to external sales channels in 2022. With regard to comprehensive and continuous care associated with health products, Senao plans to launch portfolios and provide the “Regular Purchase” service to create recurring purchases. We wish to brand Senao as an essential brand in customers’ everyday life.

7. The no-cost startup platform will focus on communication/home appliances/sakuyo and pair with the recruitment of store owner of “much much,” deepen the relationship with pet/elderly consumer groups, expand total revenue and get more loyal members.

(2) Business Objectives:

1. Based on communication, application development of AIoT/Smart Home & Smart Office products has been extended through 5G application. Business of daily life care has been focused on and full ecological chain of Senao has been developed to provide a smarter, simpler, better life for consumers.
2. Combining the new retail store personality with more smart home appliances used in daily life for consumers, a Senao lifestyle has been built to provide diverse services and break customers’ stereotype about Senao. Meanwhile, more customer groups are drawn to the store and diversified consumer demands are satisfied through hands-on experiences with display products at physical retail stores.
3. In order to improve customer experience in retail stores, we will continue to optimize procedures, establish a virtual warehouse for the store, mitigate the problem with stock cutting, and improve the opportunities for sales to ensure smooth flow of goods. In addition, we shall ceaselessly improve our inventory management to maintain the inventory level to satisfy channel demands and main (regional) warehouse safety stock level.
4. Customers’ characteristics and consumption cycle changed. The sales of fare plan contract is lower than before and the cycle of fare plan contract does not work as well as before. Full-price phone market share is increasing. By pairing an internal training plan and a reasonable sales KPI system to boost employees’ sales skills and professional knowledge about new technology, we wish to satisfy our customers with great product experience and in-store services.
5. Recruitment of “much much,” no-cost startup platform, highlights more on the vision of beautiful life and attracts innovative talents and

people who wish to become store owners. People-oriented relationship is connected to create an online and offline economic co-prosperity sphere once again.

(3) Sales Policy:

1. As the telecommunication market trend turns to tailor-made and consumer-oriented, Senao will focus on introducing popular communication and information products, appliance, accessories, and health care products from well-known brands, and hence providing our customers more popular and top-quality product selections and packages to create a win-win situation among Senao, phone makers and customers.
2. In terms of distribution rights for telecommunication products, we will work on the dealership of top brands' competitive products, and ceaselessly look for second-tier brands' products with high potential and price-to-performance ratio.
3. We actively seek for smart home products with exclusive specifications to respond to 5G AIoT development in order to facilitate smart transformation, and develop the field of Smart Home/ Smart Office.
4. These years, consumers care more about daily life care due to aging population and pandemic in Taiwan. Senao focuses on the health brand sakuyo and develop various product lines based on different groups (adult/children/pet).

3. The Company's Future Development Strategy

The Company is committed to be customer-centric and provide its customers with "all time, all products, all services and all channels" services via the new retail model. Via the Senaonline platform, Senao integrates online and offline channels and provides 24/7 premium services. With Senao's diverse product portfolio and complete after-sale services, consumers will perceive a full-dimensional purchase experience.

We are optimistic to see that the 5G telecommunication market will continue to drive momentum of sales growth in 2022. Aiming to be the best among all digital sales channels, in addition to existing telecommunication products, Senao is keen to explore opportunities in smart home products and new application services and invest more in marketing campaigns.

In the meantime, promotion of sakuyo is reinforced via all channels (retails/distribution/online/no-cost startup platform). Competitive product lines are expanded simultaneously to expand customer groups and create higher revenues.

Finally, Senao will ceaselessly promote all kinds of social welfare events through the Senao Technology Education Foundation to pursue our corporate social responsibilities. Additionally, Senao will also encourage our employees to absorb new technological product information and learn about application of new digital tools and technologies.

4. Effect of External Competition, the Legal Environment, and the Overall Business Environment

According to the forecast announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan in 2021, the projected economic growth rate for 2022 is 3.69%, Looking forward, Taiwan will maintain a steady economic growth in 2022. It is estimated that the overall impact of pandemic in Taiwan is relatively minor and may have minimal impact on current economy.

Telecommunication industry in Taiwan still strives for attracting more 5G users in 2021. Major phone manufacturers race to launch 5G entry-level phones and pair with 5G fare plans offered by major telecom providers. Chunghwa Telecom planned to get 2 million 5G users in 2021. Although it only got 1.8 million 5G users by the end of 2021 due to pandemic, it is expected to get 2.9 million 5G users by the end of 2022.

Taiwan’s mobile communication user market has become saturated. According to NCC’s statistics, as of the end of December 2021, the population of mobile users was 29.58 million slightly increased by 29,100 users in comparison to previous year. The Company will work closely with its parent company, Chunghwa Telecom, to promote Chunghwa Telecom's mobile numbers pairing with diverse fare plans and provide a wide range of product selection and marketing strategy.

II. Company Description

1. Date of establishment

Date of establishment: May 18, 1979.

2. Company history

1979

- Senao Enterprise Development Company was incorporated in May with paid-in capital of NT$5 million. The major business was retail and installation of telephones and telecommunication devices.

1994

- The Company was renamed as Senao International Co., Ltd. in August.

1995

- The Company invested NT$80.5 million in All Oriented Services Int. Co., Ltd. in April.

1996

- The Company acquired the major assets and equipment of All Oriented Services Int. Co., Ltd. and Engenius Technologies Co., Ltd., Combined the manufacturing and sales functions of both company and introduced a lean management team in January.
- The Taichung factory was established, and two SMT production lines were purchased.
- Taipei factory received the ISO 9002 certification from RWTUV Germany.
- Securities and Exchange Commission approved the public offering in July.

1997

- The cordless telephone SN-525 was granted the Good Design Award by the Taiwan External Trade Development Council in May.
- Taichung factory received the ISO 9002 certification from Bureau of Commodity Inspection & Quarantine in August.
- The Company signed the sales agent agreement with Chunghwa Telecom for its type I telecommunication service in November.

1998

- The Company was ranked the top 302nd enterprise in Taiwan by the CommonWealth Magazine in 1997.
- Oracle ERP system was introduced in October.

- The EnGenius SN-900 Ultra was awarded the “1999 Best of innovation” by the U.S. Consumer Electronics Association in November.

1999
- The U.S. subsidiary was established in order to enter the U.S. and Canadian markets.
- The company received the ISO 9001 certification by RWTUV.
- The Company was selected as the top 84th service enterprise of the year in Taiwan by the CommonWealth Magazine.
- The Company was selected as the top 154th manufacturing enterprise of the year in Taiwan by the Business Weekly.

2000
- The EnGenius SN-920 Ultra was granted the “2000 Workstyle” award in the Wireless Category by the U.S. Consumer Electronics Association in January.
- The new leading product development plan “Wireless PABX” was subsidized by the Industrial Development Bureau, MOEA.
- The Company was selected as the top 75th service enterprise in 1999 in Taiwan by the Business Weekly.
- The Company’s public listing application was approved by the Taiwan Stock Exchange review committee and Securities and Futures Commission, Ministry of Finance in December.

2001
- The Company was granted Certificate of Completion for Important Technology Based Enterprise in March.
- The Company’s shares were listed in May.
- The Company was selected as the top 54th service enterprise in 2000 in Taiwan by the Business Weekly.

2002
- The Company successfully received an order of 125,000 sets of Wireless LAN products from Korea Telecom in July.
- Industrial Ethernet Switches EN-208D and Longest Range Cordless Phone EN/SN-436 were granted the “Taiwan Excellence Award” and the wireless device was awarded the “Good Design Award” and the “Taiwan Excellence Award”.

2003
- 300MHz Cordless Telephone SN-458RU was recognized by the

“Good Design Product” award.
- The Company signed the 2004 Strategic Alliance Agreement with Chunghwa Telecom Mobile Business Group in December.

2004
- In January, Senao International’s “Digital 4-line Wireless Phone System SR-436S ”, the first 2.4GHz high-frequency wireless phone system recognized by the Directorate General of Telecommunications in Taiwan, was chosen by the 2004 Taiwan Flower Expo.
- Oracle 11i ERP system was introduced to the Company in January.
- The Company was selected as the top 48th service enterprise in Taiwan by the Business Weekly.
- SI-7800H SIP Phone received the Wi-Fi certification in July.
- WTA-5002 Multimedia Video Adapter and SI-7800H Wireless SIP Phone received the “Good Design Award” in September.

2005
- The Company was selected as the top 52nd service enterprise in Taiwan by the Business Weekly.
- Huaya Factory was put into operation in the second quarter.

2006
- The Company was ranked 62nd among the top 500 service enterprises by the CommonWealth Magazine.
- The Company signed the “Chunghwa Telecom Agreement for Mobile Telephone Business Terminal Equipment Supply and Telephone Numbers Agency” in April.
- The Shareholders’ Meeting passed separation of the wireless communication unit in June.
- The wireless communication unit was separated and became the newly established Senao Networks, Inc. in October with paid-in capital of NT$175 million.
- Chunghwa Telecom announced to buy 30% of Senao International’s shares through a public tender offer in December.
- The total number of Chunghwa Telecom Authorized Stores reached 82 stores nationwide.

2007
- Chunghwa Telecom completed the public tender offer and became the largest shareholder in January.
- Senao became the exclusive dealer for Chunghwa Telecom mobile phones in April.

- The total number of Chunghwa Telecom Authorized Stores reached 148 stores nationwide as at the end of December.

2008
- The Company renewed its corporate identity system in January.
- The total number of Chunghwa Telecom Authorized Stores reached 210 stores nationwide.
- The Company was recognized by the SGS QualiCert Certification.

2009
- 30th anniversary of the Company in January.
- The total number of Authorized Stores reached 215 stores nationwide in March.
- The Company was selected as the 10th among the "2009 Taiwan Top 100 Technology Companies" by Business Next Magazine in June.
- The Company launched the differentiated "Drop Off at One Location and Pick Up from Another" cellphone repair service in October to enhance customer satisfaction.
- The Authorized Stores worked with Microsoft to hang the round shaped signboard of Windows 7 and Windows phones at all stores, and set up the experience area for Windows 7 and Windows phone at 10 most popular stores across northern, middle and southern Taiwan since November.
- The subsidiary, Senao International (SAMOA) Holding LTD., was established in Samoa, and through which, the subsidiary, Senao International HK Limited, was established in Hong Kong in December.

2010
- The Company held the charity event, "Charity Farm Carnival."
- The total number of Authorized Stores reached 222 stores nationwide.

2011
- The Company held the charity event, "Charity Carnival- Formosa Taiwan."
- The subsidiaries were established in Fujian, Shanghai and Jiangsu, China in January for the entry of Chinese Market.
- The first WoSenao store in China was opened in Shanghai in May.
- The first Senao digital convergence store was officially opened in Taipei in August.
- The annual consolidated operating revenue reached NT$27.5 billion,

exceeding NT$20 billion for the first time.

2012

- The Company held the charity event, “Bravo Taiwan-Senao International Charity Carnival.”
- The annual consolidated operating revenue reached NT$35 billion, hit the record high.
- The Company launched the differentiated “ 24/7 cellphone repair service” in October to enhance customer satisfaction.

2013

- The Company held the charity carnival event “Book Sweet - Play and Read.”
- The total number of Authorized Stores reached 274 stores nationwide.
- The associate, Senao Networks, Inc. was publicly listed on the over-the-counter GreTai Securities Market. (TWSE #3558).

2014

- The Company held the charity carnival event, “Good Agriculture Practice in Taiwan, Sustainable Growth.”
- The Company launched the Titanium Member Service.

2015

- The Company held the charity carnival event, “Good Luck with Senao - Young and New.”
- The Company received the “Personal Information Management (BSI10012)” certification from the British Standards Institution (BSI), and was the first in the retail industry to receive such a certificate.
- Investment in Appleuser Co., Ltd. was made in September.
- Aval Technologies Co., Ltd. was established in October.
- 4 Apple Authorized Service Centers were opened in Taipei, Taoyuan, Taichung and Kaohsiung in December.

2016

- The Company held the charity carnival event, “Great Senao, Great Luck in the Year of Monkey.”
- The Company collaborated with Chunghwa Telecom to launch the “Miracle Reappearance” cellphone/tablet protection service.

2017

- Senaonline was officially launched in January.
- The Company held the charity carnival event, “Good Prosperity with

Senao - Have Fun with Peaches."

- Sen Yang Insurance Agency Co., Ltd. was established representing the official inclusion of property insurance business in November.

2018

- The Company issued its first "Corporate Social Responsibility Report" in November and received the SGS GRI Standard assurance statement.
- The Company introduced the ISO14064-1 greenhouse gases inventory management system and received the SGS ISO14064-1 verification.

2019

- The Company celebrated the 40th anniversary.
- The Company received the Bronze Award of the 2019 Taiwan Corporate Sustainability Awards (TCSA) for the First Category of Corporate Sustainability Report Section.
- Senaoonline was officially renamed Senaonline in July.
- Senao founded the subsidiary Wiin Technologies Co., Ltd. was established in September.
- The subsidiary Senaolife Insurance Agent Co., Ltd. was established in November representing the official inclusion of life insurance agency business.

2020

- The company was ranked top 6% to 20% among the listed companies for the 6th Corporate Governance Evaluation, the first time ever.

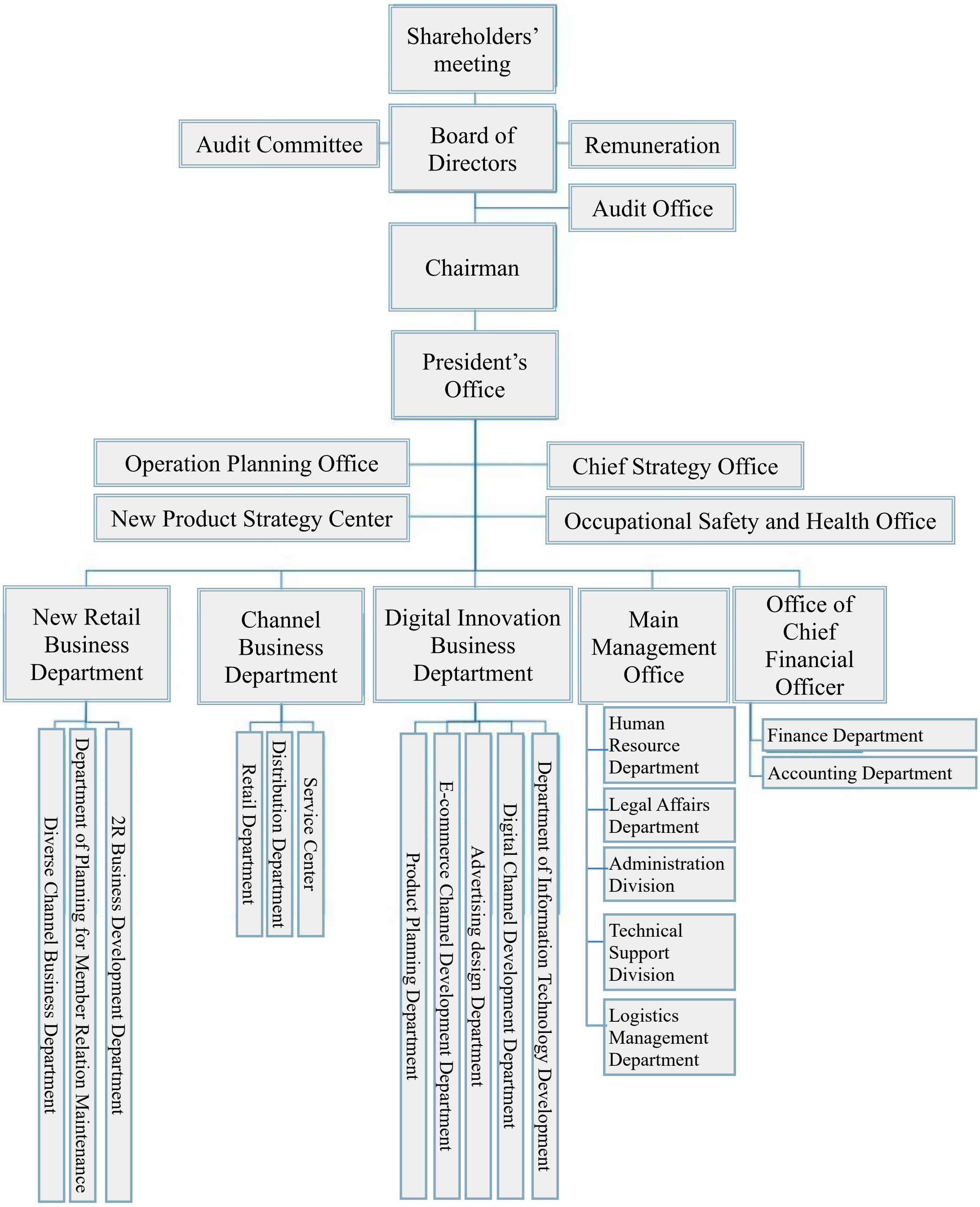
2021

- The company promoted the "much much," no-cost startup platform.

III. Corporate Governance Repor

1. Organization

(1) Organizational structure of the Company (As of December 31, 2021)



(2) Departments and responsibilities

Department	Functions and responsibilities
Chairman's office/ President's office	● Implements resolutions of the Board of Directors' meeting and oversees the Company's operation ● Responsible for the planning, execution, control and management of the Company's annual objectives and business strategies.
Audit	● In assistance of the Board of Directors and management department, responsible for the inspection and evaluation of the design and implementation of the internal control system, measurement of operational effectiveness and efficiency and providing timely suggestions for improvement, so as to ensure the internal control system functions effectively and to assist the Board and management department in fulfilling their responsibilities.
Operation Planning Office	● In assistance of organizational planning. ● Conducting feasibility test for new business opportunity; risk management and process improvement.
Occupational Safety and Health Office	● Responsible for the management of occupational safety and health
New Product Strategy Center	● Monitoring and analyzing new product trend ● Integrating and planning of new product strategy
Office of Chief Financial Officer	● Responsible for planning and managing financial and accounting system and objectives.
Finance Department	● Responsible for the planning and management of funding, investment and foreign exchange; ● Stock affairs and investor relations ● Risk management, corporate governance and promotion of CSR
Accounting Department	● Responsible for the planning and managing financial accounting, taxes and operational accounting
Human Resource Department	● Responsible for managing human resource and planning training and career development; ● Liaising employee relation and planning employee welfare
Legal Affairs Department	● Responsible for reviewing contracts, maintaining and managing patents and trademarks; investigating credit records and processing and managing legal matters. ● Ethical operation dedicated unit
Administration Division	● Responsible for maintaining work environment and making procurement of office equipment and supplies.
Technical Support Division	● Responsible for management and planning of retail store renovation projects and project quality control
Logistics Management Department	● Responsible for the planning and execution of processing, storage, logistics and delivery of products

Retail Department	● Responsible for setting operational policies, operations management, planning of business activities, execution of promotional events and performance management for all retail stores including direct stores/ retail counters at telecom offices/ Chunghwa Telecom authorized stores. ● Planning and executing marketing events and promotions; ● Setting and adjusting operational policies for retail stores, and reviewing the execution quality ● Planning trainings of professional skills for the retail store personnel
Distribution Department	● Responsible for promotions of dealership, system, cross industry collaboration, special projects, Chunghwa Telecom's mobile numbers, and customers development ● Planning and executing annual marketing events and promotions; ● Building distribution website, conducting business on the platform, planning strategies and developing business
Product Planning Department	● Responsible for introduction, procurement, sales and marketing of communication/digital/home appliance/accessory products.
Service Center	● Responsible for after-sales service and management of the service centers nationwide; ● After-sales service for all products and management of the Apple and Samsung authorized service centers.
Department of Information Technology Development	● Responsible for the construction and process design of the operating system; ● Assessment of information security, system stability and risk.
Digital Channel Development Department	● Strategic planning, business development and operation management of digital channel
E-commerce Channel Development Department	● E-commerce cash flows and logistics, planning/management/reconciliation for delivery and returns by suppliers, and analysis and handling of customer problems ● Trading order of e-commerce platform, management and operation of operating service support
Department of Planning for Member Relation Maintenance	● Promotion and operating management of telemarketing
2R Business Development Department	● Strategy stipulation, operation planning and business execution for 2R channel
Diverse Channel Business Department	● Strategy stipulation, operation planning and business execution for multimedia ● Promotion and operating management of telemarketing

2. Background information of Directors, President, Vice Presidents, Assistant Vice Presidents, and heads of departments and branch offices

(1) Background of Directors (As of March 31, 2021)

Title	Nationality or Place of registration	Name	Gender Age	On-Board Date	Term of office	Date first Elected	Shareholding when elected		Current Shareholding		Spouse's and Minor's Shareholding		Shareholding through nominees		Major Education and Experience	Concurrent position held at the Company and Other Companies	Who are Spouses or a Second-degree Relative of Consanguinity to Each Other			Remark (Note 3)
							Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding			Title	Name	Relation	
Director	R.O.C.	Chunghwa Telecom Co., Ltd.		06.14.2019	06.13.2022	01.15.2007	71,773,155	27.79%	71,773,155	27.79%	0	0	0	0	-	-	-	-	-	-
Chairman (Note 1)	R.O.C.	Chin-Lin Lai	Male 60 to 70 years old	06.14.2019	06.13.2022	11.14.2016	0	0	0	0	0	0	0	0	Founding President, Association of Service Industries, Taiwan MBA, National Taiwan University	Director, L'elan Enterprise Co., Ltd.; Chairman, J&V Energy Technology Co., Ltd.; Chairman, Ho Tung Yi Co., Ltd.; Chairman, In-Change Public Relations & Consultant Co., Ltd.	None	None	None	None
Director (Note 1)	R.O.C.	Tien-Tsai Su	Male 60 to 70 years old	01.01.2022	06.13.2022	01.01.2022	0	0	0	0	0	0	0	0	President, Chunghwa Telecom Co., Ltd. Personal Family Group;	General Manager, Personal and Family Business Group, Chunghwa Telecom, Co., Ltd. Director, Honghwa International Corp.	None	None	None	None
Director (Note 1)	R.O.C.	Chih-Cheng Chien	Male 60 to 70 years old	01.01.2021	06.13.2022	01.01.2021	0	0	0	0	0	0	0	0	President, Chunghwa Telecom Co., Ltd. Network Technology Group; Ph.D. in Electronic and Computer Engineering, National Taiwan University of Science and Technology	President, Chunghwa Telecom Co., Ltd. Network Technology Group; President, Chunghwa Telecom Co., Ltd. Telecommunication Training Institute; Chairman, Chunghwa Telecom Singapore Pte., Ltd.; Director, Chunghwa Telecom (China) Co., Ltd.; Director, Tatung Technology Inc.	None	None	None	None
Director (Note 1)	R.O.C.	Wen-Chih Lin	Male 50 to 60 years old	01.01.2021	06.13.2022	11.01.2016	0	0	0	0	0	0	0	0	Vice President, Chunghwa Telecom Co., Ltd. Business Management Group Master in Automatic Control Engineering, Feng Chia University	Vice President, Chunghwa Telecom Co., Ltd. Business Management Group; Chairman, Smartfun Digital Co., Ltd.; Director, Honghwa International Corp.; Director, Spring House Entertainment Technology Inc.; Director, KKBOX Taiwan Co., Ltd.	None	None	None	None
Director (Note 1)	R.O.C.	Chien-Chih Chen	Male 50 to 60 years old	06.14.2019	06.13.2022	03.26.2018	0	0	0	0	0	0	0	0	Strayer University, Washington D.C., USA Master of Business Administration (MBA) Citibank Taiwan: Public Relations & Corporate Banking, Nike Taiwan Sports Marketing Nokia Taiwan Product Line Management, HTC Global Product Marketing Acer: Regional Product Marketing and Business Development	Assistant Vice President, Chunghwa Telecom Co., Ltd. Corporate Communication Group	None	None	None	None
Director	R.O.C.	Cheng Kang Investment Co., Ltd.		06.14.2019	06.13.2022	96.04. 12	14,820,975	5.74%	14,820,975	5.74%	0	0	0	0	-	-	-	-	-	-
Vice Chairman (Note 2)	R.O.C.	Pao-Yung Lin	Male 60 to 70 years old	06.14.2019	06.13.2022	06.20.1994	6,532,345	2.53%	8,343,345	3.23%	5,549,777	2.15%	0	0	Vice Chairman and President, Senao International Co., Ltd. Tungshih High School	Director, Senao Networks, Inc.; Chairman, Engenius Technologies Co., Ltd.; Chairman, Cheng Feng Investment Company	Director/ Special Assistant Director	Cheng-Feng Lin Cheng-Kang Lin	Father and son Father and son	None
Director	R.O.C.	Cheng-Feng	Male	06.14.2019	06.13.2022	05.22.2013	153,420	0.06%	743,420	0.29%	0	0	0	0	Special Assistant, Senao	Director, E-life Mall	Vice	Pao-Yung	Father	None

Title	Nationality or Place of registration	Name	Gender Age	On-Board Date	Term of office	Date first Elected	Shareholding when elected		Current Shareholding		Spouse's and Minor's Shareholding		Shareholding through nominees		Major Education and Experience	Concurrent position held at the Company and Other Companies	Who are Spouses or a Second-degree Relative of Consanguinity to Each Other			Remark (Note 3)
							Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding			Title	Name	Relation	
(Note 2)		Lin	40 to 50 years old												International Co., Ltd. IMBA, National Chengchi University	Corporation; Director, Tsann Kuen Enterprise Co Ltd.	Chairman/ President Director	Lin Cheng-Kang Lin	and son Brothers	
Director (Note 2)	R.O.C.	Cheng-Kang Lin	Male 30 to 40 years old	06.14.2019	06.13.2022	12.16.2013	98,091	0.04%	238,091	0.09%	0	0	0	0	Director, Senao International Co., Ltd. Operation Planning Office IMBA, National Chengchi University, and Japanese, the University of British Columbia	Director, E-Life Mall Corporation	Vice Chairman/ President Director/ Special Assistant	Pao-Yung Lin Cheng-Feng Lin	Father and son Brothers	None
Independent Director	R.O.C.	Kung-Liang Yeh	Male 70 to 80 years old	06.14.2019	06.13.2022	06.27.2016	0	0	0	0	162	0	0	0	Chairman, Fubon Securities Co., Ltd. EMBA, Finance, National Taiwan University	Director, Fubon Securities Co., Ltd.; Director, Jih Sun Financial Holding Co., Ltd.; Director, Jih Sun Securities Co., Ltd.; Member of Remuneration Committee, Senao International Co., Ltd.; Member of Audit Committee, Senao International Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Yung-Lin Su	Male 60 to 70 years old	06.14.2019	06.13.2022	05.17.2001	12,209	0	12,209	0	36	0	0	0	President and Chairman, Yoda Communications, Inc. Ph.D. in Electrical Engineering, Stanford University, U.S.A.	President and Chairman, Yoda Communications, Inc.; Member of Remuneration Committee, Senao International Co., Ltd.; Member of Audit Committee, Senao International Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Wen-Tsan Wu	Male 60 to 70 years old	06.14.2019	06.13.2022	06.20.1994	0	0	0	0	0	0	0	0	Vice President, Cortina Systems, Inc., U.S.A Ph.D. In Electrical Engineering, University of Washington, U.S.A.	Vice President of Marketing, Cortina Access, Inc., U.S.A.; Member of Remuneration Committee, Senao International Co., Ltd.; Member of Audit Committee, Senao International Co., Ltd.	None	None	None	None

Note 1: The corporate shareholder representative of Chunghwa Telecom Co., Ltd.

Note 2: The corporate shareholder representative of Cheng Kang Investment Co., Ltd.

Note 3: Where the general manager or the person holding an equivalent position of the Company (the highest level of managers), and the Chairman, are the same person, spouses or first-degree relatives, the Company shall disclose relevant information, including the reasons, reasonableness, necessity and the response measures, etc. (such as increasing the number of independent directors and over half of the directors must not concurrently serve as the employee or manager).

(2) Corporate shareholder's major owners

Name of corporate shareholder	Corporate shareholder's major owners	Percentage of Shareholding
Chunghwa Telecom Co., Ltd.	Ministry of Transportation and Communications	35.29%
	Shin Kong Life Insurance Co., Ltd.	8.16%
	CTBC Bank Trust Account - CHT Employee Stock Ownership Trust Plan	4.29%
	JP Morgan Chase Bank, N.A., acting as depositary and representative of CHT ADRS	3.04%
	Cathay Life Insurance Co., Ltd.	2.86%
	Chunghwa Post Co., Ltd.	1.86%
	Labor Pension Fund of the New Labor Pension System, R.O.C.	1.67%
	Labor Insurance Fund, R.O.C.	1.52%
	Taiwan Life Insurance Co., Ltd.	1.10%
	Fubon Life Insurance Co. Ltd	0.87%
Cheng Kang Investment Co., Ltd.	Global Solution Malaysia Co., Ltd.	83.92%
	Cheng Feng Investment Company	13.99%
Cheng Feng Investment Company	Pao-Yung Lin	57.66%
	Yung-Ming Liu	33.46%
	Cheng-Feng Lin	0.03%
	Cheng-Kang Lin	0.03%

Note: Source of information was the 2020 annual report of the TWSE/TPEx listed company or the company registration information provided by the Ministry of Economic Affairs, Department of Commerce.

(3) Names of major shareholders of corporate shareholder's major owners who are corporate shareholders

Name of corporate shareholder	Major shareholders of corporate shareholder	Percentage of Shareholding
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holding Co., Ltd.	100.00%
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd.	100.00%
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications	100.00%
Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd.	100.00%
Fubon Life Insurance Co. Ltd	Fubon Financial Holdings Co., Ltd.	100.00%
Cheng Feng Investment Company	Pao-Yung Lin	57.66%
	Yung-Ming Liu	33.46%
	Cheng-Feng Lin	0.03%
	Cheng-Kang Lin	0.03%
Global Solution Malaysia Co., Ltd.	Global Solution Investment Co., Ltd.	100.00%

Note: Source of information was the 2020 annual report of the TWSE/TPEx listed company or the company registration information provided by the Ministry of Economic Affairs, Department of Commerce.

(4) Background of Directors

Condition / Name	Approved credential and experience (Note 1)	Independence Status (Note 2.3)	Number of public companies also serving as independent directors for
Chin-Lin Lai	Have five years or more work experience in the field of professional qualifications needed by the Company	(1) Has anything happened like what is described in Paragraph 3 and 4, Article 26-3, Securities and Exchange Act: No. (2) Are directors and/or supervisors spouses or a second-degree relative of consanguinity to each other? Is the director and supervisor a spouse or second-degree relative of consanguinity to each other? No.	0
Pao-Yung Lin	Have five years or more work experience in the field of professional qualifications needed by the Company	(1) Has anything happened like what is described in Paragraph 3 and 4, Article 26-3, Securities and Exchange Act: No. (2) Are directors and/or supervisors spouses or a second-degree relative of consanguinity to each other? Is the director and supervisor a spouse or second-degree relative of consanguinity to each other? Yes.	0
Tien-Tsai Su	Have five years or more work experience in the field of professional qualifications needed by the Company	(1) Has anything happened like what is described in Paragraph 3 and 4, Article 26-3, Securities and Exchange Act: No. (2) Are directors and/or supervisors spouses or a second-degree relative of consanguinity to each other? Is the director and supervisor a spouse or second-degree relative of consanguinity to each other? No.	0
Chih-Cheng Chien	Have five years or more work experience in the field of professional qualifications needed by the Company	(1) Has anything happened like what is described in Paragraph 3 and 4, Article 26-3, Securities and Exchange Act: No. (2) Are directors and/or supervisors spouses or a second-degree relative of consanguinity to each other? Is the director and supervisor a spouse or second-degree relative of consanguinity to each other? No.	0
Wen-Chih Lin	Have five years or more work experience in the field of professional qualifications needed by the Company	(1) Has anything happened like what is described in Paragraph 3 and 4, Article 26-3, Securities and Exchange Act: No. (2) Are directors and/or supervisors spouses or a second-degree relative of consanguinity to each other? Is the director and supervisor a spouse or second-degree relative of consanguinity to each other? No.	0
Chien-Chih Chen	Have five years or more work experience in the field of	(1) Has anything happened like what is described in Paragraph 3 and 4, Article	0

	professional qualifications needed by the Company	26-3, Securities and Exchange Act: No. (2) Are directors and/or supervisors spouses or a second-degree relative of consanguinity to each other? Is the director and supervisor a spouse or second-degree relative of consanguinity to each other? No.	
Cheng-Feng Lin	Have five years or more work experience in the field of professional qualifications needed by the Company	(1) Has anything happened like what is described in Paragraph 3 and 4, Article 26-3, Securities and Exchange Act: No. (2) Are directors and/or supervisors spouses or a second-degree relative of consanguinity to each other? Is the director and supervisor a spouse or second-degree relative of consanguinity to each other? Yes.	0
Cheng-Kang Lin	Have five years or more work experience in the field of professional qualifications needed by the Company	(1) Has anything happened like what is described in Paragraph 3 and 4, Article 26-3, Securities and Exchange Act: No. (2) Are directors and/or supervisors spouses or a second-degree relative of consanguinity to each other? Is the director and supervisor a spouse or second-degree relative of consanguinity to each other? Yes.	0
Kung-Liang Yeh	Have five years or more experience in the area of commerce, law, finance, accounting, or work experience needed by the Company, and did nothing described in all paragraphs of Article 30, the Company Act	(1) Is the person, his spouse, or his second-degree relative of consanguinity the director, supervisor or employee of the Company or its affiliated company: No. (2) The number of shares and its weight held by the person, his spouse, or his second-degree relative of consanguinity (or held by the person through nominees): None. (3) Is the person, his spouse, or his second-degree relative of consanguinity the director, supervisor or employee of the company specially associated with the Company: No. (4) The benefits acquired from the commerce, law, finance, accounting services provided by the Company or its affiliated company in the last two years: None.	0
Yung-Lin Su	Have five years or more experience in the area of commerce, law, finance, accounting, or work experience needed by the Company, and did nothing described in all paragraphs of Article 30, the Company Act	(1) Is the person, his spouse, or his second-degree relative of consanguinity the director, supervisor or employee of the Company or its affiliated company: No. (2) The number of shares and its weight held by the person, his spouse, or his second-degree relative of consanguinity (or held by the person through nominees): None.	0

		(3) Is the person, his spouse, or his second-degree relative of consanguinity the director, supervisor or employee of the company specially associated with the Company: No. (4) The benefits acquired from the commerce, law, finance, accounting services provided by the Company or its affiliated company in the last two years: None.	
Wen-Tsan Wu	Have five years or more experience in the area of commerce, law, finance, accounting, or work experience needed by the Company, and did nothing described in all paragraphs of Article 30, the Company Act	(1) Is the person, his spouse, or his second-degree relative of consanguinity the director, supervisor or employee of the Company or its affiliated company: No. (2) The number of shares and its weight held by the person, his spouse, or his second-degree relative of consanguinity (or held by the person through nominees): None. (3) Is the person, his spouse, or his second-degree relative of consanguinity the director, supervisor or employee of the company specially associated with the Company: No. (4) The benefits acquired from the commerce, law, finance, accounting services provided by the Company or its affiliated company in the last two years: None.	0

Note 1: Approved credential and experience: Describe the approved credential and experience held by individual directors and supervisors. If the individual directors and supervisor is a member of Audit Committee or has expertise of accounting or finance, his accounting or finance background and work experience in accounting or finance shall be described clearly. It is also required to explain if he did anything described in all paragraphs of Article 30, the Company Act. Refer to director information on page 25 for his experience in the field of professional qualifications.

Note 2: Independence of the independent director shall be described explicitly, including but not limited to whether the person, his spouse, or his second-degree relative of consanguinity serves as the director, supervisor or employee of the Company or its affiliated company; the number of shares and its weight held by the person, his spouse, or his second-degree relative of consanguinity (or held by the person through nominees);
Whether the person, his spouse, or his second-degree relative of consanguinity the director, supervisor or employee of the company specially associated with the Company
(refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the benefits acquired from the commerce, law, finance, accounting services provided by the Company or its affiliated company in the last two year.

Note 3: To find out whether directors and/or supervisors are spouses or a second-degree relative of consanguinity to each other, or whether the director and supervisor is a spouse or second-degree relative of consanguinity to each other, refer to page 101 for the disclosure of relationships among the company's top ten shareholders including any related party, spouses and second degree relatives or closer.

(5) Background of the Management Team (As of March 31, 2022)

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse's and Minor Children's Shareholding		Shareholding through nominees		Major Education and Experience	Concurrent position held at other companies	Managers Who are Spouses or a Second-degree Relative of Consanguinity to Each Other			Remark
					Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding			Title	Name	Relation	
President	R.O.C.	Pao-Yung Lin	Male	04. 12.2007	8,343,345	3.23%	5,549,777	2.15%	0	0	Chairman, Senao International Co., Ltd. Graduated from Taichung Municipal Tung Shih Junior High School	Director, Senao Networks, Inc.; Chairman, Engenius Technologies Co., Ltd.; Chairman, Cheng Feng Investment Company	Special Assistant	Cheng-Feng Lin	Father and son	None
Chief Strategy Officer	R.O.C.	Chih-Chung Chiu	Male	05. 05.2006	19,422	0.01%	0	0	0	0	Head of Communication Department, AURORA Corp. Graduated from Mechanical Engineering, National Da-Hu Agricultural and Industrial Vocational High School	-	None	None	None	None
Chief Financial Officer	R.O.C.	Chien-Chi Liao	Male	05.01.2021	0	0	0	0	0	0	Vice President and Chief Financial Officer, Chief Telecom Section Chief, Chunghwa Telecom Co., Ltd. Taichung Branch Operation Group Bachelor's degree in Transportation Management, National Chiao Tung University		None	None	None	None
Vice President	R.O.C.	Ching-Lang Chang	Male	03. 16.1985	104,591	0.04%	0	0	0	0	Manager, Central Branch, Senao International Co., Ltd. MBA, National Taipei University	-	None	None	None	None
Vice President	R.O.C.	Chi-Hung Liao	Male	01. 01.2014	233,162	0.09%	0	0	0	0	Sales Manager, Samsung Electronics Co., Ltd. EMBA, National Cheng Kung University	Director, Appleuser Co., Ltd.; Director, Sen Yang Insurance Agency Co., Ltd.	None	None	None	None
Vice President (Accounting Manager)	R.O.C.	Tsai-Hung Yu	Female	08. 05.2014	77,546	0.03%	0	0	0	0	Accounting Assistant Vice President, Senao International Co., Ltd. Master in Accounting, Soochow University	Supervisor, Appleuser Co., Ltd.	None	None	None	None
Senior Assistant Vice President	R.O.C.	Chen-San Chou	Male	10. 01.2017	0	0	0	0	0	0	Assistant Vice President, Southern Branch, Senao International Co., Ltd. Master in Shipping & Transportation Management, National Taiwan Ocean University	-	None	None	None	None
Assistant Vice President	R.O.C.	Sheng-Kai Chen	Male	01. 01.2008	0	0	0	0	0	0	Product Service Manager, Siemens Telecommunication Systems Ltd. Bachelor's degree in Electronic and Computer Engineering, National Taiwan University of Science and Technology	-	None	None	None	None
Assistant Vice President	R.O.C.	Chih-Hsiang Kuo	Male	01. 01.2014	0	0	0	0	0	0	Manager, Tait Marketing and Distribution Co., Ltd. Associate Degree in Shipping Management, National Keelung Maritime Vocational High School	-	None	None	None	None
Assistant Vice President	R.O.C.	Wen-Kai Lai	Male	04. 01.2017	2,000	0.00%	0	0	0	0	Manager, Northern Direct Sale Division, Senao International Co., Ltd. IMBA, Chinese Culture University	-	None	None	None	None
Assistant Vice President	R.O.C.	Chuan-Cheng Lin	Male	11. 04.2019	0	0	0	0	0	0	Special Assistant to President, momo.com Inc. MBA, Anglia Ruskin University, U.K.	-	None	None	None	None
Assistant Vice President	R.O.C.	An-Ting Tsao	Male	06. 21.2011	0	0	0	0	0	0	Assistant Vice President, InQuartik Digital Service Operation Center Master in Information Engineering, National Taiwan University	-	None	None	None	None
Manager (Finance Department Manager and Corporate Governance Manager)	R.O.C.	Kuan-Heng Lai	Male	11. 02.2017	1,000	0.00%	0	0	0	0	Manager, Senao International Co., Ltd. Bachelor's degree in Accounting, National Taiwan University	Director, Appleuser Co., Ltd.; Supervisor, Sen Yang Insurance Agency Co., Ltd.	None	None	None	None
Special Assistant	R.O.C.	Cheng-Feng Lin	Male	06. 01.2013	743,420	0.29%	0	0	0	0	Manager, Senao International Co., Ltd. IMBA, National Chengchi University	Director, E-life Mall Corporation; Director, Tsann Kuen Enterprise Co Ltd.	President	Pao-Yung Lin	Father and son	None
President's Assistant	R.O.C.	Yen-Yen Cheng	Female	12.17.2021	0	0	0	0	0	0	Assistant Vice President, PCA Life Assurance Co., Ltd. MBA, National Taiwan University of Science and Technology	Chairman and President, Sen Yang Insurance Agency Co., Ltd.; Director, Senaolife Insurance Agent Co., Ltd.	None	None	None	None

(6) Remuneration paid to directors (including independent directors), President and Vice Presidents during the most recent year

1. Remuneration paid to directors

Year 2021 Unit: thousand shares/ NT$ thousand/%

Title	Name	Directors' remuneration								The sum of A, B, C and D and percentage of after-tax profit (%)		Compensation as company employee								The sum of A, B, C, D, E, F, and G and percentage of after-tax profit (%)		Compensation from investments other than subsidiaries or parent company
		Return (A)		Pension (B)		Director Remuneration (C)		Fees for services rendered(D)(Note 3)				Salaries, bonuses, special allowances etc. (E) (Note 4)		Pension(F)		Employee remuneration(G)						
																The Company		All Companies included in the financial statements				
		The Company	All Companies included in the financial statements	The Company	All Companies included in the financial statements	The Company	All Companies included in the financial statements	The Company	All Companies included in the financial statements	The Company	All Companies included in the financial statements	The Company	All Companies included in the financial statements	The Company	All Companies included in the financial statements	Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares	The Company	All Companies included in the financial statements	
Chairman	Chin-Lin Lai (Note 1)	0	0	0	0	11,167	11,167	480	480	11,647 (1.95%)	11,647 (1.95%)	16,101	16,101	0	0	1,800	0	1,800	0	29,549 (4.95%)	29,549 (4.95%)	18,695
Director	Yi-Feng Chang (Note 1)																					
Director	Chih-Cheng Chien (Note 1)																					
Director	Wen-Chih Lin (Note 1)																					
Director	Chien-Chih Chen (Note 1)																					
Vice Chairman	Pao-Yung Lin (Note 2)																					
Director	Cheng-Feng Lin (Note 2)																					
Director	Cheng-Kang Lin (Note 2)																					
Independent Director	Kung-Liang Yeh	3,000	3,000	0	0	0	0	180	180	3,180 (0.53%)	3,180 (0.53%)	0	0	0	0	0	0	0	0	3,180 (0.53%)	3,180 (0.53%)	None
Independent Director	Yung-Lin Su																					
Independent Director	Wen-Tsan Wu																					

Note 1: The corporate shareholder representative of Chunghwa Telecom Co., Ltd.

Note 2: The corporate shareholder representative of Cheng Kang Investment Co., Ltd.

Note 3: The transportation fees for attending the board of directors' meeting in 2021

Note 4: Salary, allowances, bonuses and benefits paid to director who concurrently held as company employee in 2021.

Note 5: Remuneration paid to independent director was recognized in the board of directors' meeting that includes fixed monthly compensation and transportation fees for each attendance of board of directors' meeting. Independent directors are obligated to perform their duties as independent directors in a board of directors' meeting evaluating and reviewing material decisions on corporate governance, and shall be excluded from distributions of the earnings of the Company.

Remuneration brackets table

Ranges of remuneration paid to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All Companies included in the financial statements	The Company	All Companies included in the financial statements
Less than NT$1,000,000	Yi-Feng Chang, Chih-Cheng Chien, Wen-Chih Lin, Chien-Chih Chen, Chin-Lin Lai, Pao-Yung Lin, Cheng-Feng Lin, Cheng-Kang Lin	Yi-Feng Chang, Chih-Cheng Chien, Wen-Chih Lin, Chien-Chih Chen, Chin-Lin Lai, Pao-Yung Lin, Cheng-Feng Lin, Cheng-Kang Lin	Yi-Feng Chang, Chih-Cheng Chien, Wen-Chih Lin, Chien-Chih Chen	Yi-Feng Chang, Chih-Cheng Chien, Wen-Chih Lin, Chien-Chih Chen
NT$ 1,000,000 (inclusive) ~ NT$ 2,000,000 (exclusive)	Kung-Liang Yeh, Yung-Lin Su, Wen-Tsan Wu	Kung-Liang Yeh, Yung-Lin Su, Wen-Tsan Wu	Cheng-Feng Lin, Cheng-Kang Lin, Kung-Liang Yeh, Yung-Lin Su, Wen-Tsan Wu	Cheng-Feng Lin, Cheng-Kang Lin, Kung-Liang Yeh, Yung-Lin Su, Wen-Tsan Wu
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (exclusive)	0	0	Chin-Lin Lai	Chin-Lin Lai
NT$ 3,500,000 (inclusive) ~ NT$ 5,000,000 (exclusive)	Cheng Kang Investment Co., Ltd.	Cheng Kang Investment Co., Ltd.	Cheng Kang Investment Co., Ltd.	Cheng Kang Investment Co., Ltd.
NT$ 5,000,000 (inclusive) ~ NT$ 10,000,000 (exclusive)	Chunghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.	Chunghwa Telecom Co., Ltd.
NT$ 10,000,000 (inclusive) ~ NT$ 15,000,000 (exclusive)	0	0	Pao-Yung Lin	Pao-Yung Lin
NT$ 15,000,000 (inclusive) ~ NT$ 30,000,000 (exclusive)	0	0	0	0
NT$ 30,000,000 (inclusive) ~ NT$ 50,000,000 (exclusive)	0	0	0	0
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (exclusive)	0	0	0	0
NT$ 100,000,000 and above	0	0	0	0
Total	13	13	13	13

2. Remuneration paid to the President and Vice Presidents

Year 2021 Unit: NT$thousand/ thousand shares/%

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)
(Note 2)</th><th colspan="2">Pension(B)</th><th colspan="2">Bonuses and special allowances etc. (E)
(Note 3)</th><th colspan="4">Employee remuneration (D)</th><th colspan="2">The sum of A, B, C and D and percentage of after-tax profit (%)</th><th rowspan="3">Compensation from investments other than subsidiaries or parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All Companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All Companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All Companies included in the financial statements</th><th colspan="2">The Company</th><th colspan="2">All Companies included in the financial statements</th><th rowspan="2">The Company</th><th rowspan="2">All Companies included in the financial statements</th></tr>
<tr><th>Amount paid in cash</th><th>Amount paid in shares</th><th>Amount paid in cash</th><th>Amount paid in shares</th></tr>
<tr><td>President</td><td>Pao-Yung Lin</td><td rowspan="9">29,307</td><td rowspan="9">31,850</td><td rowspan="9">0</td><td rowspan="9">0</td><td rowspan="9">7,584</td><td rowspan="9">8,900</td><td rowspan="9">3,230</td><td rowspan="9">0</td><td rowspan="9">3,930</td><td rowspan="9">0</td><td rowspan="9">40,121
(6.72%)</td><td rowspan="9">44,680
(7.48%)</td><td rowspan="9">1,749</td></tr>
<tr><td>Chief Strategy Officer</td><td>Chih-Chung Chiu</td></tr>
<tr><td>Business Group President</td><td>Shih-Hsiang Chen</td></tr>
<tr><td>Chief Financial Officer</td><td>Ching-Shou Lin
(Note 1)</td></tr>
<tr><td>Chief Financial Officer</td><td>Chien-Chi Liao
(Note 1)</td></tr>
<tr><td>Vice President</td><td>Ching-Lang Chang</td></tr>
<tr><td>Vice President</td><td>Chi-Hung Liao</td></tr>
<tr><td>Vice President</td><td>Tsai-Hung Yu</td></tr>
<tr><td>President's Assistant</td><td>Yen-Yen Cheng</td></tr>
</table>

Note 1: Ching-Shou Lin, the Chief Financial Officer, resigned on April 30, 2021. Chien-Chi Liao, the Chief Financial Officer, took over the position.
Note 2: It is the salary and allowances paid to President and Vice Presidents in 2021.
Note 3: It is the bonuses, allowances and other benefits paid to President and Vice Presidents in 2021.

Remuneration brackets table

Ranges of remuneration paid to the Company's President and Vice Presidents	Name of President and Vice Presidents	
	The Company	All Companies included in the financial statements
Less than NT$1,000,000	Yen-Yen Cheng	0
NT$ 1,000,000 (inclusive) ~ NT$ 2,000,000 (exclusive)	Ching-Shou Lin, Chien-Chi Liao	Ching-Shou Lin, Chien-Chi Liao
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (exclusive)	Chi-Hung Liao, Tsai-Hung Yu	Chi-Hung Liao, Tsai-Hung Yu
NT$ 3,500,000 (inclusive) ~ NT$ 5,000,000 (exclusive)	Ching-Lang Chang	Ching-Lang Chang, Yen-Yen Cheng
NT$ 5,000,000 (inclusive) ~ NT$ 10,000,000 (exclusive)	Chih-Chung Chiu, Shih-Hsiang Chen	Chih-Chung Chiu, Shih-Hsiang Chen
NT$ 10,000,000 (inclusive) ~ NT$ 15,000,000 (exclusive)	Pao-Yung Lin	Pao-Yung Lin
NT$ 15,000,000 (inclusive) ~ NT$ 30,000,000 (exclusive)	0	0
NT$ 30,000,000 (inclusive) ~ NT$ 50,000,000 (exclusive)	0	0
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (exclusive)	0	0
NT$ 100,000,000 and above	0	0
Total	0	0
Less than NT$1,000,000	9	9

3. Names of managers entitled to employee remuneration and amount entitled:

December 31, 2021 Unit: NT$ thousand/%

	Title	Name	Amount paid in shares	Amount paid in cash	Total	Total as a percentage of after-tax profit (%)
Manager	President	Pao-Yung Lin	0	4,490	4,490	0.75
	Chief Strategy Officer	Chih-Chung Chiu				
	Business Group President	Shih-Hsiang Chen				
	Chief Financial Officer	Chien-Chi Liao				
	Vice President	Ching-Lang Chang				
	Vice President	Chi-Hung Liao				
	Vice President (Accounting Manager)	Tsai-Hung Yu				
	Senior Assistant Vice President	Chen-San Chou				
	Assistant Vice President	Chih-Hsiang Kuo				
	Assistant Vice President	Sheng-Kai Chen				
	Assistant Vice President	Wen-Kai Lai				
	Assistant Vice President	Chuan-Cheng Lin				
	Assistant Vice President	An-Ting Tsao				
	Special Assistant	Cheng-Feng Lin				
	President's Assistant	Yen-Yen Cheng				
	Manager (Finance Department Manager)	Kuan-Heng Lai				

(7) Total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by the Company and by all companies included in the consolidated financial statements during the past 2 fiscal years to directors, President, and Vice Presidents, and remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

	Total remuneration paid in 2021 as a percentage of after-tax profit (Note 1)	Total remuneration paid in 2020 as a percentage of after-tax profit
The Company	10.25%	13.37%
All Companies included in the financial statements	11.01%	13.51%

1. Remuneration paid to directors
   Independent directors collect fixed monthly compensation and shall be excluded from distributions of the director's compensation. Transportation fees for each attendance of board of directors' meeting were recognized in the board of directors' meeting. No additional floating compensation is paid.
   With regard to other remunerations paid to directors, besides the transportation fees collected for each attendance of board of directors' meeting, if the Company records a profit in a year, no more than 3% of the profit for director's compensation shall be appropriated, according to Article 27 in the Company's "Articles of Incorporation." Remuneration paid to directors is recognized by taking into consideration of the Company's operational performance, financial condition and their duties, and is correlated to business performance. Such remuneration is reviewed by the Remuneration Committee and approved by the board of directors.
2. Remuneration paid to the President and Vice Presidents
   Remuneration paid to the President and Vice Presidents includes fixed salary and floating salary where fixed salary is paid in compliance with the Company's "Rules for Remuneration and Benefits" with respect to employee's responsibility and professional skills; floating salary includes year-end bonus and employee compensation.
   The year-end bonus depends on the profit of the Company. The bonus is calculated based on the performance appraisal result according to the KPI of the manager (revenue achievement rate, budgetary control, leadership, on-job training). Article 27 in the Company's "Articles of Incorporation" specified that the Company shall appropriate not less

than 3% of the profit for employee bonuses based on the annual profit of the Company. The employees' total compensation based on the board's resolution shall be distributed according to the performance appraisal result. Appropriation and issuance of employee compensation is correlated to business performance of the Company. Such remuneration is reviewed by the Remuneration Committee and approved by the board of directors.

3. Information on the operations of corporate governance

(1) Operation of the board of directors

A total of six board of director's meetings were held in 2021, and the attendance records of directors and are listed below:

Title	Name (Note 1)	Actual attendance	Proxy Attendance	Percentage of actual attendance (%) (Note 2)	Remark
Chairman	Chin-Lin Lai (Note 3)	6	-	100%	-
Vice Chairman	Pao-Yung Lin (Note 4)	6	-	100%	-
Director	Yi-Feng Chang (Note 3)	6	-	100%	-
Director	Chih-Cheng Chien(Note 3)	6	-	100%	-
Director	Wen-Chih Lin (Note 3)	6	-	100%	-
Director	Chien-Chih Chen (Note 3)	6	-	100%	-
Director	Cheng-Feng Lin (Note 4)	6	-	100%	-
Director	Cheng-Kang Lin (Note 4)	6	-	100%	-
Independent Director	Kung-Liang Yeh	6	-	100%	-
Independent Director	Yung-Lin Su	6	-	100%	-
Independent Director	Wen-Tsan Wu	6	-	100%	-

Other matters that shall be recorded:

I. For board of directors meetings that meet conditions described in Article 14-3 of the Securities and Exchange Act or are subject to any other documented objections or qualified opinions raised by independent director against board resolution, the date, session, the agenda, independent directors' opinions and how the company has responded to such opinions shall be stated: Refer to page 319.

II. Disclosure regarding avoidance of interest-conflicting agendas, including the names of directors concerned, the agendas, the nature of conflicting interests, and the voting process:

(1) In the 15th meeting of the 10th board of directors dated July 28, 2021, discussion matter: Agenda 1: Managers' and employees' compensations disbursement in 2020, please kindly discuss. (Vice Chairman Pao-Yung Lin, and directors Cheng-Feng Lin and Cheng-Kang Lin had avoided the discussion and voting due to conflict of interests.) Resolution: Except Vice Chairman Pao-Yung Lin and directors Cheng-Feng Lin and Cheng-Kang Lin had avoided the discussion and voting due to conflict of interests, the agenda was passed as proposed unanimously by remaining directors present at the meeting

(2) In the 17th meeting of the 10th board of directors dated December 17, 2021, discussion matter: Agenda 3: 2021 Chairman's and managers' performance appraisal and year-end bonus disbursement, please kindly discuss. (Chairman Chin-Lin Lai, Vice Chairman

Pao-Yung Lin, and directors Cheng-Feng Lin and Cheng-Kang Lin had avoided the discussion and voting due to conflict of interests.) Resolution: Except Chairman Chin-Lin Lai, Vice Chairman Pao-Yung Lin, and directors Cheng-Feng Lin and Cheng-Kang Lin had avoided the discussion and voting due to conflict of interests, the agenda was passed as proposed unanimously by remaining directors present at the meeting

III. TWSE/GTSM Listed Companies shall disclose evaluation cycles, evaluation periods, scope, method and content of self-evaluation of performance of board members (for themselves or peers) as follows:

The Company's Regulations Governing the Board Performance Evaluation was passed by the board of directors' meeting on December 27, 2019, stipulating that the board's evaluation shall cover evaluation of the board as a whole, individual directors, audit committee and remuneration committee at least once a year. The board's internal evaluation shall be conducted at the end of every fiscal year in accordance with these Regulations.

The criteria for evaluating the performance of the board of directors include the following five aspects:

1. Participation in the operation of the company.
2. Improvement of the quality of the board of directors' decision making.
3. Composition and structure of the board of directors.
4. Election and continuing education of the directors.
5. Internal control.

The criteria for evaluating the performance of the board members shall cover, at a minimum, the following six aspects:

1. Alignment of the goals and missions of the company.
2. Awareness of the duties of a director.
3. Participation in the operation of the company.
4. Management of internal relationship and communication.
5. The director's professionalism and continuing education.
6. Internal control.

The criteria for evaluating the performance of functional committees shall cover, at a minimum, the following five aspects:

1. Participation in the operation of the company.
2. Awareness of the duties of the functional committee.
3. Improvement of quality of decisions made by the functional committee.
4. Makeup of the functional committee and election of its members.
5. Internal control.

The administration unit shall conduct the board's internal evaluation, collect relevant information about the board of directors, individual directors, and functional committees by December 31 of every year, and distribute following surveys:

1. "Self-assessment for the board's (including functional committee) performance": Individual director's evaluation on the board of directors' performance as a whole (including functional committee)
2. "Self-assessment on individual board member's performance": Self-evaluation on each individual director's performance.

When administration unit calculate the evaluation result, it shall count the self-assessment score for the board of directors (including functional committee) and board members separately. The self-assessment score is the average of sum of scores from all items, and the average score represents an evaluation result as follows:

1. For average score equal or above 4, the evaluation result is "Excellent".
2. For average score less than 4 but above 3, the evaluation result is "Good".
3. For average score less than 3, the evaluation result is "To be improved".

IV. Measures taken to strengthen the functionality of the Board of Directors (e.g. Establishment of audit committee or improvement of transparency) for the present year and the most recent year and assessment on the implementation: The three independent directors were elected on June 14, 2019 for the Company, and on the same date, the Audit Committee was established. Please refer to page 48, 3 (3) “3. Composition and duties of the board of directors” of this Chapter for the functionality of the board of directors and assessment on the implementation in 2021.

Note 1: If the directors are corporations, the names of the corporate shareholders and the names of their representatives shall be disclosed.

Note 2: (1) The date of resignation is specified for Directors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of board of directors meetings held and the number of actual attendance during active duty.

(2) If a re-election of Directors had taken place prior to the close of the financial year, Directors of both the previous and the current term are listed; in which case, the remarks column would specify the re-election date and whether the Director was elected in the previous term, the new term, or both. The percentage of actual attendance (%) is calculated based on the number of board of directors meetings held and the number of actual attendance during active duty.

Note 3: The corporate shareholder representative of Chunghwa Telecom Co., Ltd.

Note 4: The corporate shareholder representative of Cheng Kang Investment Co., Ltd.

Implementation of evaluation on the board of directors

Evaluation cycles	Evaluation periods	Evaluation scope	Evaluation method	Evaluation content
Once every year	The evaluation on the board's performance from January 1, 2021 to December 31, 2021	Performance evaluations of the board of directors as a whole, individual directors and functional committees	Internal self-assessment of the board of directors, self-assessment of individual directors and self-assessment of functional committees or other proper method of performance evaluation.	(1)Performance evaluation of the board of directors: including participation in the operation of the company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, and internal control. (2)Performance evaluation of individual directors: including alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control. (3)Performance evaluation of functional committees: including participation in the operation of the company, awareness of the duties of the functional committee, quality of decisions made by the functional committee, makeup of the functional committee and election of its members, and internal control.

The attendance records of independent directors for the board meetings held in 2021 are listed below:

◎Attendance in person ☆Attendance by proxy -Not applicable

	02. 18.2021	03. 26.2021	04. 28.2021	07. 28.2021	11. 05.2021	12.17.2021
	The 12th meeting of the 10th board of directors	The 13th meeting of the 10th board of directors	The 14th meeting of the 10th board of directors	The 15th meeting of the 10th board of directors	The 16th meeting of the 10th board of directors	The 17th meeting of the 10th board of directors
Kung-Liang Yeh	◎	◎	◎	◎	◎	◎
Yung-Lin Su	◎	◎	◎	◎	◎	◎
Wen-Tsan Wu	◎	◎	◎	◎	◎	◎

(2) Operations of Audit Committee:

The Audit Committee of the Company consists of three independent directors. The operation of the Committee aim to supervise the following:

1. Adequate expression of the financial statement of the Company
2. Election and dismissal, independence and performance of external auditors
3. Effective implementation of internal control
4. Compliance to relevant regulations and rules
5. Control of existing or potential risk

The Audit Committee held six meetings in 2021. Its exercise of duties are as follows:

1. Establish or amend the internal control system based on Article 14-1 of the Securities and Exchange Act.
2. Evaluate effectiveness of internal control system.
3. Establish or amend the procedures governing the acquisition or disposal of assets, derivatives trading, loans to others, endorsements/guarantees made for others associated with major financial operations.
4. Issues that directors have a stake in
5. Major assets or derivatives trading
6. Major loans, endorsements and guarantees
7. Offering, issuance and private placement of securities
8. The appointment, dismissal and remuneration of external auditors
9. Appoint and dismiss financial, accounting or internal auditing officers.
10. Annual and semiannual financial statements
11. Material matters specified by other companies or competent authorities

Title	Name	Actual attendance	Proxy Attendance	Percentage of actual attendance (%)	Remark
Independent Director	Kung-Liang Yeh	5	1	83.33%	-
Independent Director	Yung-Lin Su	6	-	100%	-
Independent Director	Wen-Tsan Wu	5	1	83.33%	-

Other matters that shall be recorded:

1. For board of directors meetings that meet conditions described in Article 14-5 of the Securities and Exchange Act or are subject to any other documented objections or qualified opinions raised by independent director against board resolution, the date and session of Audit Committee, the agenda, independent directors' opinions and how the company has responded to such opinions shall be stated: Refer to page 319.
2. Disclosure regarding avoidance of interest-conflicting agendas, including the names of directors concerned, the agendas, the nature of conflicting interests, and the voting process: None of the preceding

condition occurred during this year.

3. The communications between the independent directors, and the internal auditors: (that shall include material matters, methods and results regarding the Company's financial status or business development)

Meeting date	Major meeting agendas
February 18, 2021	● **Report of the result of internal audit from mid-December, 2020 to January, 2021 to the independent directors by internal auditors, including audit items for stated period and the follow-up of corrective actions for the annual audit items:** **(1) Legal compliance audit** **(2) Financial derivatives audit** **(3) Loans to others and endorsements and guarantees for the fourth quarter of 2020** ● **Independent directors did not raise any opinion on such matter.**
May 26, 2021	● **Report of the result of internal audit from January to February, 2021 to the independent directors by internal auditors, including audit items for stated period and the follow-up of corrective actions for the annual audit items:** **(1) Management of related party transactions, and supervision and management of subsidiaries.** **(2) Audit of acquisition and disposal of assets** **(3) Financial derivatives audit** ● **Independent directors did not raise any opinion on such matter.**
April 28, 2021	● **Report of the result of internal audit from March to mid-April 2021 to the independent directors by internal auditors, including audit items for stated period and the follow-up of corrective actions for the annual audit items:** **(1) Purchase and payment cycle** **(2) Financial derivatives audit** ● **Independent directors did not raise any opinion on such matter.**
July 28, 2021	● **Report of the result of internal audit from May to the beginning of July, 2021 to the independent directors by internal auditors, including audit items for stated period and the follow-up of corrective actions for the annual audit items:** **(1) Financial statements cycle and management of application of International Financial Reporting Standards, procedures for professional accounting judgments, and processes for making changes in accounting policies and estimates.** **(2) Purchase and payment cycle** **(3) Finance cycle** **(4) Financial derivatives audit** **(5) Loans to others and endorsements and guarantees for the first quarter of 2021** ● **Independent directors did not raise any opinion on such matter.**
November 5, 2021	● **Report of the result of internal audit in mid-October 2021 to the independent directors by internal auditors, including audit items for stated period and the follow-up of corrective actions for the annual audit items:** **(1) Sale and receipt cycle, inventory cycle ~ all channels** **(2) Audit of subsidiaries~Aval Technologies Co., Ltd.** **(3) Audit on compliance of Personal Information Protection Act** **(4) E-commerce cycle audit - E-commerce platform price management and check on member point for events** **(5) Loans to others and endorsements and guarantees for the second quarter of 2021** **(6) Financial derivatives audit** ● **Independent directors did not raise any opinion on such matter.**
December 17, 2021	● **Report of the result of internal audit from October to November, 2021 to the**

	independent directors by internal auditors, including audit items for stated period and the follow-up of corrective actions for the annual audit items: **(1) Management of the operations of the remuneration committee and labor and wage cycle** **(2) Information flow security inspection and information technology cycle** **(3) Management of the operations of the meetings for the Audit Committee** **(4) Financial derivatives audit** • **Independent directors did not raise any opinion on such matter.**
Monthly	Prepare the monthly internal auditor's report in accordance with the annual audit plan and submit to independent directors for review. For any questions regarding the report raised by independent directors, the internal audit manager shall make further explanation and communicate to independent directors for supervision with a clear understanding of the audit result and consequent control measures.

4. The communications between the independent directors, and the independent auditors: (that shall include material matters, methods and results regarding the Company's financial status or business development)

Meeting date	Major meeting agendas
November 5, 2021	**1. November 5, 2021 The CPAs made a presentation and explained the audit planning in 2021 to independent directors Kung-Liang Yeh, Yung-Lin Su and Wen-Tsan Wu.** **2. The CPAs discussed the questions from independent directors Kung-Liang Yeh, Yung-Lin Su and Wen-Tsan Wu and negotiated with each other.** **3. Independent directors did not raise any opinion on such matter.**

(3) Deviation and causes of deviation of the Company's actual governance from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
1. Does Company follow the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices?	V		60 articles of the "Senao International Co., Ltd. Corporate Governance Best Practice Principles" were passed by the resolution of the board's meeting, in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" set by the TWSE and TPEx. The Principles were uploaded to the Company's website on Internal Policies page of Investors Section for shareholders' inquiry.	No major deviation
2. The shareholding structure and shareholders' equity of the Company				
(1) Does the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; in addition, have the procedures implemented accordingly?	V		(1) The Company has appointed the spokesperson, acting spokesperson and share affairs unit for handling matters related to shareholders, and the share affairs were handled in accordance with relevant internal procedures for share affairs.	No major deviation
(2) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(2) The Company is constantly informed of the shareholding of its directors, managers and major shareholders individually holding ten percent or more of the Company's shares, and makes monthly reports on the Market Observation Post System as required by the competent authority in accordance with Article 25 of the Securities and Exchange Act.	The major shareholder prescribed in article 19 of the Corporate Governance Best-Practice Principles for Securities Firms refers to those who owns 5 percent or more of the outstanding shares

Assessment criteria	Implementation status: Yes	Implementation status: No	Implementation status: Explanation	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
				of the company or the shareholding stake thereof is on the top 10 list; The share register is available to the Company during the closure period, and based on the register, the Company may be informed of the list of top shareholders.
(3) Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(3) The Company has adopted the "Guidelines for Related Party Transactions", built and implemented the risk management practices and firewalls for companies it is affiliated with.	No major deviation
(4) Has the company established internal policies that prevent insiders from trading securities against non-public information?	V		(4) The Company has adopted the "Procedures for Preventing Insider Trading and Handling Material Inside Information" and constantly organized annual information session of insider trading prevention and material insider information handling for the insiders to prevent insiders from trading securities against non-public information.	No major deviation
3. Composition and duties of the board of directors:				
(1) Does the Board of Directors have diversified policies or specific management goals regulated and	V		(1) The Company has implemented the "Corporate Governance Best Practice Principles" that set forth the diversity among the board members in Article 20 (Abilities possessed by the board members). In addition to that directors	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
implemented substantively according to the composition of the members?			concurrently serving as company officers shall not exceed one-third of the total number of the board members, appropriate diversified policies and management goals on based on the company's business operations, operating dynamics, and development shall be formulated. Among current 11 directors on the board, there are 4 directors who hold position as employees; 3 independent directors, who has served as an independent director of the Company for less than three consecutive terms; two males whose ages range from 30 to 50 years old, and nine males older than 51 years old. There is no female director. It is expected to elect at least one female director for re-election. These directors provided relevant opinions on the Company's operation based on their professional background (e.g., law, accounting, industry, finance, marketing, technology), as well as their comprehensive abilities, such as ability to make operational judgments, ability to perform accounting and financial analysis, ability to conduct management administration, ability to conduct crisis management, knowledge of the industry, an international market perspective, ability to lead and ability to make policy decisions. The abilities possessed by the board members are as follows:	

Title	Name	Gender	Major Education and Experience	Audit Committee	Remuneration Committee	Professional background	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration.	Ability to conduct crisis management.	Knowledge of the industry.	An international market perspective.	Ability to lead.	Ability to make policy decisions.
Chairman	Chin-Lin Lai	Male	Founding President,			V	V		V	V	V	V	V	V

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation	

			Association of Service Industries, Taiwan MBA, National Taiwan University											
Vice Chairman	Pao-Yung Lin	Male	Vice Chairman and President, Senao International Co., Ltd. Tungshih High School			V	V		V	V	V	V	V	V
Director	Tien-Tsai Su	Male	President, Chunghwa Telecom Co., Ltd. Personal Family Group;			V	V		V	V	V	V	V	V
Director	Chih- Cheng Chien	Male	President, Chunghwa Telecom Co., Ltd. Network Technology Group; Ph.D. in Electronic and Computer Engineering, National Taiwan University of Science and Technology			V	V		V	V	V	V	V	V
Director	Wen- Chih Lin	Male	Vice President, Chunghwa Telecom Co., Ltd. Business Management Group Master in Automatic Control Engineering, Feng Chia University			V	V		V	V	V	V	V	V
Director	Chien-Chih Chen	Male	Assistant Vice Presidents,			V	V		V	V	V	V	V	V

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation	

			Chunghwa Telecom Co., Ltd. Marketing Department Strayer University, Washing D.C., USA Master of Business Administration (MBA) Citibank Taiwan: Public Relations &Corporate Banking										
Director	Cheng-Feng Lin	Male	Special Assistant, Senao International Co., Ltd. EMBA, National Chengchi University			V	V		V	V	V	V	V	V
Director	Cheng-Kang Lin	Male	Project Manager, Senao International Co., Ltd. New Product Strategy Center IMBA, National Chengchi University Japanese, the University of British Columbia			V	V		V	V	V	V	V	V
Independent Director	Kung- Liang Yeh	Male	Chairman, Fubon Securities Co., Ltd. EMBA, Finance, National Taiwan University	V (Convener)	V (Convener)	V	V	V	V	V	V	V	V	V
Independent Director	Yung-Lin Su	Male	Chairman and President, Yoda Communications, Inc. Ph.D. in Electrical Engineering, Stanford University, U.S.A.	V	V	V	V	V	V	V	V	V	V	V

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Independent Director</td><td>Wen-Tsan Wu</td><td>Male</td><td>Vice President, Cortina Access, Inc., U.S.A.
Master and Ph.D. In Electrical Engineering, University of Washington, U.S.A.</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr></table></td><td></td></tr>
<tr><td>(2) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?</td><td></td><td>V</td><td>(2) The Company established the Remuneration Committee and Audit Committee in accordance with relevant laws. The Audit Committee consists of the independent directors. In the event of a merger or acquisition, the Committee may call for a meeting to evaluate the fairness and reasonableness of such a transaction.</td><td>No major deviation</td></tr>
<tr><td>(3) Has the Company established a set of policies and assessment tools to evaluate the board’s performance? Is performance evaluated regularly at least on an annual basis? Are the results of performance assessments submitted to the board of directors and used as reference in determining compensation for individual directors, their nomination and additional office term?</td><td>V</td><td>-</td><td>(3) The Company’s Regulations Governing the Board Performance Evaluation was passed by the board of directors’ meeting on December 27, 2019, stipulating that the board’s evaluation shall cover evaluation of the board as a whole, individual directors, audit committee and remuneration committee at least once a year. The board’s internal evaluation shall be conducted at the end of every fiscal year in accordance with these Regulations.
The criteria for evaluating the performance of the board of directors include the following five aspects:
1. Participation in the operation of the company.
2. Improvement of the quality of the board of directors' decision making.
3. Composition and structure of the board of directors.
4. Election and continuing education of the directors.
5. Internal control.</td><td>No major deviation</td></tr>
</table>

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation	
			The criteria for evaluating the performance of the board members shall cover, at a minimum, the following six aspects: 1. Alignment of the goals and missions of the company. 2. Awareness of the duties of a director. 3. Participation in the operation of the company. 4. Management of internal relationship and communication. 5. The director's professionalism and continuing education. 6. Internal control. The criteria for evaluating the performance of functional committees shall cover, at a minimum, the following five aspects: 1. Participation in the operation of the company. 2. Awareness of the duties of the functional committee. 3. Improvement of quality of decisions made by the functional committee. 4. Makeup of the functional committee and election of its members. 5. Internal control. The administration unit shall conduct the board’s internal evaluation, collect relevant information about the board of directors, individual directors, and functional committees by December 31 of every year, and distribute following surveys: 1. “Self-assessment for the board’s (including functional committee) performance”: Individual director’s evaluation on the board of directors’ performance as a whole (including functional committee) 2. “Self-assessment on individual board member’s performance”: Self-evaluation on each individual director’s performance. When administration unit calculate the evaluation result, it shall count the self-assessment score for the board of directors (including functional committee) and board members separately. The self-assessment score is the average of sum of scores from all items, and the average score represents an	

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation	
			evaluation result as follows: 1. For average score equal or above 4, the evaluation result is "Excellent". 2. For average score less than 4 but above 3, the evaluation result is "Good". 3. For average score less than 3, the evaluation result is "To be improved". The performance evaluations on the board as a whole, individual directors, audit committee and remuneration committee were completed on December 31, 2021, and the average score for the year 2021 was 4.65, 4.84, 4.88 and 4.88, all representing excellent performance. The result was reported in the board of directors' meeting on March 25, 2022, and it concluded a review and corrective measure as follows: The Company will arrange continuing education and offer diverse courses for all directors every year. It will ask the external auditors to be present for approval of financial statement to continue to strengthen communication with directors.	
(4) Are external auditors' independence assessed on a regular basis?	V		(4) The Company's external auditors' independence are assessed on a yearly basis (once a year) based on the following criteria, and the evaluation result is reported to the most recent board meeting: 1. External auditors' declaration of independence. 2. Annual competency assessment survey of the external auditors for the evaluation of external auditors' independence. 3. None of the auditors has provided audit service to the Company for more than seven consecutive years.	No major deviation
4. Does the TWSE/TPEx listed company have an adequate number of corporate governance personnel with appropriate qualifications, and	V		The Company has designated the Finance Department in charge of corporate governance affairs, and the Finance Department Manager was appointed as the chief corporate governance officer in a board of directors' meeting *, who will be responsible for the Company's corporate governance affairs (including but not	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation	
appoint a chief corporate governance officer in charge of corporate governance affairs (including but not limited to providing directors with the information needed to perform their duties, assisting directors with legal compliance, convention of board meetings and shareholder meetings, and preparation of board meeting and shareholder meeting minutes etc.)?			limited to providing directors with the information needed to perform their duties, convention of board meetings and shareholder meetings, company registration and changes, preparation of board meeting and shareholder meeting minutes etc.) and reporting to the board meeting on a regular basis. *The Finance Department Manager has worked in the Company as a manager and had experience in finance, share affairs and board meetings for more than three years. **There were six board of directors' meetings and one general shareholders' meeting in 2021.	
5. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders （ including but not limited to shareholders, employees, customers and suppliers ）?	V		In order to place emphasis on the stakeholders' interests, the Company has set up CSR section (https://www.senao.com.tw/invest18.php) and the stakeholders' section (https://www.senao.com.tw/invest16.php) on the Company's website. The Company publishes the sustainability report every year and summarizes its methods and results in the CSR section in order to transparently and practically address relevant CSR issues to its stakeholders. At the meantime, the Company has also provided the communication channels such as customer service hotline, retail stores andemails to various stakeholders, thereby stakeholders can provide the feedback regarding relevant issues or thoughts to Senao International via the most convenient method for them. In order to place emphasis on the stakeholders' interests, the Company has set up a special hotline as follows: Contact: Manager Ta-Wei Chueh Tel: 02-2218-3588 ext. 1550 Email: legal@senao.com.tw	No major deviation
6. Does the Company engage a share	V		The Company has signed the share affairs agency contract with Stock Affairs	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation	
administration agency to handle shareholder meeting affairs?			Department, Taishin Securities Co., Ltd. and engage it to handle shareholder meeting affairs.	
7. Information disclosure				
(1) Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		(1) 1. Financial information disclosure: the Company's revenue information and financial statements are disclosed under the investors section on the website and updated on a regular basis for investors' reference. 2. Business information disclosure: the Company's product information is placed on the front page of the website; the service information such as warranty inquiry and maintenance progress inquiry can be found on the maintenance service page. 3. Corporate governance information: the Company has set up the corporate governance section under the investors section on the website, in which, the Company's corporate governance structure and policies for diversity of board members are disclosed. In addition, the Operation of Internal Audit, Endorsement and Guarantee Procedures, and Procedures Governing the Acquisition or Disposal of Assets were disclosed on the Company's website; the material resolutions of the board meetings were disclosed on the annual report.	No major deviation
(2) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company	V		(2) 1. Assignment of specific personnel to collect and disclose corporate information: the related departments or divisions of the Company have assigned specific personnel to collect and disclose information. 2. Implementation of spokesperson system: The Company has appointed the spokesperson and acting spokesperson as specified by relevant rules to implement the spokesperson system. 3. Broadcasting of investor conferences via the company website: the Company has uploaded the investor conference videos in the investors	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation	
website)?			section of the Company's website for reference; the financial and operational information provided in an investor conference has been submitted to the Market Observation Post System as required by the Taiwan Stock Exchange Corporation, in addition to the investors section of the website.	
(3) Has the Company published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		(3) The Company has published and reported its annual financial report within two months after the end of a fiscal year, and published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	No major deviation
8. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors)?	V		(1) Employee rights, employee care: the Work Rules has been established in compliance with relevant labor regulations and disclosed publicly. Meanwhile, the intra-net counseling platform and hotline are available for employee consultation and communication. The Company also discloses relevant information for employee care under the CSR section under the investors section of its website. In addition, the Company's Employee Welfare Committee is responsible for employee welfare, and please refer to page 137 of the report for further information. (2) Investor relations: Protecting shareholders' interests is the Company's ultimate goal. It treats all of its shareholders equally and publish relevant material information such as financial and operational information or shareholding of insiders on a timely basis and in compliance with relevant rules and regulations. The meeting minutes of ordinary shareholders' meetings were handled in accordance with the Company Act and relevant rules and regulation and	No major deviation No major deviation No major deviation

Assessment criteria	Implementation status: Yes	Implementation status: No	Implementation status: Explanation	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
			published on the Company's website.	
			(3) Supplier relations: The Company has maintained good relations with its suppliers for a long time and implemented a prudent review process for a supplier's qualification, capability, credit. Both parties act based solely on the contract. Before signing the contract and during conducting the business, the Company identifies and examines the protection measures based on the operational risk of different suppliers. The Company also provides complete, timely and correct financial information for suppliers' reference.	No major deviation
			(4) Stakeholders' interests: Through the Company's detailed rules and policies, adjusted in accordance with local laws and regulations, the interests of various stakeholders are fully covered. For major stakeholders, we have set up the stakeholder section for timely feedback of important rights and material information, and the corresponding complaint channel is provided for any unfair treatment or impairment of stakeholders' rights, thereby the Company may response immediately and effectively.	No major deviation
			(5) Continuing education of directors: The Company invited directors to attend the continuing education course "Corporate Social Responsibility (CSR, ESG) practice, an example of green and renewable energy" held by Chunghwa Telecom on May 6, 2021, and the online course "2021 Cathay Sustainability Finance and Climate Change Summit" on December 7, 2020.	No major deviation
			The Company complies with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies stipulated by TWSE.	No major deviation
			(6) Implementation of risk management policies and risk measurements: The Regulations Governing the Risk Control Procedures was passed by the board of directors' meeting on November 4, 2020. The Company evaluates the risk	No major deviation

<table>
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<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>once a year, sets up risk management policies for all kinds of risks, and covers and implements the management goal, risk evaluation, risk response and risk control. The Company aims to identify, measure and control all kinds of risks effectively, keep the risks incurred from the business activity within an acceptable scope.
All kinds of risks are defined based on the operation strategy and goal of the Company to ensure stable operation and sustainable development of the Company. Possible losses are prevented within the bearable risk scope. The overall risk management organizational structure and risk management mechanism are established.

Management responsibility
<table>
<tr><th>Organization name</th><th>Scope of authority and responsibility</th></tr>
<tr><td>Chairman</td><td>1. Approve the risk management policy and structure.
2. Ensure effectiveness of risk control system and allocate resources.</td></tr>
<tr><td>Senior management (President, Executive Vice Presidents, Vice Presidents)</td><td>1. Carry out the risk control decisions.
2. Coordinate the interaction and communication on risk control across departments.</td></tr>
<tr><td>Managers on all levels</td><td>1. Gather the result of the implementation of risk control activity.
2. Assist and in supervise all kinds of risk control activities in the department.
3. Change the decided risk type and suggest the way to take on risks depending on the external environment and internal strategy.</td></tr>
</table></td><td>No major deviation</td></tr>
</table>

<table>
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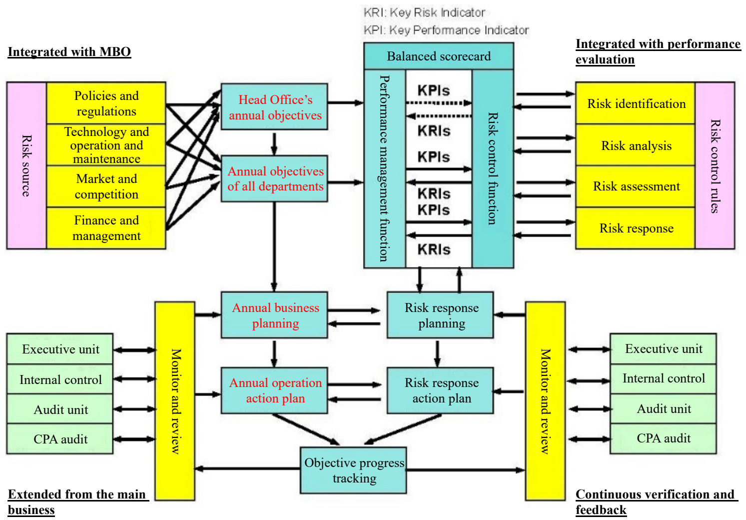
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td>4. Evaluate the performance and carry out coordination after risk adjustment.</td></tr>
<tr><td>Managers on all levels under each department</td><td>1. Carry out the daily risk control activities.
2. Perform self-evaluation on risk control activities.</td></tr>
</table>
Risk control architectural diagram


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<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>Risk control on climate change
<table>
<tr><th>Structure</th><th>Disclosure</th></tr>
<tr><td rowspan="2">Governance</td><td>The Chairman serves as the director of Senao International Corporate Social Responsibility Committee and the board member of Senao International. The director discusses on and reviews the risk and opportunity at the annual meeting of CSR Committee and report it to the board.</td></tr>
<tr><td>• The Senao International Corporate Social Responsibility Committee evaluates the risk and opportunity brought by relevant climate issues via the risk control process of the Company according to the long-term strategies stipulated by the board.
• The Corporate Social Responsibility Committee reviews the carbon management strategy every year, draws up adequate budget plans, sets relevant performance goals, and ensures that the climate strategies can be integrated into the annual departmental business operations. His management responsibility covers:
(1). Set up the goal for GHG management and carbon reduction.
(2). Plan for the program for increasing energy efficiency, and draw up the strategy and action plan for reducing carbon intensity for operation and service.</td></tr>
</table>
</td><td></td></tr>
</table>

Assessment criteria	Implementation status				Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation		
			Strategy	Opportunities led by climate change reflect on the future sales and service. Senao International will keep paying attention to and seeking green operation and management technology or subject matter suitable for development. We expect to accumulate more momentum in innovative service and business and make contributions to low carbon and smart economy.	
			Risk control	The Company identifies potential factors for the possible risks incurred from operation beforehand to make comprehensive plans as early as possible, eliminate possible risks and reinforce disclosure transparency.	
				The Company carries out system evaluation and analysis on the scope of climate change issues and the impact of climate change on business or daily operation. The CSR environmental sustainability team assesses the outcome of relevant energy saving programs and increases the adaptation capacity of relevant facilities.	
			Indicator and objective	1. The headquarters checks the emission data in Scopes 1 and 2 and receives external verification according to ISO 14064-1. 2. Set up the goal for GHG management and carbon reduction for Senao International. Set up the strategy and goal of corporate environmental sustainability development, and improve the management of environmental data, such as carbon emission. Announce the evaluation on the opportunity for using renewable	

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	

	energy to external parties. 3. Plan for the program for increasing energy efficiency, and draw up the strategy and action plan for reducing carbon intensity for operation and service. 4. Supervise and propose adequate plans for reducing CO2 emission in its industry.

For the industry we are in, we expect to face the following economic, environmental and social risks. We perform active control to respond to uncertainties. In future, we will set up the system of corporate risk control, continue to raise the awareness of employees on risk control, keep track of and control risks and its uncertainties.

Material issues	Risk assessment criteria	Risk control policies or strategies
Economy and corporate governance	Bad loan of the Company is incurred from the massive bad debt made by dealers.	Increase the secured credit ratio and reduce unsecured credit line for the problem client.
	The market share of all brands is getting stable. Skip the agency and supply products to the system operator or dealer directly to strengthen the control on channels.	• Strengthen the value of channel. • Coordinate to limit the model directly supplied. • Make the best of the e-commerce channel.
	E-commerce development	• Extend the performance of

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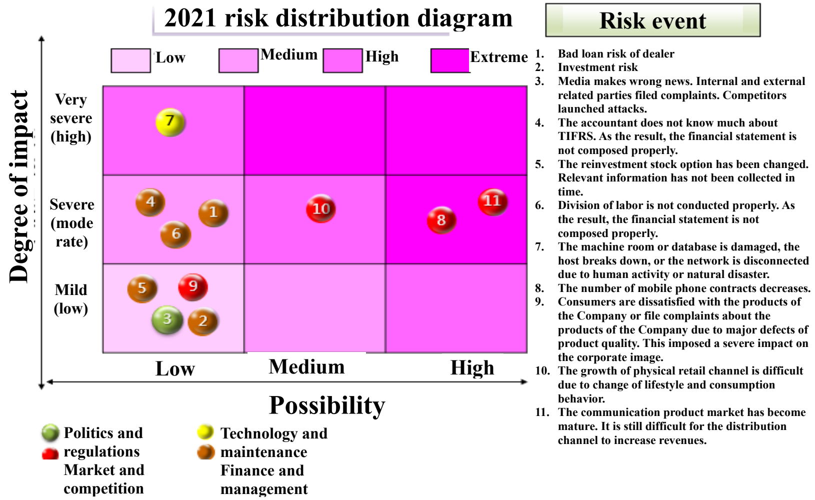
<table>
<tr><td></td><td>changed consumer shopping habits. The existing business growth of retail physical channel is getting difficult.</td><td>new retail channel via new technological tools and build the cycle of online and offline consumption and repurchase.
• Review the store traffic flow and shelf layout, and optimize and digitalize the operation.</td></tr>
<tr><td>Environment</td><td>The machine room is damaged due to human error or non-human accident and natural disaster.</td><td>Build the daily remote backup system to complete the BCP project.</td></tr>
<tr><td rowspan="2">Society</td><td>Media makes wrong news.</td><td>Disclose information regularly, release major news occasionally and explain in detail to improve information transparency.</td></tr>
<tr><td>Member data in the website database leaked due to hacking or virus.</td><td>Build an application firewall.</td></tr>
</table>
It is the risk diagram and responsive measures the Company reported to the board of directors’ meeting every year after risk assessment and analysis (as shown below).</td><td></td></tr>
</table>

Assessment criteria	Implementation status: Yes	No	Explanation	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
			(see below)	



High/extremely high risk type and responsive measures:

Risk type	**Risk event**	**Impact assessment**	**Responsive measures (response plan)**
Market and competition	**7.** The machine room or database is damaged, the host breaks down, or the network is disconnected	1. The host device is damaged. 2. We cannot provide services to customers immediately, leading to lower customer satisfaction.	Build the daily remote backup system to complete the (Business Continue Plan) BCP project.

Assessment criteria	Implementation status						Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation				
				due to human activity or natural disaster.			
				8. The number of mobile phone contracts decreases.	1. Promotion, application service and terminal sales of 5G are affected. 2. The revenue for mobile communication and added value revenue of Hami are reduced. 3. The mobile phone sales and the chance that consumers would buy accessories are affected.	The parent company is suggested to set 60% contract rate as the all-channel BSC KPI. This effectively enhances the mobile phone business performance of Chunghwa and speeds up 5G promotion.	
				10. The growth of physical retail channel is difficult due to change of lifestyle and consumption behavior.	1. The productivity of a single store cannot be increased, there might be problem for revenue achievement. 2. The contract rate decreases. The revenue and sales are affected. The per capita productivity decreases.	1. The sales orientation is adjusted to resonate with consumers and increase consumer adhesion. 2. The BI is established with the integration of big data analysis to create Senao's brand value. 3. Focus on the Company's revenue and consolidate the	

<table>
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<tr><td></td><td></td><td></td><td>
<table>
<tr><td rowspan="2"></td><td></td><td></td><td>binding revenue. Integrate with digital shopping guide promotion process.</td></tr>
<tr><td>11. The communication product market has become mature. It is still difficult for the distribution channel to increase revenues.</td><td>The market share of distribution channel shall be actively maintained above 60%.</td><td>1. The new product/channel is developed. The expertise of sales staff is enhanced.
2. Organize the dealer redemption event for purchase. Provide the sales tool and the reward for sales staff.</td></tr>
</table>
(7) Implementation of customer policy: The Company has the retail stores and customer service units nationwide, as well as the customer service hotline and specialists, to provide services and solutions for customer inquiries and complaints. The relevant customer service information was also disclosed in the CSR section under the investors section of the Company’s website.
(8) Insuring against liabilities of company directors: The Company has insured against liabilities of company directors with liability limit of US$ 10 million and reported to the board of directors’ meeting at the end of each year.
(9) Qualification of personnel involved in financial transparency: 1 Certified Public Accountant.
</td><td></td></tr>
<tr><td colspan="5">9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified. (Not applicable if the company is not one of the evaluated subjects)
The improvements made by the Company based on the latest Corporate Governance Evaluation results published:
(1) Establishment of the information security risk control structure
(2) Disclosure of the scope, organizational structure and operation of risk control</td></tr>
</table>

Assessment criteria	Implementation status			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Explanation	
Enhancement measures are as follows: (1) Compliance with regulated training hours by all current directors. The percentage of actual attendance of all directors for the board of directors' meeting in the year of evaluation shall reach 85%.				

(4) Disclosure regarding the composition, responsibilities, and functioning of remuneration committee, if available: The Remuneration Committee was formed upon on the resolution of the board of directors' meeting, where the Committee members were assigned by the board. The Committee is mainly responsible for reviewing regularly the compensation policies, systems, standards and structures, and performance of directors and managers and proposing for discussion in the board meeting.

1. Information of the Remuneration Committee members

Identity	Name / Condition	Approved credential and experience	Independence Status (Note 1)				Number of positions as Remuneration Committee member in other public companies
			1	2	3	4	
Independent Director (Convener)	Kung-Liang Yeh	Approved credential: Have work experience in the area of commerce, law, finance, accounting, or five years of work experience in the field of professional qualifications needed by the Company Experience: Please refer to the director information on page 25.	✓	✓	✓	✓	0
Independent Director	Yung-Lin Su	Approved credential: Have work experience in the area of commerce, law, finance, accounting, or five years of work experience in the field of professional qualifications needed by the Company Experience: Please refer to the director information on page 25.	✓	✓	✓	✓	0
Independent Director	Wen-Tsan Wu	Approved credential: Have work experience in the area of commerce, law, finance, accounting, or five years of work experience in the field of professional qualifications needed by the Company Experience: Please refer to the director information on page 25.	✓	✓	✓	✓	0

Note 1: Check in each box with "✓", if the member meets the condition during the two years prior to being appointed and during the term of office.

(1) The person, his spouse, or second-degree relative of consanguinity did not serve as the director, supervisor or employee of the Company or its affiliated company.

(2) The member is not a natural-person shareholder who holds shares, together with those held by the person, the person's spouse, or the person's second-degree relative of consanguinity, or held by the person through nominees, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.

(3) The member did not serve as the director, supervisor or employee of the company specially associated with the Company. (Refer to Subparagraphs 5 to 8, Paragraph 1, Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.")

(4) The benefits acquired from the commerce, law, finance, accounting services provided by the Company or its affiliated company in the last two years: Please refer to the remuneration of the director on page 29 in the annual report of 2020 and page 32 in this annual report.

2. Operations of Remuneration Committee

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

(2) Duration of service of the current Committee: from June 14, 2019, to June 13, 2022. The Remuneration Committee held 5 meetings (A) in 2021; details of members' eligibility and attendance are as follows:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note)	Remark
Convener	Kung-Liang Yeh	5	-	100%	
Member	Yung-Lin Su	5	-	100%	
Member	Wen-Tsan Wu	5	-	100%	

Other matters that shall be recorded:

1. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
2. Should any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-the-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

Note:

(1) Date of resignation is shown for members of the Remuneration Committee who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of Remuneration Committee meetings held and the number of meetings actually attended during active duty.

(2) If a re-election of Remuneration Committee members had taken place prior to the close of the financial year, members of both the previous and the current Remuneration Committee will be listed; in which case, the remarks column will specify whether the committee member was elected in the previous board, the new board, or both. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Remuneration Committees held during active duty and the number of actual (proxy) attendance.

3. Discussion matters and resolutions in the Remuneration Committee's meetings, and how members' opinions were addressed

Date	Number of meeting	Discussion Matters	Resolution	The Company's handling of Remuneration Committee members' opinions
02. 18.2021	The 8th meeting of the 4th Remuneration Committee	Reviewed the 2020 directors' remuneration and employees' compensations	Passed as proposed unanimously by all members present at the meeting.	Passed by the board of directors' meeting
03.08.2021	The 9th meeting of the 4th Remuneration Committee	Reviewed the performance bonus incentive program initiated in 2021.	Proposed to review again in the next meeting.	
.04. 28.2021	The 10th meeting of the 4th Remuneration Committee	Reviewed the appointment of the Chief Financial Officer	Passed as proposed unanimously by all members present at the meeting.	Passed by the board of directors' meeting
07. 28.2021	The 11th meeting of the 4th Remuneration Committee	Reviewed 2020 managers' and employees' compensations disbursement	Passed as proposed unanimously by all members present at the meeting.	Passed by the board of directors' meeting
12.07.2021	The 12th meeting of the 4th Remuneration Committee	1. Reviewed the disbursement of 2021 Chairman's and managers' performance appraisal and year-end bonus. 2. Reviewed the appointment of the new manager of Retail Business Department.	Passed as proposed unanimously by all members present at the meeting.	Passed by the board of directors' meeting

(5) Promotion of sustainable development implementation, and the deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies:

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
1. Does the Company set up the governance structure of sustainable development, and set up a unit that specializes (or is involved) in sustainable development practices? Is the unit run by senior management and reports its progress to the board of directors?	V		The founding of CSR Committee was passed by the board of directors' meeting in 2018. The CSR Committee was renamed to the "Sustainable Development Committee" in 2022. The Secretariat of Sustainable Development Committee is a unit that specializes in promotion of sustainable development. It is responsible for proposal and implementation of policy, system or relevant management approach of sustainable development, and specific promotion plan of sustainable development. It releases the sustainability report every year to respond to the issues stakeholders pay attention to. CSR related matters are handled by senior management authorized by the board, and reported to the board of directors on an annual basis (once a year). The management team to adjust these matters when necessary.	No major deviation
2. Has the Company conducted a risk assessment on environmental, societal and corporate governance issues related to the Company's operation based on materiality principle, and set up relevant risk management policies or strategies?	V		(1) Although the retail industry has relatively small environmental impact, the Company actively implements energy conservation and carbon reduction plan, educates its employees to be eco-conscious, and improves utilization rate of all resources in order to achieve environmental sustainability. (2) The Company sells products made by reputable global manufacturers, aligning with international standards, and sets up recycle bins for used batteries at its retail stores to reduce impact on environment and implement corporate social responsibility.	No major deviation

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>(3) The Company strictly follows confidentiality of information and should not inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of suppliers and customers unrelated to their individual duties, and keens to strengthen protective measures on information security. (Please refer to page 140 of the report for risk management information.)
(4) The Company passed the Regulations Governing the Risk Control Procedures during the board of directors' meeting on November 4, 2020. The Company evaluates the risk once a year and reports the result of risk assessment to the board meeting in the form of risk distribution diagram.
(5) For the industry we are in, we expect to face the following economic, environmental and social risks. We perform active control to respond to uncertainties. In future, we will set up the system of corporate risk control, continue to raise the awareness of employees on risk control, keep track of and control risks and its uncertainties.
<table>
<tr><th>Material issues</th><th>Risk assessment criteria</th><th>Risk control policies or strategies</th></tr>
<tr><td rowspan="2">Economy and corporate governance</td><td>Bad loan of the Company is incurred from the massive bad debt made by dealers.</td><td>Increase the secured credit ratio and reduce unsecured credit line for the problem client.</td></tr>
<tr><td>The market share of all</td><td>• Strengthen the value of</td></tr>
</table>
</td><td></td></tr>
</table>

Assessment criteria	Implementation status: Yes	Implementation status: No	Implementation status: Explanation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
				brands is getting stable. Skip the agency and supply products to the system operator or dealer directly to strengthen the control on channels.	channel. • Coordinate to limit the model directly supplied. • Make the best of the e-commerce channel.	
				E-commerce development changed consumer shopping habits. The existing business growth of retail physical channel is getting difficult.	• Extend the performance of new retail channel via new technological tools and build the cycle of online and offline consumption and repurchase. • Review the store traffic flow and shelf layout, and optimize and digitalize the operation.	
			Environment	The machine room is damaged due to human error or non-human accident and natural disaster.	Build the daily remote backup system to complete the BCP project.	
			Society	Media makes wrong news.	Disclose information regularly, release major news occasionally and explain in	

Assessment criteria	Implementation status: Yes	Implementation status: No	Implementation status: Explanation	Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
			detail to improve information transparency. Member data in the website database leaked due to hacking or virus. — Build an application firewall.	
3. Environmental issues				
(1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		(1) The environmental burden imposed on the retail industry by the Company is relatively light. To keep track of the external impact incurred from operation of the Company, in 2019 the Company actively introduced the ISO 14064-1 GHG management system to perform a complete inventory on the environmental data of the headquarters. Since the Company has been conducting GHG inventory based on ISO14064-1 regulations on an annual basis, tracks the effect of carbon reduction, and discloses these information in the sustainability report and the Company's website as the reference for planning follow-up sustainability action. Besides, the Company alleviates pollution and environmental hazard caused by waste via phone recycle plan. While obtaining profits, the Company takes action to achieve environmental sustainability.	No major deviation
(2) Is the Company committed to achieving efficient use of resources, and using renewable materials that	V		(2) The Company offers the used phones sell and recycle service at the director stores, Chunghwa Telecom counters and the Company's website〈https://www.senao.com.tw/SecondHand_Evaluate.php〉After the refurbishment, 52,324 will be sold as refurbished phones (a	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
produce less impact on the environment?			total of 52,324 refurbished phones in 2021). In addition, the recycle bins were setup at the director stores for the recycle of discarded mobiles and batteries (A total of 2,388 discarded mobile phones and 465 Kg discarded batteries in 2021) to reduce the impact on the environment. In addition, the Company also takes the following actions to improve resource efficiency and reduce impact on environment: • Gradually switch of refrigerant of air conditioners to R410 environment-friendly refrigerant in assistance of slowing down global warming • Addition of garbage segregation system and kitchen waste bins in office to decrease domestic waste and increase recyclable waste. • Encouragement of stairs instead of elevators • Online shopping packaging is reduced to retain the Online Shopping Packaging Reduction Mark awarded by the EPA.	
(3) Has the Company assessed its potential risk and opportunity that may be caused by climate change, and taken measures on climate related issues?			(3) The Sustainable Development Committee evaluates how climate change affects the Company's risks and opportunities associated with climate change strategy and goal, reviews implementation of the strategy and goal, and discusses the future plan based on the TCFD proposal structure released by the FSB. According to the current climate risk evaluation, the risks include environmental regulations, rise of average temperature, threatened employee safety due to extreme climate, green supply chain of product, and the change of consumer's choice of product.	

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>To lower the aforementioned risk, the Company discusses on chances and formulated responsive measures. To mitigate and adapt to the climate change, the Company will increase resource efficiency, reduce water use and consumption, or adopt a more efficient transportation method. As for the product, the Company will explain environmental carbon reduction and use of green raw material to the supplier and promise to reduce environmental carbon and use green raw material. The supplier self-evaluation form will be provided when signing the contract,</td><td></td></tr>
<tr><td>(4) Has the Company measured the emission of greenhouse gases, water usage, and total weight of waste for the past two years, and adopted policies for energy conservation, carbon and greenhouse gas reduction, water conservation and other waste reduction?</td><td>V</td><td></td><td>(4) The emission of externally purchased or acquired electricity of the headquarter's office of the Company in 2020 is 3% less than in 2019, which is the goal set in 2018. The actual effect in 2020 is about 22.87% less than in 2018. It is expected that the electricity emission of the headquarter's office in 2026 is 10% less than in 2020.

GHG emission

Senao’s total emissions of greenhouse gases in 2020 were 523.3921t-CO_2e; based on the inventory, externally purchased or acquired electricity was our major source of greenhouse gases emission; therefore, managing and reducing electricity usage is our major strategy for greenhouse gases reduction.
<table><tr><th>Type</th><th>GHG emission source</th><th>Office</th><th>2018</th><th>2019</th><th>2020</th></tr><tr><td>Direct</td><td>This includes the GHG</td><td>t-CO_2e</td><td>68.2012</td><td>288.0706</td><td>260.3724</td></tr></table></td><td>No major deviation</td></tr>
</table>

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	

GHG emission (Type 1)	emitted from the fixed emission source, mobile emission source and fugitive emission source.				
Indirect GHG emission (Type 2)	The emission incurred from externally purchased or acquired electricity	t-CO_2e	455.4726	382.1603	351.2665
Total emission (Type 1 + Type 2)		t-CO_2e	523.674	670.231	611.6389
Number of employees		people	475	409	361
Emission intensity (total emission/person)		t-CO_2e	1.10	1.64	1.69

Note:

1. Since 2017, Senao has started to create the Company's GHG emission list based on ISO14064-1. The list is revised to ISO 14064-1:2018 in 2020 for inventory.
2. The unit for discharge coefficient in 2020 was 1kWh = 0.509kg-CO_2e. It is the unit for discharge coefficient in 2019 announced by the Bureau of Energy, MOEA.
3. Since 2018, the scope of GHG inventory expanded from the second floor of the headquarters to the headquarters in Xindian, resulting in increase of overall electricity usage.
4. The inventory scope in 2020 covers 11 offices of the headquarters in Xindian.

GHG emission of value chain

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
			To perform complete inventory of GHG emissions for organizations, the Company calculates carbon emission of value chain based on ISO 14064-1:2018 and conducted inventory for Types 3 and 4 in 2020.	

Type	Item	Emission ($t\text{-}CO_2e$)
3	Employee's business trip	9.6381
4	Product and service purchase (tap water usage)	1.5742
	Disposal and cleaning of general waste	10.7726
	Fuel and energy related activities	136.9031
Total emission of value chain		158.8881

Water resource management

The primary water source of the Company is tap water. The water usage in 2020 reached 9.26 kiloliter (9.26 tons). Currently the Company continues to promote all kinds of energy saving measures, such as using water saving toilet and tap, checking water leakage, and setting the timer for cooling tower to avoid splashing and increase water efficiency.

Water usage statistics

Water usage	2018	2019	2020
Kiloliter	9.43	10.59	9.26

Note: The scope of inventory in 2018 covers 12 offices of the headquarters in Xindian and from 2019 to 2020 covers 11 offices of the headquarters in Xindian.

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
			Waste management The Company manages and controls the waste based on the nature of waste and prioritizes recycling. Meanwhile, the Company promotes the waste reduction and recycling project to enhance resource reuse. **Waste management guideline** Identify waste impact: • The primary waste generated from Senao's international operation inclu garbage and repair electronics board. The wastewater is general domest • Currently the incinerator is subject to strict air pollution emission stand and the disposal of bottom ash is affected by the change in land categor economy including waste reduction and recycling is one of the issues fo Impact prevention: Take action for waste disposal, including strict garbage classification and waste. Control on waste disposal supplier: The waste generated from the headquarter's office is entrusted to the Industrial City and qualified waste disposal supplier. Data measurement and monitoring: This is calculated based on the number of trips for waste disposal provide and entrusted to waste disposal suppliers. **Waste management result**	

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	

Classification	Handling method	Office	2018	2019	2020
Reusable	In addition to direct reuse, this also includes chemical and physical reuse and heat treatment.	Ton	35.16	32.2	30.8
		%	50	50	50
Non-reusable	Perform direct disposal by incineration and landfill.	Ton	35.16	32.2	30.8
		%	50	50	50

Note:

1. The Company is located in the Far East Industrial City in Xindian. It is estimated based on the cleaning contract that the Far East Industrial City collects about 21 tons of non-reusable waste from 90 offices per month. The Company has 11 offices, generating 2.57 tons of waste per month and each generating 0.233 tons per month.
2. The scope of this report covers 11 offices and 2.57 tons of waste are generated per month in total. The non-reusable waste in 2020 was about 30.8 tons per year.
3. It is assumed that the ratio of Non-reusable to reusable waste generated from the office in Xindian is 1:1.
4. Both of the non-reusable and reusable waste mentioned above are non-hazardous waste.

The relevant energy conservation measures of the Company are as follows:

- Electricity conservation

  Electricity conservation is achieved by eliminating non-business

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
			related uses of electrical devices, turning off unnecessary lighting during lunch break, maintaining indoor temperature at 26°C, replacing the motor of DC inverter air feeder, adding circulator to improve cooling efficiency and having regular maintenance of air-conditioning system. • Water conservation Water conservation is achieved by installing water saving device on faucets, increasing water-efficiency of faucets and regularly checking toilets from leaking. • Lighting Most of the lights used are T5 and LED tube lights for planning of lighting replacement and repair to reduce the number of lights used and save energy. • Office equipment Enabling energy saving mode while not in use and integrating related units for resources sharing.	
4. Social issues				
(1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human	V		(1) The Company's human resource management policy and procedures comply with relevant labor laws to ensure employees' legal rights. We follow the basic labor human right principles recognized internationally, including prohibiting the use of child labor or forced labor, eliminating employment discrimination etc., so as to achieve equality and fairness in remuneration, hiring conditions, training and promotion opportunities.	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
rights?				
(2) Has the Company setup and implemented reasonable employee welfare measures, including salary, leaves, and other welfares, and appropriately reflected the corporate business performance or achievements in the employee remuneration policy?	V		(2) The Company believes that only good working environment and high work quality can motive our employee and lead to the best result, so, we endeavor to create a happy, friendly working environment and compensate our employees based on their education background, experience, professional skills, seniority, and personal performance. The Company’s employee remuneration is not only in compliance with relevant national laws and regulations that include basic salary, overtime hours and overtime pay, but also pays equal for equal work regardless of gender, ethnicity, religion, political opinion, marital status or union.	No major deviation
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(3) 1. Safe and healthy working environment and facilities All working environment is smoke-free. In 2013, the Company was certified with the “Badge of Accredited Healthy Workplace” from the Department of Health, New Taipei City Government. The Company conducts operation environment evaluation every year, performs onsite working environment inspection regularly, implements plans for sufficient ventilation, air conditioning and lighting based on the inspection result, and sets up first-aid kit and fire facilities available at most premises and retail stores. In addition, the Company has assigned dedicated floor management unit responsible for organizing periodic courses regarding	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
			fire-fighting, drills and first-aid personnel training to ensure working environment and personal safety. 2. Health promotion Dedicated nurse is available for health consultation, prevention of occupational diseases, and handling of injury. The Company also periodically invites doctors for health seminar, and conducts employee health check to build a primary health care system. In order to build a good and friendly environment for breastfeeding, the Company has furnished the breastfeeding room to encourage breastfeeding and work-life balance. 3. Policy and education training for security, health and environmental aspects To raise employee's awareness to safety, health and environment, employees are required to continue to reinforce and improve the safety of their operating environment, and build habits of safety, health and environment in daily life. The store affairs regulations are stipulated based on actual needs for all office and retail store environments. Relevant examinations and courses are held regularly or irregularly to improve responsibility for and awareness to safety and health. Besides relevant education training and promotion of internal staff, to ensure good internal and external communication, suppliers, subcontractors and guests are required to learn about safety and health. 4. There were 59 occupational disaster accidents (59 people) in 2021,	

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
			2.69% of all employees (2194 employees in total). 11 of them were accidents in the workplace, which means 0.5% of the employees were affected.	
(4) Does the Company have an effective career capacity development training program established for the employees?	V		(4) The Company organizes training courses tailoring to the core competencies and professional knowledges required. The Company's training system consists of: A. training by job level: Targeting employees of different job levels, providing training courses in topics of management and general knowledge; B. Training by profession: Tailoring to different competencies required by different job positions, providing training courses in each profession.	No major deviation
(5) Has the Company followed relevant laws, regulations and international guidelines regarding customer health and safety, consumer privacy, marketing or labeling their products and services, and has the Company set up relevant policies to protect consumers' or clients' rights and procedures for complaints?	V		(5) • Health and Safety In concern of safety of power banks, Senao requires all suppliers to provide the certificates and reports issued by the Bureau of Standards, Methodology and Inspection (BSMI) and product labels to be in compliance with the Trademark Act. With the assurance of safety, products will then be approved for further evaluation and sale. • Customer Privacy In order to protect customer privacy, Senao has strengthened its personal information management system that was launched in July 102 and certified with BS 10012 Personal Information Management certification. By taking such an action, Senao shows its determination in protecting customer privacy safety as being	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
			the first in the retail industry to receive such a certificate. Senao's privacy protection system covers procedures for administration, sales, maintenance and customer service. Through these prudential procedures and system, the safety of customer personal privacy and business confidential information are ensured. In respect of amendment to Personal Data Protect Act in 104, Senao's Legal Department has organized special courses to explain detail of the amendment and measures taken by the Company. In this course, description of the scope and definition of personal data protection, reverse onus, criminal liability, information lifecycle etc. were given to prepare employees with relevant knowledge and skills. • Marketing and labeling During the process of marketing, Senao follows standards and requirement specified in the Commodity Labeling Act, the Resource Recycling Act and other relevant laws and regulations and labels all products with clear product description and recycle code. Additionally, in order to protect customers' rights, we also provide complete product information in compliance with relevant laws and regulations and prohibit any acts that are deceitful, misleading, fraudulent or betray consumers' trust or damage consumers' rights or interests. In respect of promotions or fare plans that the Company acts as an	

<table>
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<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>agent, we also provide clear and transparent plan information with staff’s complete explanation to ensure consistent understanding and avoid information asymmetry.
• Procedures for customer complaint
Senao has the professional customer service center that provides its customers with professional, thoughtful and warm service. Customer service center personnel is trained to identify customers’ real needs, solve complicated problems, and create pleasant customer experience.
Any Senao’s members or customers can submit a complaint, question or suggestion via various channels, including the 0800 toll-free number, online form, E-mail and operators’ contact window. Senao has the complete service standard operating procedure that promptly responds to and solves customers’ demands and suggestions.</td><td></td></tr>
<tr><td>(6) Has the Company set up policies for suppliers’ management that stipulates suppliers’ compliance with regulations with respect to environmental, occupational safety and health or labor rights issues,</td><td>V</td><td></td><td>(6) The Company has specified in the supplier’s contract that the suppliers shall not use any conflict minerals (goods made by conflict minerals from Democratic Republic of the Congo and neighboring areas), and products and supplemental documents shall comply with relevant laws and regulations.
• The Company’s actions with respect to occupational safety and health and human rights are as follows:<table><tr><th>Action</th><th>Explanation</th></tr><tr><td>Providing a</td><td>The Company endeavors to achieve “legal compliance, risk</td></tr></table></td><td>No major deviation</td></tr>
</table>

Assessment criteria	Implementation status				Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation		
and what is the state of implementation?			safe and healthy working environment	assessment, employee involvement, continuous improvement, zero injury" and major actions taken are listed as follows: • Established occupational safety and health office and assigned full-time registered nurse for employees' health management. The unit is responsible for planning employee health management and health promotion. The Company has offered monthly on-site service from the occupational health doctor to offer employee health consultation, education, and operation environment evaluation. We have launched four major plans, including human health hazard prevention, maternal health protection, harassment during performance of duties prevention, disease prevention of abnormal workload. • Arranged annual employee health checkup, four cancers screening, flu shots injection and health talk, as well as monitor and handle any abnormality to build a primary health care system. • Provided maternity health risk assessment and monitoring of health conditions from pregnancy to a year after the birth for female employees. In response to the promotion of breastfeeding by Health Promotion Administration, Ministry of Health and Welfare and Act of Gender Equality in Employment, furnished the breastfeeding room and encouraged continuous breastfeeding after giving birth in order to achieve the goal of work-life balance. • In order provide employees with a safe, healthy and hygiene work environment, furnished the Company's headquarters with all-day access control system, and all working environment is smoke-free, and certified with the "Badge of Accredited Healthy Workplace" from the Department of Health, New Taipei City Government and adopted the "Safety and Health Regulations" and "Access Control Regulations".	

Assessment criteria	Implementation status				Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation		
			Prevented illegal discrimination and harassment.	• Senao provided equal employment opportunities and prohibited any form of discrimination regardless of gender, sexual orientation, race or ethnicity, age, marital status, language, belief, religion, political affiliation, appearance, feature, disability or union membership in order to create a respectful, equal, safe and harassment-free work environment. • In order to protect all employees from any physical or mental harassment during performance of duties that results in mental and physical illness and to maintain gender equality in employment and personal dignity, announced and regularly promoted the statement of preventing workplace violence; adopted the " Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment" in order to provide all of our employees with a work environment free of workplace violence and sexual harassment.	
			Prohibited the use of child labor or forced labor	• Prohibited all forms of forced labor and use of child labor, and follows the working hours and leave standards set forth by relevant labor laws to protect employees' physical and mental	
			Supported employees' freedom of assembly and association	• Respected that our employees organize or join the union recognized by laws to exercise labor rights, and kept the employee suggestion channels opened to encourage communication and promote a good labor relation.	
			Provided work opportunities	• Provided many domestic job opportunities and collaborate with schools offering internship opportunities for students to implement the corporate social responsibility.	
			Implemented information	• Any personal information of job seekers and employees are protected in accordance with Personal Information Protection Act	

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Implementation status</th><th rowspan="2">Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>security</td><td>and relevant laws. Meanwhile, in order to enhance the Company's personal information protection mechanism and eliminate any risk of loss, damage, unauthorized use or legal handling of personal information, we have developed the personal information security incident management mechanism to ensure in any personal information security incident, the measure will be taken to prevent any further damage.</td></tr>
</table>
• Human rights education and training
<table>
<tr><th>Course</th><th>Content</th></tr>
<tr><td>Information session and training for labor laws and regulations compliance</td><td>Training of relevant labor laws and regulations, prohibition of child labors, anti-discrimination, anti-harassment, and shift management to provide a healthy and safe workplace.</td></tr>
<tr><td>Online course for sexual harassment prevention</td><td>Education on the pattern and concept of workplace sexual harassment, prevention of sexual harassment, and procedures for handling sexual harassments</td></tr>
<tr><td>Information session for workplace violence prevention</td><td>Announcement and regular promotion of the statement of preventing workplace violence; promotion of the "harassment during performance of duties prevention plan" to help employees understand workplace violence and prevention of such workplace violent, as measures to build a friendly workplace free of workplace violence.</td></tr>
<tr><td>Regular external training of occupational safety and health</td><td>Fire-fighting training, emergency personnel training, general safety and health training</td></tr>
</table>
</td><td></td></tr>
<tr><td>5. Has the Company prepared reports disclosing non-financial information of the Company such as the</td><td>V</td><td></td><td>The Company's "2020 Senao International Co., Ltd. Corporate Social Responsible Report" was prepared in accordance with Core of the Global Reporting Initiative Standards, verified by SGS Taiwan and certified with the AA1000 AS 2008. The report was supported with materiality,</td><td>No major deviation</td></tr>
</table>

Assessment criteria	Implementation status			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Explanation	
sustainability report with reference to globally recognized reporting standards or guidelines? Has the reports thereof been assured or verified by a third party?			completeness and responsiveness and awarded the verification statement.	
6. For companies which have established sustainable development code of conducts in accordance with the “Sustainable Development Best-Practice Principles for TWSE and TPEx Listed Companies”, please describe the current practices and any deviations from the code of conduct: The Company has established sustainable development code of conducts, among which, for the implementation of corporate governance, it also adopted the “Senao International Co., Ltd. Code of Conduct” as the primary guidelines for daily operation. The “Senao International Co., Ltd. Regulations for Board of Directors accepting reports and complaints” was established to provide prudent reporting mechanism allowing employees to give suggestion safely and confidentially. Moreover, the “Senao International Co., Ltd. Ethical Corporate Management Best Practice Principles and Procedures” was adopted for the compliance of all group employees and implementation of ethical operation. In terms of environmental sustainability, the Company actively promotes energy and resource inventory and management, and takes actions by optimizing environmental and energy management system that improves energy efficiency and implementing energy saving in office.				
7. Other information useful to the promotion of sustainable development : The Company prepares its Sustainability Report with reference to the Global Reporting Initiative Standards framework. This report focuses on and discloses major issues that are in stakeholders’ interest, and shares Senao’s concept and methodology in CSR. The report thereof was disclosed on the Company’s website (https://www.senao.com.tw/invest18.php) for the public to understand the operation of sustainable development.				

(6) Ethical policies and practices:

Implementation of ethical policies; Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEx-Listed Companies

Assessment criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEx-Listed Companies
	Yes	No	Explanation	
1. Establishing ethical management policies and plans				
(1) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The Company conducts its business with fairness, honesty, integrity and transparency, and in order to implement its ethical operation policy and prevent any unethical actions, it has adopts the “Ethical Corporate Management Best Practice Principles and Procedures” passed by the board of directors to regulate senior management’s commitment in practice of ethical operation policy, and employees’ behavior while performing their duties.	No major deviation
(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		(2) The prohibitions of bribery, corruption and any violation of laws for managers and employees are set forth in the employee code of conduct. For any misconduct, the punishment or termination of employment will be given commensurate with actual condition. The Company follows the Political Donations Act and internal procedures for the political contributions. It is prohibited to make such contributions in exchange of business benefits or transactional advantage. All the business contracts are required to include statement	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEx-Listed Companies
	Yes	No	Explanation	
			of honesty and integrity, and counter party is mandatory to follow.	
(3) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	V		(3) The Company has established the Code of Conduct which details the regulations to be followed by the employees while performing their duties to implement ethical operation policy and prevent unethical actions, and set forth the reward, punishment and complaint policies. Violations are subject to disciplinary action, termination of employment, or judicial action depending on the level of severity. The Company is determined in the implementation of ethical operation.	No major deviation
2. Implement ethical policies				
(1) Does the Company evaluate the integrity of all counter parties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(1) The Company is prohibited from conducting business with who has unethical records. All the business contracts are required to include statement of honesty and integrity, and counter party is mandatory to follow.	No major deviation
(2) Whether the Company has set up a unit which is dedicated to promoting the Company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		(2) The Company has designated the Legal Affairs Department specialized (or is involved) in amendment, execution, explanation and consultation of the Principles, as well as documentation and monitoring of any report cases. The specialized unit shall report to the board of directors on a regular basis (Once a year).	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEx-Listed Companies
	Yes	No	Explanation	
(3) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V		(3) In order to build a corporate culture of ethical operation and support business development, the Company has established the code of conduct, implemented policy that prevents conflict of interest and offered channel that facilitate the report of conflicting interests for its directors, managers and employees.	No major deviation
(4) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		(4) The Company has implemented effective accounting and internal control systems and made any necessary adjustments in accordance with relevant rules and regulations or the operational needs. Based on the assessment of unethical conduct, the Company's internal auditors have set out the annual audit plan for audit and investigation to prevent unethical conduct.	No major deviation
(5) Has the Company provided internal and external training on ethical operation on a regular basis?	V		(5) The Company has promotes the ethical operation policy to directors or employees from time to time, so as to strengthen corporate ethics. All new employees are required to sign the code of conduct, take basic legal compliance courses, which include business embezzlement, Personal Data Protect Act, and etc. There were 478 man-hours training given in 2021. All employees are required to check all clauses of code of conduct on an annual basis to make sure that all employees fully	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEx-Listed Companies
	Yes	No	Explanation	
			understand the Company's regulations regarding ethical operation, , and strengthen knowledge in compliance.	
3. Reporting of misconducts				
(1) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	V		(1) The Company has implemented the ethical operation policy and actively prevents any unethical behaviors. Therefore, it has established the following channel for reporting and complaint on the Company's official website 〈https://www.senao.com.tw/invest17.php〉 for the use of employees and external stakeholders: Internal stakeholders: Senao Audit Committee accepts reports and complaints: auditing@senao.com.tw President email: senaovoice@senao.com.tw External stakeholders: legal@senao.com.tw	No major deviation
(2) Whether the Company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(2) The Company has the "Regulations for Audit Committee accepting reports and complaints". Besides the investigation conducted by the Company, all the content of reports are kept confidential to protect the informants and handled in accordance with relevant regulations.	No major deviation
(3) Has the Company provided proper whistleblower protection?	V		(3) The Company has the "Regulations for Audit Committee accepting reports and	No major deviation

Assessment criteria	Implementation status			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TPEx-Listed Companies
	Yes	No	Explanation	
			complaints" to protect the informants from any form of mistreatment.	
4. Enhance information disclosure				
(1) Has the Company disclose the content of the ethical operation guidelines and their implementation results on its website and the Market Observation Post System?	V		(1) The Company has disclosed the content of Ethical Corporate Management Best Practice Principles and Procedures on website and MOPS. The path to the information is as follows: Front page > About Senao>Investor relations>Major procedures > Corporate Governance Best Practice Principles 〈https://www.senao.com.tw/invest10.php〉. The Company promotes the Principles on a regular basis and conducts business with integrity and ethics, and no unethical misconducts were found.	No major deviation
5. For the companies which have established corporate social responsibility code of conducts in accordance with the "Corporate Governance Best-Practice Principles for TWSE and TPEx Listed Companies", please describe the current practices and any deviations from the code of conduct: In order to create a corporate culture of integrity, the Company has established the "Ethical Corporate Management Best Practice Principles and Procedures" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies". No major deviation was found.				
6. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (Such as, the Company has the corporate ethical management best practice principles amended, etc.): The Company upholds the ethical operation, focuses on the needs of all stakeholders, wishes to be recognized by our suppliers and customers and ensures sustainable operation.				

(7) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:
The Company has established the Corporate Governance Best Practice Principles that has been placed on the Company's website, and the path to the Principles is as follows: Front page > About Senao>Investor relations>Major procedures> Corporate Governance Best Practice Principles (https://www.senao.com.tw/invest10.php) for investors' reference.

(8) Other information material to the understanding of corporate governance within the Company:
The Company's procedures for handling material insider information
The Company has adopted the "Procedures for Preventing Insider Trading and Handling Material Inside Information" stipulating the guidelines for handling material inside information and preventing insider trading in accordance with relevant laws orders and regulations promulgated by TWSE and TPEx, as well as this Procedures. The Procedures are also informed to its affiliates, so as to build measures for the prevention of insider trading and information leakage, and to ensure the timeliness and accuracy of public information, the major contents of the procedures include:
(1) Applicable target and scope of material Information.
(2) Dedicated unit.
(3) Procedures for handling material confidential information.
(4) The Company's procedures for handling material insider information.

(9) Disclosures relating to the execution of internal control policies:
1. Declaration of Internal Control Policies: Please refer to page 317.
2. If the internal control policy was reviewed by an external auditor, the result of such review must be disclosed: None.

(10) Penalties imposed against the Company for regulatory violation, or penalties against employees for violation of internal control policy in the most recent year up till the publication date of this annual report; describe areas of weakness and any corrective actions taken: None.

(11) Major resolutions made by the Shareholders' Meeting and the Board of Directors during the latest financial year, up till the publication date of this annual report: Please refer to page 319.

(12) Documented opinions or declarations made by Directors against board resolutions in the most recent year, up till the publication date of this annual report: None.

(13) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in the most recent year up till the publication date of this annual report:

Company staff resignation and dismissal summary table

March 31, 2022

Title	Name	Date of assumption of duty	Date of dismissal	Reason for resignation and dismissal
Chief Financial Officer	Ching-Shou Lin	2017.09.01	2021.04.30	Retirement
Business Group President	Shih-Hsiang Chen	2019.07.15	2022.03.31.	Career planning

Note: Personnel relating to the preparation of financial statements shall include Chairman, President, Head of Accounting, Head of Finance, Chief Auditor, Head of Corporate Governance, and Head of R&D etc.

4. Disclosure of external auditors' remuneration

Unit: NT$ thousand

Name of CPA firm	Name of CPA	CPA's audit period	Audit fees	Non-audit fees	Total	Note
Deloitte & Touche	Dien Sheng Chang	2021	4,539	731	5,270	
	Denny Kuo	2021				

Note: Audit fee incurs from remuneration audit, review, double-check and financial forecasting review of financial statement paid to the external auditor by the Company. The service for non-audit fee is about tax compliance audit and the information check on the remuneration of full-time employee who is not a manager.

(1) Change of CPA firm that resulted in the reduction of audit fees from the previous year; disclose audit fees before and after the change and the cause of such change: The Company did not make any change of CPA firm in 2021.

(2) If the audit remuneration was reduced by more than 10% from the previous year, the actual amount, proportion, and reasons for the reduction must be disclosed: The audit remuneration in 2021 was NT$4,539,000, decreased by 4.62% as compared to 2020.

5. Information on CPA replacement: The Company did not switch CPA in 2021. This information is not applicable.
6. The Company's Chairman, President, or any managers involved in financial or accounting affairs being employed by the audit firm or any of its affiliated company within the last year: None.
7. Transfer or pledge of shares owned by directors, managers, shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

1. Transfer of shares

Unit: share

Title	Name	Year 2021		Year As of March 31, 2022	
		Changes in shares held	Changes in share pledged	Changes in shares held	Changes in share pledged
Major shareholder	Chunghwa Telecom Co., Ltd.	-	-	-	-
Chairman	Chin-Lin Lai (Note 1)	-	-	-	-
Director	Yi-Feng Chang (Note 1) (Discharged on January 1, 2022)	-	-	Not applicable	Not applicable
Director	Tien-Tsai Su (Note 1) (On-boarded on January 1, 2022)	-	-	-	-
Director	Chih-Cheng Chien(Note 1)	-	-	-	-
Director	Wen-Chih Lin (Note 1)	-	-	-	-
Director	Chien-Chih Chen (Note 1)	-	-	-	-
Director	Cheng Kang Investment Co., Ltd.	-	-	-	-
Vice Chairman and President	Pao-Yung Lin (Note 2)	-	-	-	-
Director and special assistant	Cheng-Feng Lin (Note 2)	-	-	-	-
Director	Cheng-Kang Lin (Note 2)	-	-	-	-
Independent Director	Kung-Liang Yeh	-	-	-	-
Independent Director	Yung-Lin Su	-	-	-	-
Independent Director	Wen-Tsan Wu	-	-	-	-
Chief Strategy Officer	Chih-Chung Chiu	-	-	-	-
Business Group President	Shih-Hsiang Chen (Discharged on March 31, 2022)	9,000	-	-	-

Title	Name	Year 2021		Year As of March 31, 2022	
		Changes in shares held	Changes in share pledged	Changes in shares held	Changes in share pledged
Vice President	Ching-Lang Chang	-	-	-	-
Vice President	Chi-Hung Liao	-	-	(18,000)	-
Vice President (Accounting Manager)	Tsai-Hung Yu	-	-	-	-
Chief Financial Officer	Ching-Shou Lin (Discharged on April 30, 2021)	-	-	Not applicable	Not applicable
Chief Financial Officer	Chien-Chi Liao (On-boarded on May 1, 2021)	-	-	-	-
Assistant Vice President	Sheng-Kai Chen	-	-	-	-
Senior Assistant Vice President	Chen-San Chou	-	-	-	-
Assistant Vice President	An-Ting Tsao (On-boarded on June 21, 2021)	-	-	-	-
Assistant Vice President	Chih-Hsiang Kuo	-	-	-	-
Assistant Vice President	Chung-Yuan Huang (Discharged on March 31, 2022)	-	-	-	-
Assistant Vice President	Wen-Kai Lai	-	-	-	-
Assistant Vice President	Chuan-Cheng Lin	-	-	-	-
President's Assistant	Yen-Yen Cheng	-	-	-	-
Manager (Finance Department Manager and Corporate Governance Manager)	Kuan-Heng Lai	-	-	-	-

Note 1: The corporate shareholder representative of Chunghwa Telecom Co., Ltd.
Note 2: The corporate shareholder representative of Cheng Kang Investment Co., Ltd.
Note: Shares that have been transferred or pledged with a related party: none.

8. Disclosure of relationships among the company's top ten shareholders including any related party, spouses and second degree relatives or closer:

Relationships among top ten shareholders:

Name	Relationships among top-10 shareholders:		Spouse's and Minor Children's Shareholding		Total shareholding through nominees		Relationship characterized as spouse or relative of second degree or closer among the top 10 shareholders.		Remark
	Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding	Name (or first and last name)	Relation	
Chunghwa Telecom Co., Ltd. Representative: Chi-Mao Hsieh	71,773,155	27.79%	0	0	0	0	None	None	
Hua Shun Investment Co., Ltd. Representative: Cheng-Kang Lin	20,509,659	7.94%	0	0	0	0	Engenius Technologies Co., Ltd., Cheng Feng Investment Co., Ltd.	First degree relative of representative Pao-Yung Lin	
							Yu Yu Investment Co., Ltd., Cheng Kang Investment Co., Ltd., All Oriented Services Int. Co., Ltd.	Second degree relative of representative Cheng-Feng Lin	
							Pao-Yung Lin	Pao-Yung Lin as the first degree relative	
							Yung-Ming Liu	Yung-Ming Liu as the first degree relative	
Engenius Technologies Co., Ltd. Representative: Pao-Yung Lin	19,508,509	7.55%	0	0	0	0	Cheng Feng Investment Co., Ltd.	Chairman Same individual	
							Hua Shun Investment Co., Ltd.	First degree relative of representative Cheng-Kang Lin	
							Yu Yu Investment Co., Ltd., Cheng Kang Investment Co., Ltd., All Oriented Services Int. Co., Ltd.	First degree relative of representative Cheng-Feng Lin	
							Yung-Ming Liu	Yung-Ming Liu as the first degree relative	
Yu Yu Investment Co., Ltd. Representative: Cheng-Feng Lin	19,044,478	7.37%	0	0	0	0	Cheng Kang Investment Co., Ltd., All Oriented Services Int. Co., Ltd.	Chairman Same individual	
							Hua Shun Investment Co., Ltd.	Second degree relative of representative	

								Cheng-Kang Lin	
							Engenius Technologies Co., Ltd., Cheng Feng Investment Co., Ltd.	First degree relative of representative Pao-Yung Lin	
							Pao-Yung Lin	Pao-Yung Lin as the first degree relative	
							Yung-Ming Liu	Yung-Ming Liu as the first degree relative	
Cheng Feng Investment Co., Ltd. Representative: Pao-Yung Lin	19,003,436	7.36%	0	0	0	0	Engenius Technologies Co., Ltd.	Chairman Same individual	
							Hua Shun Investment Co., Ltd.	First degree relative of representative Cheng-Kang Lin	
							Yu Yu Investment Co., Ltd., Cheng Kang Investment Co., Ltd., All Oriented Services Int. Co., Ltd.	First degree relative of representative Cheng-Feng Lin	
							Yung-Ming Liu	Yung-Ming Liu as the first degree relative	
Cheng Kang Investment Co., Ltd. Representative: Cheng-Feng Lin	14,820,975	5.74%	0	0	0	0	Yu Yu Investment Co., Ltd., All Oriented Services Int. Co., Ltd.	Chairman Same individual	
							Hua Shun Investment Co., Ltd.	Second degree relative of representative Cheng-Kang Lin	
							Engenius Technologies Co., Ltd., Cheng Feng Investment Co., Ltd.	First degree relative of representative Pao-Yung Lin	
							Pao-Yung Lin	Pao-Yung Lin as the first degree relative	
							Yung-Ming Liu	Yung-Ming Liu as the first degree relative	
All Oriented Services Int. Co., Ltd. Representative: Cheng-Feng Lin	10,882,497	4.21%	0	0	0	0	Cheng Kang Investment Co., Ltd., Yu Yu Investment Co., Ltd.	Chairman Same individual	
							Hua Shun Investment Co., Ltd.	Second degree relative of representative Cheng-Kang Lin	

							Engenius Technologies Co., Ltd., Cheng Feng Investment Co., Ltd.	First degree relative of representative Pao-Yung Lin	
							Pao-Yung Lin	Pao-Yung Lin as the first degree relative	
							Yung-Ming Liu	Yung-Ming Liu as the first degree relative	
Pao-Yung Lin	8,343,345	3.23%	5,549,777	2.15%	0	0	Cheng Feng Investment Co., Ltd., Engenius Technologies Co., Ltd.	Chairman Same individual	
							Hua Shun Investment Co., Ltd.	First degree relative of representative Cheng-Kang Lin	
							Yu Yu Investment Co., Ltd., Cheng Kang Investment Co., Ltd., All Oriented Services Int. Co., Ltd.	First degree relative of representative Cheng-Feng Lin	
							Yung-Ming Liu	Yung-Ming Liu as spouse	
Cheng Han Investment Co., Ltd. Representative: Hung-Ling Lin	6,725,747	2.60%	0	0	0	0	None	None	
Yung-Ming Liu	5,549,777	2.15%	8,343,345	3.23%	0	0	Hua Shun Investment Co., Ltd.	First degree relative of representative Cheng-Kang Lin	
							Engenius Technologies Co., Ltd., Cheng Feng Investment Co., Ltd.	First degree relative of representative Pao-Yung Lin	
							Yu Yu Investment Co., Ltd., Cheng Kang Investment Co., Ltd., All Oriented Services Int. Co., Ltd.	First degree relative of representative Cheng-Feng Lin	
							Pao-Yung Lin	Pao-Yung Lin as the spouse	

Note: with reference to the share register on the most recent closure date, June 25, 2021

9. Shares jointly held by the Company, the Company's directors, managers, and directly/indirectly controlled entities on any single investee. Calculate shareholding percentage in aggregate of the above parties

As of December 31, 2021 Unit: share

Investee entities (Note)	Held by the Company		Held by Directors, managers, and directly or indirectly controlled entities		Aggregate investment	
	Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding	Number of Shareholding	Percentage of Shareholding
Senao International (Samoa) Holding LTD.	31,875,000	100%	0	0	31,875,000	100%
Senao International HK Limited	-	-	80,440,000	100%	80,440,000	100%
Senao Networks, Inc.	16,579,033	33.79%	0	0	16,579,033	33.79%
Appleuser Co., Ltd.	14,752,000	95.79%	0	0	14,752,000	95.79%
Ispot Co., Ltd.	-	100%	0	0	-	100%
York Co., Ltd.	-	100%	0	0	-	100%
Aval Technologies Co., Ltd.	10,840,000	100%	0	0	10,840,000	100%
Wiin Technologies Co., Ltd.	-	-	3,305,000	100%	3,305,000	100%
Sen Yang Insurance Agency Co., Ltd.	5,900,000	100%	0	0	5,900,000	100%
Sen Yang Insurance Agency Co., Ltd.	-	-	2,950,000	100%	2,950,000	100%

Note: Investment accounted for under the equity method.

IV. Funding

1. Capital and shares

(1) Source of capital

Unit: thousand shares; NT$ thousand

Year/ Month	Issue price (NT$)	Paid-in capital		Authorized capital		Remark		
		Shareholding	Amount	Shareholding	Amount	Source of capital	Paid-in properties other than cash	Other
May 1979	10	500	5,000	500	5,000	Initial investment	None	
August 1993	10	6,000	60,000	6,000	60,000	Cash capital increase	None	
March 1995	10	15,000	150,000	15,000	150,000	Cash capital increase	None	
October 1996	10	80,000	800,000	250,000	2,500,000	Cash capital increase	None	Note 1
August 1997	10	88,000	880,000	250,000	2,500,000	Capitalization of earnings	None	Note 2
August 1998	10	99,360	993,600	250,000	2,500,000	Capitalization of 105,600 earnings and 8,000 employee bonus	None	Note 3
August 1999	10	105,821.6	1,058,216	250,000	2,500,000	Capitalization of 59,616 earnings and 5,000 employee bonus	None	Note 4
April 2000	10	117,821.6	1,178,216	250,000	2,500,000	Cash capital increase	None	Note 5
September 2000	10	133,425.2	1,334,251	250,000	2,500,000	Capitalization of 141,386 earnings and 14,650 employee bonus	None	Note 6
August 2001	10	161,585.2	1,615,852	250,000	2,500,000	Capitalization of 133,425 earnings, 133,425 capital surplus and 14,750 employee bonus	None	Note 7
August 2002	10	187,148.1	1,871,481	250,000	2,500,000	Capitalization of NT$221,319 thousand earnings and NT$34,310 thousand employee bonus	None	Note 8
August 2003	10	209,780.4	2,097,804	270,000	2,700,000	Capitalization of NT$183,942 thousand earnings and NT$42,380 thousand employee bonus	None	Note 9
August 2004	10	226,615.0	2,226,150	320,000	3,200,000	Capitalization of NT$144,602 thousand earnings and NT$23,744 thousand employee bonus	None	Note 10
September 2004	10	223,409.2	2,234,092	320,000	3,200,000	Retirement of treasury stock of NT$32,058 thousand	None	
January 2007	10	223,687.2	2,236,872	320,000	3,200,000	Exercise of employee stock warrants of NT$2,780 thousand	None	
April 2007	10	225,515,2	2,255,152	320,000	3,200,000	Exercise of employee stock warrants of NT$18,280 thousand	None	
July 2007	10	230,282.4	2,302,824	320,000	3,200,000	Capitalization of NT$22,551 thousand earnings and NT$25,120 thousand employee bonus	None	Note 11
August 2007	10	231,106.2	2,311,062	320,000	3,200,000	Exercise of employee stock warrants of NT$8,237.5 thousand	None	
April 2008	10	231,914.2	2,319,142	320,000	3,200,000	Exercise of employee stock warrants of NT$8,080 thousand	None	
June 2008	10	232,570.7	2,325,707	320,000	3,200,000	Exercise of employee stock warrants of NT$6,565 thousand	None	
August 2008	10	234,508.9	2,345,089	320,000	3,200,000	Exercise of employee stock warrants of NT$19,382 thousand	None	
September 2008	10	243,412	2,434,120	320,000	3,200,000	Capitalization of NT$23,191 thousand earnings and NT$65,839 thousand employee bonus	None	Note 12
November 2008	10	244,863.8	2,448,638	320,000	3,200,000	Exercise of employee stock warrants of NT$14,518 thousand	None	
March 2009	10	245,116.2	2,451,162	320,000	3,200,000	Exercise of employee stock warrants of NT$2,524 thousand	None	
June 2009	10	246,534.7	2,465,347	320,000	3,200,000	Exercise of employee stock warrants of NT$14,185 thousand	None	
August 2009	10	248,566.5	2,485,665	320,000	3,200,000	Exercise of employee stock warrants of NT$20,318 thousand	None	
November 2009	10	248,713.7	2,487,137	320,000	3,200,000	Exercise of employee stock warrants of NT$1,472 thousand	None	
March 2010	10	249,126.8	2,491,268	320,000	3,200,000	Exercise of employee stock warrants of NT$4,131 thousand	None	
May 2010	10	249,867.0	2,498,670	320,000	3,200,000	Exercise of employee stock warrants of NT$7,402 thousand	None	
September	10	251,949.7	2,519,497	450,000	4,500,000	Exercise of employee stock warrants of	None	

IV. Funding

Year/ Month	Issue price (NT$)	Paid-in capital		Authorized capital		Remark		
		Shareholding	Amount	Shareholding	Amount	Source of capital	Paid-in properties other than cash	Other
2010						NT$20,827 thousand		
December 2010	10	252,575.1	2,525,751	450,000	4,500,000	Exercise of employee stock warrants of NT$6,254 thousand	None	
March 2011	10	253,196.6	2,531,966	450,000	4,500,000	Exercise of employee stock warrants of NT$6,215 thousand	None	
May 2011	10	254,478.9	2,544,789	450,000	4,500,000	Exercise of employee stock warrants of NT$12,823 thousand	None	
August 2011	10	255,082.5	2,550,825	450,000	4,500,000	Exercise of employee stock warrants of NT$6,036.5 thousand	None	
November 2011	10	255,372.6	2,553,726	450,000	4,500,000	Exercise of employee stock warrants of NT$2,900.5 thousand	None	
March 2012	10	255,886.9	2,558,869	450,000	4,500,000	Exercise of employee stock warrants of NT$5,143.5 thousand	None	
May 2012	10	256,878.1	2,568,781	450,000	4,500,000	Exercise of employee stock warrants of NT$9,912 thousand	None	
August 2012	10	257,126.5	2,571,265	450,000	4,500,000	Exercise of employee stock warrants of NT$2483.5 thousand	None	
November 2012	10	257,163.7	2,571,637	450,000	4,500,000	Exercise of employee stock warrants of NT$372.5 thousand	None	
March 2013	10	257,271.5	2,572,715	450,000	4,500,000	Exercise of employee stock warrants of NT$1,077.5 thousand	None	
May 2013	10	257,755.4	2,577,554	450,000	4,500,000	Exercise of employee stock warrants of NT$4,839 thousand	None	
August 2013	10	257,784.4	2,577,844	450,000	4,500,000	Exercise of employee stock warrants of NT$290 thousand	None	
November 2013	10	257,900.1	2,579,001	450,000	4,500,000	Exercise of employee stock warrants of NT$1,157 thousand	None	
March 2014	10	258,252.7	2,582,527	450,000	4,500,000	Exercise of employee stock warrants of NT$3,525.5 thousand	None	

Unit: thousand shares

Type of share	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	258,252.7	191,747.3	450,000	

Note 1: Securities Commission, Ministry of Finance Letter No. (85)-Tai-Tsai-Cheng-(I)- 41923 dated July 6, 1996.
Note 2: Securities Commission, Ministry of Finance Letter No. (86)-Tai-Tsai-Cheng-(I)- 51630 dated June 30, 1997.
Note 3: Securities and Futures Commission, Ministry of Finance Letter No. (87)-Tai-Tsai-Cheng-(I)- 44206 dated May 20, 1998.
Note 4: Securities and Futures Commission, Ministry of Finance Letter No. (88)-Tai-Tsai-Cheng-(I)- 64172 dated July 13, 1999.
Note 5: Securities and Futures Commission, Ministry of Finance Letter No. (89)-Tai-Tsai-Cheng-(I)- 112954 dated January 12, 2000.
Note 6: Securities and Futures Commission, Ministry of Finance Letter No. (89)-Tai-Tsai-Cheng-(I)- 65455 dated July 27, 2000.
Note 7: Securities and Futures Commission, Ministry of Finance Letter No. (90)-Tai-Tsai-Cheng-(I)- 140366 dated June 26, 2001.
Note 8: Securities and Futures Commission, Ministry of Finance Letter No. (91)-Tai-Tsai-Cheng-(I)- 133683 dated June 20, 2002.
Note 9: Securities and Futures Commission, Ministry of Finance Letter No. (92)-Tai-Tsai-Cheng-(I)- 127981 dated June 24, 2003.
Note 10: Securities and Futures Commission, Ministry of Finance Letter No. (93)-Tai-Tsai-Cheng-(I)- 127541 dated June 21, 2004.
Note 11: Financial Supervisory Commission, Executive Yuan, Letter No. Jin-Guan-Cheng-I- 0960019664 dated May 2, 2007.
Note 12: Financial Supervisory Commission, Executive Yuan, Letter No. Jin-Guan-Cheng-I- 0970034672 dated July 10, 2008.

Information relevant to the aggregate reporting policy: None.

Shareholders structure

June 25, 2021 (Note)

Shareholders structure / Quantity	Government agencies	Financial institutions	Other juridical persons	Foreign institutions and foreign individuals	Individuals	Total
Number of shareholders	0	4	42	72	14,644	14,762
Number of Shareholding	0	291,160	184,233,302	9,616,764	64,111,431	258,252,657
Percentage of Shareholding	0	0.11%	71.34%	3.72%	24.83%	100.00%

Note: the most recent closure date.

(2) Diversity of ownership

Common shares of NT$10 face value

June 25, 2021 (Note)

Class of shareholding			Number of shareholders	Number of Shareholding	Percentage of Shareholding
1	to	999	5,035	558,906	0.22%
1,000	to	5,000	7,871	15,746,972	6.10%
5,001	to	10,000	1,034	8,204,817	3.18%
10,001	to	15,000	278	3,551,413	1.38%
15,001	to	20,000	161	2,980,983	1.15%
20,001	to	30,000	131	3,336,586	1.29%
30,001	to	40,000	82	2,930,255	1.13%
40,001	to	50,000	42	1,902,348	0.74%
50,001	to	100,000	62	4,650,923	1.80%
100,001	to	200,000	32	4,274,084	1.66%
200,001	to	400,000	14	3,526,577	1.37%
400,001	to	600,000	1	470,547	0.18%
600,001	to	800,000	3	1,958,420	0.76%
800,001	to	1,000,000	2	1,838,390	0.71%
1,000,001	to	999,999,999	14	202,321,436	78.34%
Total			14,762	258,252,657	100.00%

Note: the most recent closure date.

(3) List of major shareholders

Shareholder holds five percent or more and top 10 shareholders

June 25, 2021 (Note)

Shareholding / Name of major shareholder	Number of Shareholding	Percentage of Shareholding
Chunghwa Telecom Co., Ltd.	71,773,155	27.79%
Hua Shun Investment Co., Ltd.	20,509,659	7.94%
Engenius Technologies Co., Ltd.	19,508,509	7.55%
Yu Yu Investment Co., Ltd.	19,044,478	7.37%
Cheng Feng Investment Company	19,003,436	7.36%
Cheng Kang Investment Co., Ltd.	14,820,975	5.74%
All Oriented Services Int. Co., Ltd.	10,882,497	4.21%
Pao-Yung Lin	8,343,345	3.23%
Cheng Han Investment Co., Ltd.	6,725,747	2.60%
Yung-Ming Liu	5,549,777	2.15%

Note: the most recent closure date.

(4) Information relating to market price, net worth, earnings, and dividends per share for the past 2 years

Unit: NT$; share

Item			2020	2021	Year As of March 31, 2022
Market price per share	High (Note 1)		35.70	41.65	35.45
	Low (Note 1)		25.30	29.90	32.20
	Average (Note 1)		29.28	32.61	33.17
Net worth per share	Before dividend		22.90	23.74	-
	After dividend		21.40	21.74	-
Earnings per share	Weighted average outstanding shares		258,252,657	258,252,657	-
	Earnings per share		1.69	2.31	-
Dividend per share	Cash dividend		1.50	2.00	-
	Stock dividend	From retained earnings	-	-	-
		From capital surplus	-	-	-
	Accumulative undistributed dividend		-	-	-
Return on investment (Note 2)	Price-earnings ratio		17.33	14.12	-
	Price-dividend ratio		19.52	16.31	-
	Cash dividend yield		5.12%	6.13%	-

Note: 1. Data was sourced from the TWSE website, and the high and low market prices were obtained by comparing the highs and lows of all trading days. The average price is calculated based on the total trading volume and trading value each year.
2. Price-earnings ratio = average market price / earnings per share; price-dividend ratio = average market price / cash dividends per share; cash dividend yield = cash dividends per share / average market price

(5) Dividend policy and implementation

1. Dividend policy:

If the Company records a profit in a year, the Company shall appropriate no less than 3% of the profit for employee's compensation, and no more than 3% of the profit for director's compensation. If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses.

Employees entitled to receive the bonus in the preceding paragraph may include the employees of the Company's controlled companies meeting specific requirements set by the Board.

If after the annual closing of books there is a profit, the Company shall, after having provided for taxes and offset the accumulated losses of previous years, appropriate the 10% legal reserve and recognize or reverse special reserve return earnings in accordance with laws and regulations. The remainder balance, together with the undistributed profits of previous years, shall be retained or distributed upon the resolution of the shareholders' meeting.

The distributable dividends, bonuses, capital surplus or legal reserve in whole or in part shall be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors. Such a distribution shall be reported to the shareholders' meeting, and the requirement for resolution of the shareholders' meeting in the preceding paragraph is not applicable herein.

In order to align the Securities and Futures Bureau's "Balanced Dividends Policy" with the Company's current business environment and the goals of sustainable operation and long-term development, the earning distribution plan would focus on the stability and growth of the dividends. The total dividends amount shall be no less than 30% of the total distributable earnings of the year, among which the cash dividend ratio shall be no less than 10% of the total dividends.

2. Dividend proposed for the resolution of next annual shareholders' ordinary meeting:

The board of directors has approved the proposal of cash dividend of NT$2 per share for the 2021 earnings distribution and set the ex-dividend date on June 29, 2022. The 2020 earnings distribution was submitted for the report during and recognition of the annual shareholders' ordinary meeting on June 15, 2022.

(6) Impacts of proposed stock dividends on the Company's business performance and earnings per share discussed in this shareholders' meeting:

There are no proposed stock dividends in this shareholders' meeting.

(7) Employee bonuses and directors' and supervisors' remuneration:

1. Employee bonuses and directors' and supervisors' remuneration set forth in the Articles of Incorporation: If the Company records a profit in a year, the Company shall appropriate not less than 3% of the profit for employee bonuses, and no more than 3% of the profit for director's compensation. If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses.

2. Any difference between the actual amounts paid and amounts

estimated for 2021 employee bonusesand directors' and supervisors' remuneration and share-based compensations will be recognized as gains/losses for 2022.

3. Proposed employees' bonuses resolved by the board of directors:
   (1) Proposed employee cash bonus of NT$26,057,280 and directors' remuneration of NT$11,167,406. The board of directors has passed the proposed cash employees' bonuses and directors' remuneration without any difference from the estimated amount in 2021.
   (2) Amount of Proposed employee share-based bonuses, and as a percentage of the sum of after-tax profit and employees' total compensation for the current period: The 2021 cash dividend table has been passed by the board of directors, and there is no employee share-based bonuses to be distributed.
4. Report on the Actual Distribution of Employees' Compensation and Directors' Remuneration for the previous year:
   The actual amounts paid for 2020 employees' cash bonuses and directors' remuneration were NT$18,784,175 and NT$8,050,361, respectively, without any deviation from the proposed amounts passed by the board of directors.

(8) Repurchase of the Company's shares: None

2. Issuance of corporate bonds: None
3. Issuance of preferred shares: None
4. Issuance of global depository receipts: None
5. Issuance of employee stock options: None
6. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None
7. Capital plans and execution: None

V. Business overview

1. Business description

Senao International Co., Ltd.'s main businesses:

(1) Telecoms service: Agency and sale of Chunghwa Telecom telephone numbers and broadband service

(2) Communication products: Sale and distribution of smart mobile devices and accessories (e.g. phone protective gear and smart wearables), and recycle of used phones.

(3) Electronics: Information products, home appliances and AIoT products.

(4) Health care: Senao cards about people's health in all ages, provides great health care products for all ages, and creates a safe food safety environment for consumers.

(5) Repair: Repairs of telecommunication/partial information products

(6) Insurance: Mobile device insurance

(1) Business scope:

1. Business activities:

(1) Operation of authorized retail stores.

(2) Services for the applications of Chunghwa Telecom telephone numbers, contract renewal of mobile phone, value-added service, ADSL/broadband, MOD, and collection of bill payments.

(3) Distribution, retail and wholesale of telecommunication products and accessories

(4) Distribution and sale of information home appliances (tablets, information products/AIoT products/smart wearables/screen protectors)

(5) Distribution and sale of daily health care and body care products

(6) All-channel service with integration of physical and virtual services (O2O) - Senaonline 24-hour shopping service

(7) No-cost startup platform (much much) - No-cost startup and complete cash flows and logistics

(8) Repairs and pick-up service of telecommunication product and relevant products, recycle of used phones and service for mobile device insurance

2. Weight of business activities

(1)Operating revenue by business activities

Unit: NT$ thousand

Year / Product type	Year 2021	
	Revenue	Weight (%)
Sales revenue	29,058,942	93.62
Service revenue	1,422,862	4.58
Repairs revenue	557,129	1.80
Total	31,038,933	100.00

3. The Company's existing products (services):
Senao offers all-round products and services for different trading counterparties.
(1) Chunghwa Telecom authorized retail stores: Smart mobile devices and accessories, information products, home appliances, service for mobile device insurance, daily health care and body care products, the promotion of Chunghwa Telecom telephone numbers, broadband/ADSL service, MOD and value-added services, as well as the examination and repairs of mobile phones.
(2) Chunghwa Telecom operating units: Smart mobile devices and accessories, information products, service for mobile device insurance, as well as the examination and repairs of mobile phones.
(3) Senao's dealer: Smart mobile devices and accessories, information products, home appliances, and Chunghwa Telecom telephone numbers.
(4) Electronics superstores/online platforms: Smart mobile devices, digital products and accessories.
(5) Other system operators or agencies: Mobile devices and accessories, and information products.
4. The Company takes the advantage of direct retail store network and builds a complete online shopping service to adapt to COVID-19 pandemic and the development of mobile commerce. The Company integrates the physical channels and online shopping via O2O to build OMO and no-cost startup platform. With the supplement of interactive tools of mobile device (much much), the Company wishes to provide a full experience covering from searching for the products to making purchases, and satisfy consumers with "all time, all products, and all channels" 24-hour one-stop services, to increase the frequency of visiting the store and enhance Senao's image.

(2) Industry overview
1. Current and future industry prospects
The global smartphone market is closed to saturation with a soften growth. As surveyed by the survey company, the overall sale of smartphones in 2021 was 5.43 million units. It is estimated that the sales of overall smartphone market in 2022 will be slightly higher than in 2021. In 2022, the telecommunication market becomes more complete along with the development of 5G infrastructure in Taiwan. Increase of 5G sales will be driven by

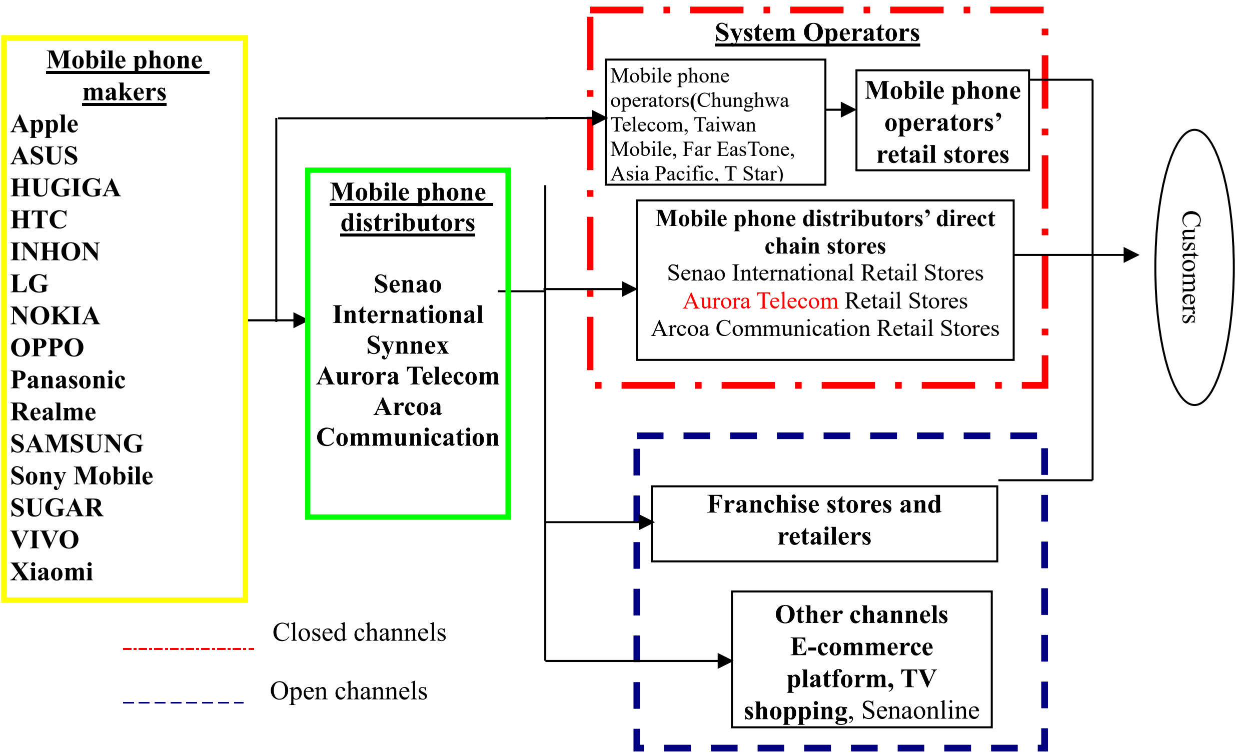
significant reduction of pandemic and expected economic growth. This is mainly affected by the following:

(1) Pandemic in Taiwan is under good control. 80% of the people received one vaccine dose and 77% received two vaccine doses. Up to 50% people received three doses. It is expected to remove pandemic restrictions gradually and drive domestic economic growth and consumption dynamics.

(2) The 5G service has been launched in Taiwan about two years since July 2020. The 5G infrastructure built by all service providers has become complete. Phone brands race to launch multiple 5G smartphones and 5G applications for good development of overall communication market.

With regard to the communication market in 2022, while the pandemic impact decrease, the domestic economy and consumption can recover. Overall sales dynamic of 5G phone is expected to grow last year. The mid-range and entry-level 5G phones with 5G fare plans are more are more attractive to 4G users who wish to 5G. The 5G applications will become more diverse along with the emerging Metaverse.

2. Correlation among up-stream, mid-stream, and down-stream participants in the industry



3. Product development trends and competitions

(1) Smartphones:

After more than 10 years of smartphone development, the application of hardware innovation is getting mature, the following trends are still worth observing. The following are the current trends of technological development:

1. Feature of multiple lens: Feature of multiple lens became mainstream, and three or more lens cameras were a must for the top flagship models.
2. More RAM: The mainstream Android flagship models were already featured with 12GB RAM in 2021.
3. In this year, more phone makers will begin to release entry-level 5G phones and offer more options.
4. Foldable phones: they can be handled by one hand and support tablet mode on large screen to fulfill needs in any occasions. However, the price of the current products will slowly enter the pricing sweet spot of flagship model and consumer acceptance is still in doubt.

(2) Tablets:

Since most smartphone screen sizes range from 5.5 to 6.8 inches, near the smallest screen size of a tablet, the 7 to 8-inch tablet market was hence cannibalized by the large screen smartphones. Lack of innovations and new product designs results in the continuous shrinkage in market size. Since its first decline in fourth quarter of 2014, the overall market continued to show negative growth rate from 2015 to 2019. The total tablet market sales from 2020 to 2021 rebounded to 760 to 790 thousand units per year.

In the market, APPLE launched 10-inch cheap iPad and expanded iOS market share significantly. The demand for tablet increased remarkably due to remote working and teaching under the impact of pandemic. Besides APPLE and SAMSUNG, Xiaomi and Nokia launched new tablet products one by one.

(3) Home appliances:

The development of home appliances trends towards internetization and intelligentization; the price of 4K high-definition televisions is more accessible, especially the 50-inch and above models; the price of smart and connected TVs has reached the pricing sweet spot. In the future, the focus will be placed on smart and connected TVs, smart appliances with remote smart control App, appliances needed by all customer segments such as air purifiers and dehumidifiers, cordless vacuum cleaners, sweeping robots, time-saving and home-cooking kitchen appliances, and seasonal appliances such as fans and heaters. In addition, IDC predicted that the IoT expenditure in APAC (excluding Japan) will reach US$ 437 billion in 2025. The CAGR from 2021 to 2025 is 12.1%. AI and 5G technologies have been developing in the past two years. Smart home products continue to emerge, offering more options to consumers. From the face recognition lock to multifunctional robot vacuum, more smart home products are popularized at home and major manufacturers are encouraged to be devoted to product innovation. As for the entire industry, single products and entire smart home systems will be developed simultaneously. This shows that smart home products will continue to grow quickly in 2022. Senao will actively search for smart home IoT products (e.g. smart kitchen appliances, light, and temperature and humidity sensor) and build its ecological chain.

(4) Laptops:

TrendForce survey shows that up to 24.61 million tablets were delivered in 2021 due to pandemic, hitting a record high. However, over 50% of the people in the world received complete vaccine doses. The demand driven by the pandemic will gradually weaken because the demand derived from stay-at-home economy such as remote working and teaching. However, IDC predicted that the global gaming PC, laptop and monitor market will continue to expand in the next few years. Their output volume in total will grow from 42.8 million in 2019 to 55.2 million in 2023. The performance of gaming laptop gradually becomes equivalent to that of desktop. Intel, AMD and nVIDIA launched CPU and GPU platforms with greater synergy in audio, video and visual and implementation of AI. Meanwhile, gaming laptops are no longer bulky or loud. Lots of people will want to replace their gaming laptops.

APPLE MacBook continues to take the lead in the high-end laptop market. APPLE has provided M1 processors for entry-level Macbook Air, Macbook Pro, Mac Mini and iMac. It launched M1 Pro and M1 Max in 2021 and will launch new Mac

Pro with Silicon processor in 2022. Lenovo revealed the new ThinkPad Z Series in January 2022 at CES and planned to launch the 17-inch creative ThinkBook Plus, which has been exposed, in the same year. This product aims to muscle for the high-end market.

(5) Video game products:

Stay-at-home economy was popular under the global epidemic of COVID-19 in 2021. It drove commercial success of Nintendo Switch, which can be used for exercising, entertainment and social activity. It became Nintendo’s hottest console. The demand for Sony and Microsoft home consoles increases notably due to pandemic, but they cannot meet the market demand under huge shrinkage of productivity due to shortage of parts or components. As the result, the annual console sales is only about 51.25 million (including Xbox one, Xbox SeriesX/S, Switch, PS4, PS5). Nintendo stays ahead, Sony and Microsoft take the second and third place.

In 2022, the impact of pandemic, transportation and material shortage will be gradually reduced. Therefore, the global console sales is expected to grow by 13%. Nintendo rolled out OLED Switch in October 2021. Sony attracts consumers via games developed by numerous third parties. Besides the performance of the game, Nintendo strengthened accessories and other parts and components to enhance gaming experience. Nintendo generated huge sales volume in recent years. Cloud streaming games and metaverse draw more attention to gaming industry, encouraging many suppliers including Valve and Qualcomm to launch products similar to Switch.

Newzoo, a survey institute, released a report stating that metaverse will be the next important stage of game development. In the business model, NFT, Play-to-Earn, Play-to-Collect and Play-to-Socialize will remodel the game. For example, Play-to-Earn means to give a chance to help gamers win rewards in the game through the blockchain. These rewards can be redeemed to the currency used in real life at other markets. Several Taiwanese game companies have been planning for NFT products recently. MacroWell Technology rolled out limited NFT game products and launched them on OpenSea. Chinesegamer International Corp. will release dynamic collection

NFT of Legend of Emperors S at Taipei Game Show. Userjoy Technology, Gamania Digital Entertainment are also positive and open about NFT. It is worth to pay high attention to and respond to promotion of this business model.

(6) Accessories：

The outlook design, function and product’s battery life of the smart wearables and rechargeable products from major manufacturers continue to be enhanced, including noise cancelling technology (truewireless Bluetooth earphones), health data (smartwatches and smart bracelets) and cloud management. Besides agency of products of APPLE, SAMSUNG, SONY, OPPO, HTC, Garmin and Realme, Senao also signed dealership of products of Xiaomi and vivo this year, and continue to develop all kinds of specifications of MEGA KING, a private brand of Senao. With regard to AR and VR products, Senao won the acquired the sole agency of the system supplier of VIVE Flow, lightweight immersive VR glasses last November. Senao also continues to sell XRSPACE VR products, provide VR rental services, find prospect groups, increase revenue and expand market share.

(7) Health care products:

The overall revenue of health care slightly grew and the gross margin increased notably in 2021 under pandemic impact. The overall sales is primarily focused on SAKUYO, Senao’s private brand. Senao sells products such as YungShin Pharm and Grape King by collaborative selling. Famous Japanese and Korean health care and body care brands have been introduced, such as Daedon Red Ginseng Series Gift Box. With these products, Senao increases the depth and width of the business and customizes products for different customer segments to satisfy diversified consumer demands, perform differentiated marketing and enhance the image of its private brands.

(3) Technological research and development:

The Company’s businesses consist of retailing and distribution, so technological research and development are not applicable for the Company. However, we focus on research and development on new channels these years. In addition to transforming traditional retail stores to OMO stores, we also research on any potential new channels. In order to support the transformation of channels, Senao International actively builds the IT innovation team, develops e-commerce platform, and upgrades operating system in traditional retail stores these years. Moreover, we also work on the process optimization and development of operating system to improve information security, stabilize system and assess risk, so as to build a solid foundation for the development of Senao International’s new OMO physical/virtual retail channels.

Being a traditional retailer, the operating systems at Senao International retail stores have been running for years with many technical issues and were not compatible with the e-commerce system. Therefore, the new operating system has been introduced to all the retail stores, optimized and maintained, in order to improve the offline retail store performance and stream with the O2O system.

On the other hand, Senao International has built the e-commerce platform Senaonline and continues to strive for development of all-channel shopping, a new retail channel. It aims to enter the new era of e-commerce. Senaonline provides diverse product selection and 24-hour service to eliminate the space and time constraints in a retail store. Through the adjustment to internal system structure, information integration and connection with banks or third party payment platforms, the online and offline information flow, product flow and money flow are perfectly linked with each other.

Senao developed Senaoonline app for mobile phones and tablets allowing the salesperson to access the product information as well as promotional events and establishing the O2O consumption pattern. Furthermore, Senao proactively implements the no-cost startup platform to expand the scale of business recruitment events. The much app, a sales tool, is used to build O2R sales platform to expand the overall operating revenue.

In 2022, the layout of direct retail stores will be transformed, online platform will be optimized and system functions will be expanded, the warehouse management system for corporate data and the fire system for machine room will be improved, and development for environmental control integration will be carried out. The budget for these is about NT$ 53.58 million and focuses on these three themes:

(1) The transformation of direct retail stores will focus on smart home and e-commerce (retail) O2O service platform to develop Senaoonline concept store. In this place, diverse product selections will be provided and the space constraint in a retail store will be

eliminated. The store can be utilized as the joint platform for cross industry collaboration.

(2) Corporations have decided to develop OMO and no-cost startup platform. The system function of online platform is optimized and expanded accordingly. The physical service is launched online for consumers to shop online and offline more conveniently.

(3) The improvement of fire system for machine room and the environmental control integration effectively enhance environmental safety for machine room, and reinforce the storage and safety of business confidentiality.

(4) Long and short-term business plans

1. Short-term business plan

(1) In order to fuel demand in the telecommunication market, Senao International will continue to introduce trendy mobile phones to meet customers demand. Therefore, we will work on the agency of products with uniqueness and plan more Senao-only package for our customers.

(2) In recent years, large screen mobile phones are more welcomed in the market, and hence reduce the sales of tablets. Whereas the tablet market is shrinking, the Company will continue to introduce more special tablets for our customers.

(3) In response to the evolution of smart wearables and growth of personal applications, Senao International will oriented on the smart wearables and extend to related products as its product strategy. The Company will extend from its core business and compete for the agency right of more professional smart wearables for various purposes.

(4) The Company will continue to carry more related communication products of well-known brands, sell high quality and high performance private brand accessories and customized products to increase the revenue generated by related products.

(5) 5G IoT smart home will be a potential focus of growth. More smart home products will be found and more related products will be created (e.g. smart surveillance, smart lighting, and temperature and humidity sensor). To adapt to extreme climate due to climate change, various seasonal appliances will be introduced to satisfy meet customers' daily needs.

(6) By integrating Senaonline and physical retail stores, we wish to satisfy customers' demands with different timings and behaviors.

Through the product display, application, education and online and offline service platform, the physical channels can be transformed to the new retail stores that provide customers with a comprehensive twenty-four shopping experience.

(7) Current events spread quickly through thriving social media and popularized smartphone. Senao can increase its product exposure by staying up-to-date to current events on the online media to improve product reputation and boost sales.

(8) Senao will utilize its original customer base for the sale of extended products, including accessory, home appliance, digital products, daily health care and body products. By applying big-data analysis on the member database and implementing precision marketing to provide incentives, such as offering discounts associated with certain products for birthday and coupons for different levels of membership, customer return rate will increase. By member relation management, the loyalty of Senao members will increase so as to attract new members.

2. Long-term business plan

(1) Collaborating with Chunghwa Telecom’s 5G service, the Company actively strives for dealership and sales of 5G smart mobile devices and IoT products, so as to become the leading brand among 3C product retailers.

(2) Except the collaboration with Chunghwa Telecom to provide different packages of 5G fare plan, Senaonline also cooperates with physical retail stores to offer daily necessities in order to completely satisfy customers’ needs.

(3) By analyzing the growing and changing customer data, we will be able to master the market dynamics quickly and develop new products for different consumption patterns and needs. We will offer customized service to fulfill customers’ needs for individual, family and healthy living.

(4) Via the financial payments, collaboration with banks and reward point exchange program, we wish to increase the purchase values, revolving discount and referral among members to cumulate reward points and encourage nonstop repurchase among all of Senao's channels by utilizing Senao member benefits.

2. Market and business overview

(1) Market analysis

1. Operating revenue by regions

Unit: NT$ thousand

Year / Region	2021		2020	
	Amount	%	Amount	%
Overseas	-	-	7,643	0.03
Taiwan	31,038,933	100.00	26,999,430	99.97
Total	31,038,933	100.00	27,007,073	100.00

2. Market share

Senao has been actively competing for the agency of communication products and collaboration with communication brands for a long time. Some of the well-known transnational Android brands Senao collaborates with are SAMSUNG, OPPO, Xiaomi, vivo, realme and Sony Mobile. In addition to nonstop collaboration with transnational brands, continuous partnership with ASUS and HTC is an important indicator for how Senao assists in growth of Taiwanese brand. Therefore, Senao is able to provide diverse price zones and brands. Consumers can fully understand Senao's brand value and mission for agency of phone.

Besides Android phones, Senao also assists Chunghwa Telecom in the sales of APPLE iPhone. Aval Technologies Co., Ltd. and Wiin Technologies Co., Ltd., subsidiaries of Senao, are dealers of all APPLE products. Appleuser Co., Ltd. and Ispot Co., Ltd., subsidiaries of Senao, are excellent APPLE dealers. Diverse brand operation consolidates Senao's position as an agency, continues to increase the overall market share of channel market, and secure top place in market share of mobile phone distributor.

Chunghwa Telecom remain as head of the Taiwan Telecommunication market in 2021 in terms of market share. According to the Taiwan Mobile Network Experience Report, Chunghwa Telecom was ranked No. 1 in “fastest download speed experience”, “best video experience” and “best 4G coverage experience” again in 2021. OpenSignal used the Time Coverage APP, an international speed test application, showing network availability within the test area, which is similar to actual user experience. Chunghwa Telecom launched the 5G service on June 30, 2020, claiming the beginning of 5G era. Chunghwa Telecom not only actively plans the deployment of 5G base station and but also strives for stable 4G network quality to provide users the best network experience. Chunghwa Telecom is likely to remain on the top of the telecoms market in 2022.

3. Future market supply, demand and growth

   Due to the popularity of communication apps and comprehensive voice chat function, the total voice call minutes declines year by year. The operators therefore have high expectation for the revenues generated by high mobile data traffic after the popularity of 4G network. However, as the number of subscribers reaches the saturation point, the severe price competition hold the exit plan of unlimited data plans. In 2020, telecom operators launched the 5G network in succession. All the three operators wish to boost 5G users and have tried to increase the ARPU (Average Revenue Per User) via the 5G fare plan and gradually increase discounts for contract-binding (including the number of call minutes, hotline, and phone subsidy), in order to reduce impact on overall finance.

   Phone specification upgrade for all brands in 2021 is slightly slower than the past few years. Currently the phone market is about to saturate. In addition to full upgrade of phone hardware specifications, such as camera, battery life and screen-to-body ratio, all major phone manufacturers have a stable, good relationship with Chunghwa Telecom regarding the fare plan, and provide fare plans pairing with Chunghwa Telecom's mobile numbers. Chunghwa Telecom aims to encourage 4G users to upgrade to 5G fare plans progressively. It primarily focuses on 5G phone and it is expected to increase contract-binding rate effectively via 5G flagship model. Except good positioning in price, the sale contest was introduced by most phone manufacturers to motivate their sales team. 5G network was launched in mid-2020. 5G fare increase is evident and people start to get new phones because all major phone manufacturers start to develop 5G phones and relevant peripheral applications. As the result, sales of contract-binding phones in the communication market in 2021 increased. However, phone sales has been affected by domestic pandemic since May 2021. Fortunately, pandemic slows down in the second half year of 2021, the quintuple stimulus vouchers were issued and people celebrated the year-end holiday season. All telecom operators accelerated deployment of 5G base station and 5G construction became more mature. As the result, 5G market will be expecting a bigger breakthrough in 2022.

   On the other hand, the sales of Apple iPhone still top the chart in Taiwan (according to the survey, the actual market share was

46% in November 2021, followed by SAMSUNG's 21%). As the market highly leans towards Apple iPhone sales, the Android phones become less attractive, and the honeymoon period for flagship products slides from 6 months to 2~3 months. The monthly sales of all brands therefore fluctuate, the momentum is hard to maintain.

In 2021, the hardware specifications of Samsung Flagship Z Series and Sony Xperia Pro I stood out among the rest of smartphones. As for appearance creativity, Samsung Flagship Z Series also has a foldable monitor, launched in 2020. It is cheaper than the previous generations. The lens of Sony Xperia Pro I is equivalent to that of single lens reflex camera, which is surely an eye-popper. There was no breakthrough innovation for other phones. As the result, there was no apparent growth of sales of Android phone in 2021. The design of APPLE iPhone is extended from the previous version. iPhone 13 series with 5G was launched in 2021. No crucial innovation was made for the appearance. The battery life and performance of camera lens are slightly upgraded comparing to the previous version. However, iPhone 13 is still quite attractive to many Apple fans when it was launched because of its competitive entry-level price and the launch of 5G network. As the result, APPLE iPhone 12 series is very popular when launched in Taiwan.

The hardware specs and functions of smartphones became mature in the past few years. In 2021, all manufacturers introduced a higher screen-to-body ratio main screen, long battery life and high-spec camera lens and put it onto models in all price ranges to test the market. Full-view display has been realized for smartphones. A market research agency estimated that 5G application, smart family life and the Internet of Everything will still be focus of the smartphone in 2022.

4. Competitive advantage

(1) Agency of communication, digital, accessories and home appliance products of top brands, and continuous introduction of new product and business model to create group synergy.

Senao has been devoted to offering diversified products for years and builds a long, good partnership with major global phone makers.

Except agency of existing phones and digital products (e.g. laptops, tablets, game consoles, car accessories, network products), Senao has also introduced more connected smart products (e.g. smart wearables, connected sweeping robot, connected air-purifier, connected TV) and outstanding daily home appliances, wishing to bring its customers with the convenience of digital home and superior products and providing any demand of daily IoT products in the future.

In addition, Senao is the agency of sakuyo and other health brands and officially stepped into the field of health care and body care. It provides products required for different ages (adult and children) and pets and plans for regular subscription (6/12 months) to create recurring purchases and provide a better life for consumers.

(2) Deployment of a more comprehensive O2O business model:

Senao International has 244 direct retail stores nationwide, serves local customers, provides services related to Chunghwa Telecom mobile business. In addition to the most professional and diverse telecommunication and information products and services, it also endeavors for offering various home appliance, IoT, and daily health care and body care products to fulfill needs of different customers. In recent years, Senaoonline has implemented the integrated virtual and physical service strategy. Online shopping increased and reached more customer groups due to the pandemic these years. This made the virtual e-commerce platform the e-commerce platform the second floor of the physical retail stores and the new source of customer. Through the power of physical and online channels, it can integrate online and offline resources to provide its customers better experience both online and offline.

(3) Extend the business model of no-cost startup platform:

Senao preempted to enter the health care market to respond to the needs of aging society, and promoted the business model much by working with local chiefs of village to develop the sales chain for the family of all ages. Meanwhile, Senao rolled out more health food by focusing on sakuyo to provide better products to people.

(4) A complete training system:

Through complete training systems, including the e-Learning digital platform and group consultation trainings, such as the online training courses and group consultation trainings, staffs can keep learn through this digital training platform despite the pandemic. Staffs can avoid the risk of human contact during physical courses. Retail stores can continue to improve expertise and services. Senao's sales personnel is educated to satisfy customers' needs and becomes a professional advisor for products and services. With the professional image, accountability thus increases.

(5) Maintenance of member relations:

Senao is committed to build a strong member body and relationship. By big data analysis and management, Senao can master needs of its members and increase recurrent purchase rate. Through promotional events such as notification from time to time and members' day, Senao aims to increase member adhesiveness and achieve word-of-mouth marketing.

5. Opportunities and threats

(1) Opportunities

- Chunghwa Telecom acquired the widest 5G bandwidth and built the 5G base station at a stable speed. It has built 12 thousand 5G base stations by December 2021 and reached its goal earlier than expected. With regard to network quality, according to the Taiwan 5G experience report released by Opensignal, an international mobile network report institution, Chunghwa Telecom takes the lead in 5G download speed, 5G upload speed, 5G video and audio experience, 5G gaming experience and 5G voice program experience. More consumers would be attracted by superior experience and stable 5G construction speed.
- Senao is the leader in the agency of mobile devices carrying numerous brands with abundant product portfolio. In 2022, Senao will make an all-out effort to catch up with the peak of phone sales incurred from continuous deployment of 5G facilities by Chunghwa Telecom.
- We endeavor for exploring and introducing new related products and marketing accessories of private brands in order to get close to our customers and fulfill various customer needs.
- Senao continues to introduce smart home products, smart wearables, daily home appliances and IoT products to

reinforce the brand image of Senaoonline.

- Senao International owns 244 direct stores nationwide that allows us to enter consumers' life circles and build relations with local businesses and subscribers. The size of Senaonline's product portfolio continues to grow and adapt to season and current event to compete for exposure and attract customers' attention. We make an all-out effort to develop the O2O/no-cost startup platform. The integration of online and offline channels turns mature and becomes a great foundation for future development.
- We have been developing our market among the distribution channels and retain relationship between the business team and manufacturer and dealer client. We provide more options to new clients, acquire dealership for all kinds of products and carry out the campaign for product portfolios to pair more products. We provide the latest complete sales information for dealer clients and always respond to market changes to make decisions quickly.

(2) Threats

- The hardware specs of smartphones are getting mature and therefore lack of innovation. Chip part faces shortage for the past few years. The price of new flagship models tends to rise and results in declining demand. More mind-boggling and futuristic technologies with reasonable price are anticipated to prop up the phone sales.
- The trend of trend of acquisition emerged in the telecommunications industry. Asia Pacific and T Star merged with Far EasTone and Taiwan Mobile, two major telecom operators, respectively. Asia Pacific and T Star might buy phones from their parent company, affecting the sales performance of Senao's distribution channel.
- Existing operators join the competition in the phone dealer market and manufacturers directly supply large phone channels. These may affect the revenue of Senao's distribution channels.
- These years separate purchases between phones and phone number become a trend, and consumers behavior is transformed into "experience offline, purchase online". The number of applications for online, telemarketing and call-out

numbers increased due to the pandemic. As a result, the number of customer visiting the physical stores is therefore impacted.

- Manufacturers of information home appliance provide high protection for customers of existing channels and might affect the revenue of Senao's channel.

(3) Responsive measures against threats

- We will utilize the member information in our database to analyze customers' behavior and build a complete customer relationship management system. Through this system, we will be able to identify the tech pioneers' needs, offer pre-order before launch, and provide tailored service to increase recurrent purchase rate.
- Full-price phone market share tends to increase. We rolled out differentiated packages for full-price phone, such as free screen protector for one year and extended warranty. We want to build the brand image that tells customers they can get discount for buying full-price phones from Senao.
- We will focus on integrating online and offline channels by continuously running the self-owned media and community content (Facebook/Instagram fan page), and through the recruitment via no-cost startup platform, a new business model, in order to extend our reach, crossover with many brands and create topics. Finally, via Senaoonline APP's notification, we can target the member precisely and build consumer adhesiveness.
- We have a profound collaboration with manufacturers and focus on profound relationship with client's brand stores.
- We expand the physical channel and provide diverse full-price phone portfolios to meet the demand for customers who do not buy phone from us while the demand changes in different seasons or the demand is affected by current events.
- In terms of smartphones, we will continue to work closely with phone makers and compete for the agency of trendy models to bring in customers for retail channels and boost the sales of distribution channels.

(2) The main purpose of primary products and their production process

Primary products	Purpose
Mobile phone	Sale and agency of Chunghwa Telecom mobile

	phone numbers
Tablets and laptops	Sale and agency of Chunghwa Telecom mobile phone numbers
Information and digital products and home appliances	Providing diverse product selection for our customers
Related products (Accessories)	Providing diverse related product selection for our customers

(3) Supply of major materials

The major suppliers for Senao International's mobile phone products and accessories include: Apple, SAMSUNG, OPPO, ASUS, Sony Mobile, HTC, Xiaomi, SUGAR, Realme, Vivo, INHON, Hugiga, etc.

The major suppliers for tablets and laptops include: Apple, SAMSUNG, Lenovo, Wiz, etc.

The major suppliers for digital products and home appliances (digital camera, navigation, dashboard camera, game console and large and small home appliance): SONY, Dyson, PANASONIC, LG, Samsung, PHILIPS, Electrolux, SHARP, KOLIN, XIAOMI, HERAN, SAMPO, TECO, CHIMEI, Mio, Garmin, PX, Nintendo, Huawei, D-link, etc.

The major suppliers for related products (accessories): Apple, SAMSUNG, Sony Mobile, XIAOMI, OPPO, Realme, Vivo, HTC, ASUS, etc.

The major suppliers for health care products include Toyo Hakko, Sankyo, AFC-HD AMS Life Science, Pfizer and YungShin Pharm, etc.

(4) Name of trade partner representing more than 10% of total purchases (sales) in the previous two years

1. Information of major customers in the previous two years.

Unit: NT$ thousand

Item	2021				2020			
	Name	Amount	As a percentage to total sales〔%〕	Relation to the issuer	Name	Amount	As a percentage to total sales〔%〕	Relation to the issuer
1	Chunghwa Telecom Co., Ltd.	6,406,803	20.64	Parent company of this company	Chunghwa Telecom Co., Ltd.	6,063,965	22.45	Parent company of this company
	Other	24,632,130	79.36		Other	20,943,108	77.55	
	Net sales	31,038,933	100		Net sales	27,007,073	100	

2. Information of major suppliers in the previous two years.

Unit: NT$ thousand

Item	2021				2020			
	Name	Amount	As a percentage to total purchase〔%〕	Relation to the issuer	Name	Amount	As a percentage to total purchase〔%〕	Relation to the issuer
1	SAMSUNG Taiwan	8,543,151	31.05		SAMSUNG Taiwan	8,661,392	37.35	
2	Chunghwa Telecom Co., Ltd.	5,515,088	20.04	Parent company of this company	Chunghwa Telecom Co., Ltd.	2,998,442	12.93	Parent company of this company
3	OPPO Taiwan	2,738,101	9.95		OPPO Taiwan	2,320,206	10.00	
4	Other	10,720,743	38.96		Other	9,211,960	39.72	
5	Net purchase	27,517,083	100		Net purchase	23,192,000	100	

(5) Production volume and value in the previous two years: The Company is classified in the retail and distribution industry without any production activity, so it is not applicable.

(6) Sales volume and value in the previous two years:

Unit: thousand units/NT$ thousand

Year / Sales volume / Major products (or by departments)	2021				2020			
	Taiwan		Overseas		Taiwan		Overseas	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Communication products	1,733	22,318,110	-	-	1,734	19,685,466	-	25
Other	-	6,740,832	-	-	-	5,193,507	-	7,510
Service revenue	-	1,979,991	-	-	-	2,120,457	-	108
Total	1,733	31,038,933	-	-	1,734	26,999,430	-	7,643

3. Employees information for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report

March 31, 2022

Year		Year As of March 31, 2022	2021	2020
Number of employees	Management and staff	607	612	591
	Sales personnel	1484	1470	1528
	Maintenance personnel	101	102	107
	Operators	6	6	6
	Total	2198	2190	2232
Average age		36.1	35.9	35.9
Average years of service		8.40	8.29	8.29
Education Distribution Percentage	Doctoral degree	0.00%	0.00%	0.00%
	Master's degree	4.41%	4.43%	4.61%
	Bachelor's degree	78.94%	79.04%	79.57%
	High school	15.83%	15.71%	15.10%
	Less than high school	0.82%	0.82%	0.72%

4. Disbursements for environmental protection

(1) The Company's major business activities are the sale of communication product, and generally, there is no pollution issue.

(2) Measures for environmental improvement:

1. The Company has the central air conditioning system to control the temperature and humidity. The system is maintained on a regular basis to ensure the air condition of the environment and reduce energy consumption.
2. The working environment is cleaned, organized and disinfected on a regular basis to ensure environmental hygiene.
3. Industrial waste is handled by the professional waste collection

company in compliance with relevant regulations, and all waste is sorted.

4. We make efforts in creating and providing our employees a working environment with technology, culture and comfortability.
5. We use eco-lights for energy conservation.
6. We recycle used mobile phones at all retail stores.

5. Labor relations

(1) Labor rights policies:

The Company strives to create an environment with human rights protection; comply with current labor laws and regulations; recognize and support key international human rights standards, including the UN Universal Declaration of Human Rights, Declaration on Fundamental Principles and Rights at Work of International Labor Organization, UN Global Compact of the United Nationals; and eliminate abuses or non-compliance concerning human rights in order to ensure that members within the Company are treated with equality and dignity. Relevant management program regarding human rights watch and training for human rights protection are as follows:

Item	Practical control policies
	Explanation
1. Human rights watch	
(1) Providing a safe and healthy working environment	The Company has established a dedicated occupational safety and health unit to achieve “legal compliance, risk assessment, employee involvement, continuous improvement, zero injury” and major actions taken are listed as follows: (1) Established the occupational safety and health office and assigned full-time registered nurse for employees’ health management. The unit is responsible for planning employee health management and health promotion. The Company has offered monthly on-site service from the occupational health doctor to offer employee health consultation, education, and operation environment evaluation. We have launched four major plans, including human health hazard prevention, maternal health protection, harassment during performance of duties prevention, disease prevention of abnormal workload to build a safe and health work environment. The Company has also work together with professional health care institution to arrange employees’ annual health checkup, four cancers screening, flu shots injection and health talk, as well as monitor

Item	Practical control policies Explanation
	and handle any abnormality to build a primary health care system. (2) In order to build a good and friendly environment for pregnancy and breastfeeding, the Company provides maternity health risk assessment and monitoring of health conditions from pregnancy to a year after the birth. The breastfeeding room was certified by the New Taipei Government in 2016 to encourage continuous breastfeeding after giving birth. In response to the promotion of breastfeeding by Health Promotion Administration, Ministry of Health and Welfare and Act of Gender Equality in Employment, the Company has furnished the breastfeeding room in order to achieve the goal of work-life balance. (3) Office space safety: (1) Regular check of fire equipment is conducted once a year to ensure its normal operation, and that its number is in compliance with regulations. (2) Monthly test on voltage, current and temperature values of the distribution board in office is conducted, and cleaning and dedusting are done semi-annually to ensure normal function of distribution board, transformer and circuit. (3) Access control system is installed at the entrance and exit of office, and all people entered the premise are required to use access card, to ensure the office safety. (4) Surveillance system is installed at the entrance and exit of office that is set for 24-hour motion detection recording, and all entrance information is accurately recorded for safety purpose. (5) Security system is installed within the office to monitor any motion in office at night to ensure property safety of the office

<table>
<tr><th rowspan="2">Item</th><th>Practical control policies</th></tr>
<tr><th>Explanation</th></tr>
<tr><td></td><td>at night.
Measures on emergency hazard:
(1) The Company has appointed the fire prevention manager and team in compliance with the fire safety code, and training and practice regarding fire safety are given once a year to teach the correct fire safety knowledge.
(2) The Company has set up the emergency response notification procedure bulletin for the rapid notification during any emergency hazed to ensure personnel safety and quick response and recovery of operation.
(3) The Company has assigned nurse and emergency personnel in accordance with relevant laws and regulations that can provide health education during normal time and first-aid during any emergency hazard.
(4) The Company announced epidemic prevention measures for each stage by rolling release and promoted vaccination based on the pandemic. All employees must measure body temperature when entering the Industrial City, and track and care about employee health condition. The Company buys enough epidemic prevention supplies for employees and performs disinfection in the environment regularly. Employees take turns to work from home and the workplace and work in flextime to reduce employee contact and risk of infection during commute.</td></tr>
<tr><td>(2) Prevented illegal discrimination and harassment to ensure equal employment opportunities</td><td>(1) The Company's human resource management policies and procedures provided equal employment opportunities and prohibited any form of discrimination regardless of gender, sexual orientation, race or ethnicity, age, marital status, language, belief, religion, political affiliation, appearance, feature, disability or union membership in order to</td></tr>
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Item	Practical control policies
	Explanation
	create a respectful, equal, safe and harassment-free work environment. (2) In order to protect all employees from any physical or mental harassment during performance of duties that results in mental and physical illness and to maintain gender equality in employment and personal dignity, announced and regularly promoted the statement of preventing workplace violence; adopted the " Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment" in order to provide all of our employees with a work environment free of workplace violence and sexual harassment.
(3) Prohibited the use of child labor or forced labor	The Company prohibits all forms of forced labor and use of child labor, and follows the working hours and leave standards set forth by relevant labor laws to protect employees' physical and mental
(4) Supported employees' freedom of assembly and association	The Company respects that our employees organize or join the union recognized by laws to exercise labor rights, and kept the employee suggestion channels open to encourage communication and promote a good labor relation.
(5) Provided work opportunities	The Company provided many domestic job opportunities and collaborates with schools offering internship opportunities for students to implement the corporate social responsibility.
(6) Implemented information security	Any personal information of job seekers and employees are protected in accordance with Personal Information Protection Act and relevant laws. Meanwhile, in order to enhance the Company's personal information protection mechanism and eliminate any risk of loss, damage, unauthorized use or legal handling of personal information, we have developed the personal information security incident management mechanism to ensure in any personal information security incident, the measure will be taken to prevent any further damage.

Item	Practical control policies Explanation
2. Training on human rights protection	
(1) Provided information session and training for labor laws and regulations compliance	Content includes: training of relevant labor laws and regulations, prohibition of child labors, anti-discrimination, anti-harassment, and shift management to provide a healthy and safe workplace.
(2) Provided online course for sexual harassment prevention	Content includes: education on the pattern and concept of workplace sexual harassment, prevention of sexual harassment, and procedures for handling sexual harassments
(3) Information session for workplace violence prevention	Announcement and regular promotion of the statement of preventing workplace violence; promotion of the "harassment during performance of duties prevention plan" to help employees understand workplace violence and prevention of such workplace violent, as measures to build a friendly workplace free of workplace violence.
(4) Regular external training of occupational safety and health	Content includes: Fire-fighting training, emergency personnel training, general safety and health training.

(2) Code of conduct:

1. The Company always conducts its business with fairness, honesty and integrity, and demands all of its managers and employees to comply with the following code of conduct while performance any duties and avoid any misconducts:
   (1) Comply with all laws and regulations related to the Company's business activities and follow the Company's policies.
   (2) Act in the best interest of the Company. It is prohibited to provide the Company's service based on personal interest in order to prevent any conflict of interests.
   (3) Do not directly or indirectly offer, promise to offer, request or accept any improper benefits to establish business relationship or influence commercial transactions.
   (4) Do not disclose, inform, deliver or transfer to others or publicly announce any business confidential information and customer information.
   (5) Do not take advantage of position to acquire benefits or cause damages to the Company in an improper manner.
   (6) Promote the Personal Information Protection Act and protect customer rights.
2. For any misconduct, the punishment or termination of employment will be given commensurate with actual condition.

(3) Employee welfare:

1. Remuneration and benefits:
   (1) The Company offers competitive level of salary and sets the regulations on profit sharing compensation based on operating profit to share the operating result with our employees.
   (2) All employees are enrolled in the national labor insurance and health insurance program. We also provide employees free group insurance (including life insurance, accident insurance, cancer insurance and medical insurance) and discounted group insurance to employees' family for a more comprehensive health care to employees and their family and improvement of employee welfare.
   (3) The Company has established the Employees' Welfare Committee in accordance with relevant law and appropriated employee welfare fund for employees' welfare such as employee emergency allowances, wedding/funeral subsidy and travel subsidy.

(4) We provides working mothers a friendly working environment for pregnancy and raising children and offer pregnancy leave, maternity leaves, parental leave without pay or any other supports for breastfeeding.

2. Employee education and training:

(1) The Company organizes training courses tailoring to the core competencies and professional knowledges required. The Company's training system consists of: A. training by job level: Targeting employees of different job levels, providing training courses in topics of management and general knowledge; B. Training by profession: Tailoring to different competencies required by different job positions, providing training courses in each profession.

(2) Leading brand for service integration: in order to satisfy customers' need for one-stop shopping, in addition to the enhancement of professionalism, management skill and core competency, we also strengthen employees ability to integrate service and performance synergy among department. Through the soft skills course and team building events, we will take the advantage of service integration, achieve the goal of lean learning and create a high-quality customer service.

(3) A vital company, flexible management: the average age of the Company is 34 years old, and in order for managers working well with these young and change-seeking Y-generation, the Company continues to hold management courses for managers to enhance their leadership while maintaining the prudent but flexible culture.

(4) Development of professional digital experts: In the age of digital convergence, the service personnel at the retail stores are demanded for more knowledge about diverse products. Therefore, the Company continue to provide them trainings in sales and service quality, and more courses in professional knowledge through the e-Learning digital platform, so as to strengthen the retail personnel's knowledge in 3C products and enable them to provide professional advice on digital products.

(5) Active development of digital course:
The Company continues to protect the employee's health and ensure the employee's rights to learn through digital courses to adapt to pandemic change. Besides reinforcing pandemic

prevention concept for employees, the Company held the information security education training course, pandemic marketing guide course, and health seminar. Employees can always learn through e-Learning digital platform, learn about pandemic prevention and emergency response, and enhance work ability. We organize the way to teach new knowledge without human contact in advance.

(4) Retirement policies:

The Company has adopted the “Regulations governing employee retirement” in 1996, stipulating the retirement conditions, retirement application, retirement payment standards and disbursement procedures. For employees applicable for Labor Standards Act, the 2% of the monthly salary has been appropriated monthly and deposited in a special account in Taiwan Bank. The Supervisory Committee of Labor Retirement Reserve was established to supervise the legal use of retirement reserve. The Company regularly assigned external actuary to issue the retirement reserve audit report in accordance with the R.O.C. GAAP No. 18. Since July 2005, the Labor Pension Act has applied. For employees applicable for the Act, 6% of the monthly insurance salary has been appropriated monthly as pension and deposited in the individual labor pension accounts. The employees may also choose to appropriate pension up 6% of their own will.

(5) Labor relations:

The Company takes labor relations seriously, and all the internal regulations are in compliance with Labor Standards Act and relevant rules. We also sign the labor contracts with employees to protect employees’ rights. The labor-management meeting is held regularly in accordance with the Regulations for Implementing Labor-Management Meeting for labor relation reconciliation, collaboration between employees and management, efficiency improvement and employees’ welfare. The Company sets open internal communication and counseling channels (President email and company portal) for employees to give advice and propose feasible plans anytime. The Company fulfills the responsibility for employee care to establish a harmonic labor-management relationship.

(6) Other material agreements:

1. For prevention of workplace sexual harassment and gender equality in employment, the Company has developed and publicly disclosed its measures of prevention and punishments of sexual harassment. It

has also stipulated the procedures for sexual harassment complaint and promulgates the written statement of prohibition of sexual harassment in workplace in order to regulate employees' behaviors at workplace and maintain a healthy and discrimination-free workplace.

2. In addition to compliance with Work Rules, all employees have to sign the labor contracts and statement for work ethics while on-board and code of conduct for the effectively implementation of work ethics.

(7) Losses arising as a result of employment disputes in the last year up till the publication date of this annual report: None.

6. Information flow security management

(1) Information flow security risk control structure, information flow security policy, specific management plan and the resource used for Information flow security management are described below:

1. Preface

The Company sets the SOP and information security policy based on the international standard and government regulations, performs annual internal information cycle audit, continues to track improvement result, and reports the result to the board of directors' meeting regularly.

2. Scope of application

(1) All employees of the Company

(2) The information system associated with the Company

(3) Supplier and guest

(4) Other staffs or organizations applicable to this policy based on regulations or contracts

3. Purpose

This policy is formulated to ensure information confidentiality, integrity and availability during operation and service provision process. All staffs using the information must follow this information security policy to conduct information management for operation and service.

4. Information security organization

Information security is a part of risk control. The relevant management responsibility is as follows:

Organization name	Scope of authority and responsibility
Chairman	1. Approve the risk management policy and structure. 2. Ensure effectiveness of risk control system and allocate resources.
Senior management (President, Executive Vice Presidents, Vice Presidents)	1. Carry out the risk control decisions. 2. Coordinate the interaction and communication on risk control across departments.
Managers on all levels	1. Gather the result of the implementation of risk control activity. 2. Assist and in supervise all kinds of risk control activities in the department. 3. Change the decided risk type and suggest the way to take on risks depending on the external environment and internal strategy. 4. Evaluate the performance and carry out coordination after risk adjustment.
Managers on all levels under each department	1. Carry out the daily risk control activities. 2. Perform self-evaluation on risk control activities.

Information security risk assessment

Material issues	Risk assessment criteria	Risk control policies or strategies
Environment	The machine room is damaged due to human error or non-human accident and natural disaster.	Build the daily remote backup system to complete the (Business Continue Plan) BCP project properly.
Society	Member data in the website database leaked due to hacking or virus.	Build an application firewall.

5. The Company's information security policy

The information security policy includes the following:

(1) Password management
(2) Machine room management
(3) Server management

(4) Computer virus management
(5) Network management
(6) Software management
(7) System development regulations
(8) System external purchase regulations
(9) Information security event reporting
(10) System recovery and test procedure

6. Information protection measures

Besides establishing relevant information security management system, and continuing to respond to and monitor possible risks depending on the internal and external environment. It also reinforces the detection and protection stability of the existing internal information security system and builds a mechanism for continuous business operation, to reduce the risk of corporate information security and operation, and to further prevent risks.

Item	Internal	External
Risk and trend monitoring	· Perform risk audit regularly and make improvements based on the identified problems. · Use the intrusion detection monitoring platform, antivirus centralized management platform, and integrated log centralized platform, to analyze threat traces and scans potential incidents automatically. · After the information security attack occurred, relevant agencies will investigate and analyze incidents.	· Always keep track of the trend of international standard and regulations. · Subscribe information on information security threat and technical news, and keep better track of informational security trend. · Attend InfoSec Taiwan regularly to keep track of the latest technology and threat information.
Mechanism and protection	· Implement log centralization, carry out automated association analysis, and set up a warning mechanism for real-time information	· Gather the information on information security threat and increase the reliability of automated analysis. · Regularly arrange the external service information

	security. · Establish an internal platform for management of information security vulnerability, carry evaluation regularly, and organize improvement plans based on the information security risk. · Intensify the protection of application, introduce the firewall for application and reduce the risk of application being under attack. · Strengthen the system audit of database, introduce the access surveillance system of database and retain the activity trace of database.	system to perform the third-party testing, such as penetration test and red team assessment. · Comply with the inspection standard of international standard such as OWASP and OSSTMM. Discover informational security risks through professional white hat hackers to carry out modification and tracing.
Continuous operation of business	· Refer to ISO 22301:2012 and perform establishment and relocation of hybrid cloud structure. · Set up the cross- Critical business such as retail store and online sales system and cross-field remote backup mechanism (the location must be different from the home field when a disaster occurs). It is expected to reach 100% before 2023 (about 20-30% so far) for remote backup of critical business system.	Implement the national information security policy, update and confirm compliance at real time, and carry out information security education training and exam regularly. · Carry out PDCA, strengthen preventive measures, surveillance during the event and post-response, and reduce the corporate information security risk.

7. Information security establishment and implementation

(1) In 2021, the Company conducted red team assessment, the highest level of penetration drill test, when assessing the

business selection. The Company executed the red team assessment in first quarter of 2022. The Company could perform comprehensive health check for its entire information system, continue to perform improvement based on the result, and keep reinforcing the Company's information system.

(2) In mid-2021, the Company implemented a work-from-home policy due to severe pandemic in Taiwan. The Company carried out information security education training and exam associated with work-from-home and all employees were required to take the training and exam. The Company can implement pandemic prevention while raising awareness of information security.

8. Information security event reporting mechanism and handling procedure

The Company complies with regulations of competent authority and government. It formulated the information security event reporting mechanism and handling procedure in 2021. The information security event was divided into levels 1 to 4. The Company can respond to and handle the information security event by following the procedure and report to the relevant manager and authorities based on the level. No information security event has occurred so far.

(2) Losses arising as a result of major information flow security event in the last year up till the publication date of this annual report, possible impacts and responsive measures: None.

Refer to the previous information to estimate the impact of the two information security events.

1. Senao's website cannot be visited or used due to DoS attack. Senao performed emergency treatment and emergency service transfer plan. Senao’s online service was affected about two days and Senao lost about NT$ 21 million of revenue.
2. The electricity and network at the Senao's main office were affected. Employees weren't able to work and some services were affected for about two weeks. The service was transferred to the cloud host urgently and the operation of service proceeds. Approximately NT$ 100 million of expense was lost for related service, supplier and equipment.

7. Major contracts

Contract nature	Principal	Beginning and ending date of the contract		Main contents	Restriction clauses
Manufacturer Contract	LG electronics Taiwan Taipei Co., Ltd.	November 1, 2021	If neither of the parties raises objection, the contract will be automatically renewed.	LG product procurement	None
Manufacturer Contract	Taiwan Xiaomi Telecommunications Limited	May 1, 2020	December 31, 2023	Product procurement	None
Telephone number agency contract	Chunghwa Telecom Co., Ltd. Mobile Business Group	January 1, 2019	December 31, 2021	Mobile numbers agency contract	None
Mobile phone supply contract	Chunghwa Telecom Co., Ltd. Mobile Business Group	January 1, 2019	December 31, 2021	Mobile phone supply contract	None
Manufacturer Contract	Top Enterprise Investments Limited Taiwan Branch	May 1, 2018	If neither of the parties raises objection, the contract will be automatically renewed.	VIVO phone purchase contract	None
Manufacturer Contract	LENOVO Technology B.V. Taiwan Branch (Netherlands)	December 13, 2017	If neither of the parties raises objection, the contract will be automatically renewed.	Product procurement	None
Manufacturer Contract	Taiwan Sugar Mobile Communication Co., Ltd.	December 1, 2016	If neither of the parties raises objection, the contract will be automatically renewed.	Product procurement	None
Manufacturer Contract	New Boom Global Limited Taiwan Branch (Samoa)	August 28, 2014	Automatic contract renewal	OPPO product procurement	None
Manufacturer Contract	Samsung Electronics Taiwan Co. Ltd.	January 1, 2014	60 days notice	Samsung Agency Contract	None
Manufacturer Contract	HTC Corporation	January 1, 2012	90 days written notice	HTC product procurement	None
Manufacturer Contract	Sony Taiwan Ltd	July 15, 2004	3 months written notice	Purchase agreement	None
Manufacturer Contract	Microsoft Mobile Taiwan Corporation	April 7, 1998	Automatic contract renewal	Product procurement	None

VI. Financial Overview

1. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(1) Individual condensed balance sheets

Unit: NT$ thousand

Item \ Year		Financial information for the past 5 fiscal years (Notes 1 and 5)				
		2017	2018	2019	2020	2021
Current assets		6,885,483	6,341,299	6,013,388	6,282,577	7,426,483
Property, plant and equipment (Note 2)		970,385	934,876	869,510	813,507	777,312
Intangible assets		19,076	28,275	38,710	14,204	18,901
Other assets (Note 2)		2,167,761	2,249,880	2,877,409	2,719,888	2,538,815
Total assets		10,042,705	9,554,330	9,799,017	9,830,176	10,761,511
Current liabilities	Before dividend	4,020,631	3,614,446	3,396,820	3,529,863	4,246,872
	After dividend	4,838,314	3,988,912	3,771,286	3,917,242	4,763,377 (Note 6)
Non-current liabilities		121,933	131,805	554,019	386,932	384,408
Total liabilities	Before dividend	4,142,564	3,746,251	3,950,839	3,916,795	4,631,280
	After dividend	4,960,247	4,120,717	4,325,305	4,304,174	5,147,785 (Note 6)
Equity attributable to stockholders of the parent		5,900,141	5,808,079	5,848,178	5,913,381	6,130,231
Share capital		2,582,527	2,582,527	2,582,527	2,582,527	2,582,527
Capital surplus		703,314	717,885	717,885	717,521	717,521
Retained earnings	Before dividend	2,941,266	2,521,203	2,561,547	2,645,743	2,851,814
	After dividend	2,123,583	2,146,737	2,187,081	2,258,364	2,335,309 (Note 6)
Other equity		1,110	(13,536)	(13,781)	(32,410)	(21,631)
Treasury shares		(328,076)	-	-	-	-
Total equity	Before dividend	5,900,141	5,808,079	5,848,178	5,913,381	6,130,231
	After dividend	5,082,458	5,433,613	5,473,712	5,526,002	5,613,726 (Note 6)

Note 1: All financial information above has been audited.
Note 2: No asset revaluation was done for any of the financial information above.
Note 3: No financial information has been audited or reviewed up to the publication date of the annual report.
Note 4: The distributed figures above have been filled out based on the resolutions made at the board of directors' meeting or the shareholders' meeting next year.
Note 5: The financial information shall be corrected or restated even without the notice from the competent authority.
Note 6: The Report on the Distribution of Dividends and Bonuses was passed by the board of directors' meeting on March 25, 2022 but has not been submitted to by the annual shareholders' ordinary meeting.

(2) Individualcondensed statements of comprehensive income

Unit: NT$ thousand

Item \ Year	Financial information for the past 4 fiscal years (Notes 1 and 5)				
	2017	2018	2019	2020	2021
Operating revenue	34,488,747	29,621,736	27,493,868	25,426,029	28,912,848
Gross profit	4,229,253	3,439,987	3,082,230	2,803,371	3,094,734
Operating profit and loss	763,088	226,022	274,451	309,395	466,857
Non-operating income and expenses	209,733	186,036	202,178	200,461	240,412
Pre-tax profit	972,821	412,058	476,629	509,856	707,269
Current period net income of the unit with continuing operation	825,521	405,854	411,231	436,884	596,948
Loss of the suspended unit	-	-	-	-	-
Net income (loss)	825,521	405,854	411,231	436,884	596,948
Other comprehensive income - current (net of tax)	(23,198)	(22,636)	15,194	3,149	7,281
Total comprehensive income - current	802,323	383,218	426,425	440,033	604,229
Net profit attributable to owners of the Parent	825,521	405,854	411,231	436,884	596,948
Comprehensive profit (loss) attributable to the owners of the parent company	802,323	383,218	426,425	440,033	604,229
Earnings per share	3.30	1.59	1.59	1.69	2.31

Note 1: All financial information above has been audited.

Note 2: No financial information has been audited or reviewed up to the publication date of the annual report.

Note 3: The loss of the suspended unit is listed as the net of tax with income tax deducted.

Note 4: The financial information shall be corrected or restated even without the notice from the competent authority.

(3) Consolidated condensed balance sheets

Unit: NT$ thousand

Item \ Year		Financial information for the past 5 fiscal years (Notes 1 and 5)				
		2017	2018	2019	2020	2021
Current assets		7,584,225	7,041,416	6,751,385	6,834,221	7,962,726
Property, plant and equipment (Note 2)		1,005,960	965,662	895,742	839,868	803,961
Intangible assets		293,256	240,211	227,112	179,843	142,035
Other assets (Note 2)		1,403,692	1,480,597	2,195,330	2,321,272	2,183,890
Total assets		10,287,133	9,727,886	10,069,569	10,175,204	11,092,612
Current liabilities	Before dividend	4,203,944	3,740,162	3,617,165	3,832,372	4,531,148
	After dividend	5,021,627	4,114,628	3,991,631	4,219,751	5,047,653 (Note 6)
Non-current liabilities		160,366	164,056	589,882	415,712	418,431
Total liabilities	Before dividend	4,364,310	3,904,218	4,207,047	4,248,084	4,949,579
	After dividend	5,181,993	4,278,684	4,581,513	4,635,463	5,466,084 (Note 6)
Equity attributable to stockholders of the parent		5,900,141	5,808,079	5,848,178	5,913,381	6,130,231
Share capital		2,582,527	2,582,527	2,582,527	2,582,527	2,582,527
Capital surplus		703,314	717,885	717,885	717,521	717,521
Retained earnings	Before dividend	2,941,266	2,521,203	2,561,547	2,645,743	2,851,814
	After dividend	2,123,583	2,146,737	2,187,081	2,258,364	2,335,309 (Note 6)
Other equity		1,110	(13,536)	(13,781)	(32,410)	(21,631)
Treasury shares		(328,076)	-	-	-	-
Non-controlling interests		22,682	15,589	14,344	13,739	12,802
Total equity	Before dividend	5,922,823	5,823,668	5,862,522	5,927,120	6,143,033
	After dividend	5,105,140	5,449,202	5,488,056	5,539,741	5,626,528 (Note 6)

Note 1: All financial information above has been audited.
Note 2: No asset revaluation was done for any of the financial information above.
Note 3: No financial information has been audited or reviewed up to the date of publication of the annual report.
Note 4: The distributed figures above have been filled out based on the resolutions made at the board of directors' meeting or the shareholders' meeting next year.
Note 5: The financial information shall be corrected or restated even without the notice from the competent authority.
Note 6: The Report on the Distribution of Dividends and Bonuses was passed by the board of directors' meeting on March 25, 2022 but has not been submitted to by the annual shareholders' ordinary meeting.

(4) Consolidated condensed statements of comprehensive income

Unit: NT$ thousand

Item \ Year	Financial information for the past 4 fiscal years (Notes 1 and 5)				
	2017	2018	2019	2020	2021
Operating revenue	35,737,934	31,240,940	28,864,873	27,007,073	31,038,933
Gross profit	4,341,967	3,544,762	3,254,572	3,086,322	3,465,732
Operating profit and loss	689,921	119,028	255,662	308,967	483,498
Non-operating income and expenses	275,168	287,623	224,202	207,574	231,478
Pre-tax profit	965,089	406,651	479,864	516,541	714,976
Current period net income of the unit with continuing operation	822,551	398,517	410,011	435,915	596,011
Net income (loss)	822,551	398,517	410,011	435,915	596,011
Other comprehensive income - current (net of tax)	(23,198)	(22,636)	15,194	3,149	7,281
Total comprehensive income - current	799,353	375,881	425,205	439,064	603,292
Net profit attributable to owners of the Parent	825,521	405,854	411,231	436,884	596,948
Net profit attributable to non-controlling interests	(2,970)	(7,337)	(1,220)	(969)	(937)
Comprehensive profit (loss) attributable to the owners of the parent company	802,323	383,218	426,425	440,033	604,229
Comprehensive income attributable to non-controlling shareholders	(2,970)	(7,337)	(1,220)	(969)	(937)
Earnings per share	3.30	1.59	1.59	1.69	2.31

Note 1: All financial information above has been audited.

Note 2: No financial information has been audited or reviewed up to the date of publication of the annual report.

Note 3: The loss of the suspended unit is listed as the net of tax with income tax deducted.

Note 4: The financial information shall be corrected or restated even without the notice from the competent authority.

(5) Names of auditors and audit opinions for the last 5 years:

Year	Name of CPA firm	Name of auditors	Audit opinion
2017	Deloitte & Touche	Dien Sheng Chang, Hung Peng Lin	Unqualified opinion
2018	Deloitte & Touche	Dien Sheng Chang, Hung Peng Lin	Unqualified opinion
2019	Deloitte & Touche	Dien Sheng Chang, Benjamin Shih	Unqualified opinion with an emphasis-of-matter paragraph
2020	Deloitte & Touche	Dien Sheng Chang, Denny Kuo	Unqualified opinion
2021	Deloitte & Touche	Dien Sheng Chang, Denny Kuo	Unqualified opinion

2. Financial analyses for the past 5 fiscal years

(1) International Financial Reporting Standards - Individual

Analysis	Year	Financial analyses for the past 5 fiscal years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to assets ratio	41.24	39.20	40.31	39.84	43.03
	Long-term capital to property, plant and equipment ratio	620.58	635.36	736.29	774.46	838.09
Debt servicing capability %	Current ratio	171.25	175.44	177.02	177.98	174.86
	Quick ratio	114.33	120.41	122.02	122.53	110.52
	Times interest earned	230.11	-	34.37	46.36	89.46
Operating efficiency	Receivables turnover ratio (times)	14.63	14.60	15.93	15.73	17.19
	Average collection days	24.94	25.00	22.91	23.20	21.23
	Inventory turnover ratio (times)	13.64	12.64	13.19	12.37	11.51
	Payables turnover ratio (times)	12.03	10.97	12.03	13.32	11.51
	Days sales outstanding	26.75	28.87	27.67	29.50	31.71
	Property, plant and equipment turnover ratio (times)	35.74	31.09	30.47	30.21	36.34
	Total asset turnover (times)	3.40	3.02	2.84	2.59	2.80
Profitability	Return on assets (%)	8.18	4.14	4.36	4.54	5.86
	Return on equity (%)	13.97	6.93	7.05	7.42	9.91
	Income before tax to paid-in capital ratio(%)	37.66	15.95	18.45	19.74	27.38
	Net profit margin (%)	2.39	1.37	1.49	1.71	2.06
	Earnings per share (NT$) (Note 2)	3.30	1.59	1.59	1.69	2.31
Cash Flow	Cash flow ratio (%)	25.92	20.13	21.65	22.79	14.87
	Cash flow adequacy ratio (%)	104.49	134.43	133.70	105.02	95.83
	Cash reinvestment ratio (%)	0.70	(1.29)	4.91	5.90	3.25
Leverage	Operating leverage	4.56	12.28	8.90	7.14	4.94
	Financial leverage	1.00	1.00	1.05	1.03	1.01

Explanations for the variations of financial ratios in the latest two years (Analysis is not required if the gradient variation is below 20%.)
1. Variation in times interest earned: It was primarily caused by the decrease of interest expenses in 2021 despite the increase of profit before tax. 2. Property, plant and equipment turnover ratio (times): It was primarily caused by the average net property, plant and equipment in 2021 despite the increase of net sales. 3. Return on assets: It was primarily caused by the increase of net income in 2021. 4. Return on equity: It was primarily caused by the increase of net income in 2021. 5. Income before tax to paid-in capital ratio: It was primarily caused by the increase of pre-tax profit in 2021. 6. Net profit margin: It was primarily caused by the increase of net income in 2021. 7. Earnings per share (NT$) : It was primarily caused by the increase of net income in 2021. 8. Variation in cash flow ratio: It was mainly due to the decrease of net cash flow from operating activities in 2021. 9. Variation in cash flow reinvestment ratio: It was primarily caused by the increase of working capital in 2021. 10. Variation in operating leverage: It was mainly due to the increase in income from operations in 2021.

Note 1: All financial information of 2017~2021 has been audited.

Note 2: Calculated based on current year's weighted average shares outstanding adjusted by the additional weighted average shares outstanding arising from the capitalization of earnings and capital surplus.

(2)International Financial Reporting Standards - Consolidated

Analysis	Year	Financial analyses for the past 5 fiscal years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt to assets ratio	42.42	40.13	41.77	41.74	44.62
	Long-term capital to property, plant and equipment ratio	604.71	620.06	720.34	755.21	816.14
Debt servicing capability %	Current ratio	180.40	188.26	186.64	178.32	175.73
	Quick ratio	120.17	127.69	131.19	124.03	113.43
	Times interest earned	179.65	2,235.34	33.65	46.08	88.17
Operating efficiency	Receivables turnover ratio (times)	14.89	15.22	16.24	15.66	16.94
	Average collection days	24.51	23.98	22.47	23.30	21.54
	Inventory turnover ratio (times)	13.71	12.91	13.30	12.42	11.78
	Payables turnover ratio (times)	12.08	11.11	11.98	12.84	11.38
	Days sales outstanding	26.62	28.27	27.44	29.38	30.98
	Property, plant and equipment turnover ratio (times)	35.59	31.69	31.01	31.12	37.76
	Total asset turnover (times)	3.44	3.12	2.91	2.66	2.91
Profitability	Return on assets (%)	7.96	3.98	4.26	4.39	5.66
	Return on equity (%)	13.86	6.78	7.01	7.39	9.87
	Income before tax to paid-in capital ratio(%)	37.36	15.74	18.58	20.00	27.68
	Net profit margin (%)	2.30	1.27	1.42	1.61	1.92
	Earnings per share (NT$) (Note 2)	3.30	1.59	1.59	1.69	2.31
Cash Flow	Cash flow ratio (%)	25.71	18.61	14.85	22.50	14.43
	Cash flow adequacy ratio (%)	80.44	115.30	120.34	96.46	92.46
	Cash reinvestment ratio (%)	1.23	(1.73)	2.19	6.64	3.52
Leverage	Operating leverage	5.14	23.39	9.85	7.46	5.00
	Financial leverage	1.00	1.00	1.06	1.03	1.01

Explanations for the variations of financial ratios in the latest two years (Analysis is not required if the gradient variation is below 20%.)

1. Variation in times interest earned: It was primarily caused by the decrease of interest expenses in 2021 despite the increase of profit before tax.
2. Property, plant and equipment turnover ratio (times): It was primarily caused by the average net property, plant and equipment in 2021 despite the increase of net sales.
3. Return on assets: It was primarily caused by the increase of net income in 2021.
4. Return on equity: It was primarily caused by the increase of net income in 2021.
5. Income before tax to paid-in capital ratio: It was primarily caused by the increase of pre-tax profit in 2021.
6. Earnings per share (NT$) : It was primarily caused by the increase of net income in 2021.
7. Variation in cash flow ratio: It was mainly due to the decrease of net cash flow from operating activities in 2021.
8. Variation in cash flow reinvestment ratio: It was primarily caused by the increase of working capital in 2021.
9. Variation in operating leverage: It was mainly due to the increase in income from operations in 2021.

Note 1: All financial information of 2017~2021 has been audited.

Note 2: Calculated based on current year's weighted average shares outstanding adjusted by the additional weighted average shares outstanding arising from the capitalization of earnings and capital surplus.

Calculation formulas:

1. Financial structure
   (1) Debt to asset ratio = Total liabilities / Total assets
   (2) Long-term capital to property, plant & equipment ratio = (Total equity + non-current liabilities) / net property, plant & equipment
2. Debt servicing capability
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio＝ (current assets-inventory-prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating efficiency
   (1) Receivables (including account receivables and note receivables from operating activities) turnover ratio ＝ net sales/average receivables (including account receivables and note receivables from operating activities) balance.
   (2) Average collection days＝365/receivables turnover ratio.
   (3) Inventory turnover ratio = cost of sales / average inventory
   (4) Payables (including account payables and note payables from operating activities) turnover ratio ＝ cost of sales/average payables (including account payables and note payables from operating activities) balance.
   (5) Days sales outstanding＝365/Inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio＝net sales/average net property, plant and equipment.
   (7) Total asset turnover＝net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net Income + interest x expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income / average equity.
   (3) Net margin = net Income / net Sales
   (4) Earnings per share = (net income attributable to shareholders of the parent - preferred stock dividend) / weighted average number of shares outstanding
5. Cash flow
   (1) Cash flow ratio = net cash provided by operating activities / current liabilities
   (2) Cash flow adequacy ratio = five-year sum of cash from operations / five-year sum of capital expenditures, inventory additions, and cash dividend.

(3) Cash flow reinvestment ratio = (cash provided by operating activities - cash dividends)/ (gross property, plant and equipment + long-term investments + other non-current assets + working capital)

6. Leverage:
   (1) Operating leverage = (net sales - variable cost) / income from operations
   (2)Financial leverage = income from operations / (income from operations - interest expenses)

3. Audit Committee's review report for the most recent year's financial statement

Senao International Co., Ltd.
Audit Committee Report

The Board of Directors has prepared this Company's 2021 financial statements (including consolidated financial statements), which have been audited by external auditors Dien Sheng Chang and Denny Kuo of Deloitte & Touche, together with the business report and proposal of earning distribution plan. We have examined above statements and reports and found no irregularities. We hereby report as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

Senao International Co., Ltd.

Audit Committee Convenor: Kung-Liang Yeh

March 25, 2022

4. Financial statement for the most recent fiscal year, including an auditor's report prepared by a certified public accountant, and 2-year comparative balance sheet, statement of comprehensive income, statement of changes in equity, cash flow chart, and any related footnotes or attached appendices

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2021 are all the same as those included in the consolidated financial statements of Senao International Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Senao International Co., Ltd. and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SENAO INTERNATIONAL CO., LTD.

By

LAI, CHING-LIN
Chairman

February 18, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Senao International Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The 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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter of the consolidated financial statements for the year ended December 31, 2021 is as follows:

Valuation of Inventories

As described in Note 8 to the consolidated financial statements, the carrying amount of the inventories held by Group was $2,696,357 thousand as of December 31, 2021, which represented 24% of the consolidated total assets. The inventories of the Group are mainly consisted of communication products such as mobile phones and the peripheral products. Due to rapid changes in technology and continue launches in new models, there is a high risk of inventory loss or obsolescence. In addition, the amount of inventories is significant and the valuation of inventories involved significant judgments and estimates made by the management. Consequently, valuation of inventories was considered to be a key audit matter.

For the accounting policy on inventory and the related significant accounting judgments and estimates, refer to Note 4-f. and Note 5.

Corresponding audit procedures mainly includes:

- Execute control testing to understand the process of valuation of inventories and the design and execution of relevant control system.

- Obtain the relevant supporting documents used by the management to evaluate the method and basic assumptions of inventory loss provision at the end of the year, and evaluate its appropriateness.

- Conduct a selective examination of the sales price of the inventory at the end of the year to verify and evaluate the reasonableness of the estimated amount of provision for inventory.

Other Matter

We have also audited the parent company only financial statements of Senao International Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Dien Sheng Chang and Cheng Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 18, 2022

Notice to Readers

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

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,976,985	27	$ 2,797,626	28
Notes receivable, net (Note 7)	99,693	1	71,453	1
Trade receivables, net (Note 7)	893,522	8	848,412	8
Trade receivables from related parties (Note 26)	908,915	8	792,741	8
Other receivables (Note 7)	109,266	1	105,625	1
Other receivables from related parties (Note 26)	151,324	1	137,816	1
Inventories (Note 8)	2,696,357	24	1,982,469	19
Prepayments (Note 26)	80,684	1	83,206	1
Other current assets (Note 15)	45,980	1	14,873	-
Total current assets	7,962,726	72	6,834,221	67
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income	9,805	-	10,017	-
Investments accounted for using equity method (Note 10)	1,077,604	10	991,610	10
Property, plant and equipment (Notes 11, 21 and 26)	803,961	7	839,868	8
Right-of-use assets (Notes 12, 21 and 26)	525,127	5	571,398	6
Goodwill (Notes 13 and 21)	-	-	28,698	-
Intangible assets (Notes 13, 14 and 21)	142,035	1	151,145	2
Deferred tax assets (Note 22)	445,316	4	436,132	4
Refundable deposits (Note 26)	76,780	1	81,307	1
Other noncurrent assets (Notes 15 and 27)	49,258	-	230,808	2
Total noncurrent assets	3,129,886	28	3,340,983	33
TOTAL	$ 11,092,612	100	$ 10,175,204	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 20)	$ 82,699	1	$ 113,399	1
Notes payable (Note 16)	4,882	-	3,608	-
Notes payable to related parties (Note 26)	18	-	18	-
Trade payables (Note 16)	1,817,721	17	1,309,718	13
Trade payables to related parties (Note 26)	1,109,868	10	598,968	6
Other payables (Note 17)	871,390	8	1,123,775	11
Other payables to related parties (Note 26)	259,279	2	269,780	3
Current tax liabilities (Note 22)	123,596	1	82,810	1
Lease liabilities - current (Notes 12, 21 and 26)	224,786	2	278,088	3
Other current liabilities (Note 26)	36,909	-	52,208	-
Total current liabilities	4,531,148	41	3,832,372	38
NONCURRENT LIABILITIES				
Deferred income tax liabilities (Note 22)	24,444	-	26,998	-
Lease liabilities - noncurrent (Notes 12, 21 and 26)	316,485	3	314,046	3
Net defined benefit liabilities - noncurrent (Notes 18 and 21)	54,540	1	50,767	1
Guarantee deposits	22,962	-	23,901	-
Total noncurrent liabilities	418,431	4	415,712	4
Total liabilities	4,949,579	45	4,248,084	42
EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT				
Share capital - ordinary shares (Note 19)	2,582,527	23	2,582,527	25
Capital surplus (Note 19)	717,521	6	717,521	7
Retained earnings (Note 19)				
Legal reserve	1,542,243	14	1,496,377	15
Special reserve	32,410	-	13,781	-
Unappropriated earnings	1,277,161	12	1,135,585	11
Total retained earnings	2,851,814	26	2,645,743	26
Other equity	(21,631)	-	(32,410)	-
Total equity attributable to stockholders of the parent	6,130,231	55	5,913,381	58
NONCONTROLLING INTERESTS (Note 19)	12,802	-	13,739	-
Total equity	6,143,033	55	5,927,120	58
TOTAL	$ 11,092,612	100	$ 10,175,204	100

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 26)				
Sales	$ 30,020,754	97	$ 25,682,701	95
Less: Sales returns	322,318	1	263,162	1
Sales discounts and allowances	639,494	2	533,031	2
Net sales	29,058,942	94	24,886,508	92
Service and repairs revenue	1,979,991	6	2,120,565	8
Total operating revenue	31,038,933	100	27,007,073	100
OPERATING COSTS (Notes 8, 18, 21 and 26)				
Cost of goods sold	27,124,697	87	23,364,905	87
Service and repairs costs	448,504	2	555,846	2
Total operating costs	27,573,201	89	23,920,751	89
GROSS PROFIT	3,465,732	11	3,086,322	11
OPERATING EXPENSES (Notes 18, 21 and 26)				
Selling and marketing expenses	2,607,471	9	2,408,337	9
General and administrative expenses	350,981	1	359,116	1
Total operating expenses	2,958,452	10	2,767,453	10
NET OTHER INCOME AND EXPENSES (Notes 21 and 26)	(23,782)	-	(9,902)	-
INCOME FROM OPERATIONS	483,498	1	308,967	1
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 21 and 26)	91,960	-	89,803	-
Share of profit of associates accounted for using equity method	151,821	1	127,184	1
Interest income	3,450	-	5,081	-
Net gain (loss) on foreign currency exchange	11,876	-	(814)	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	2	-	(42)	-
Interest expense (Notes 21 and 26)	(8,202)	-	(11,457)	-
Miscellaneous disbursements	(3,082)	-	(2,181)	-
Loss on disposal of investments (Note 9)	(16,347)	-	-	-
Total non-operating income and expenses	231,478	1	207,574	1

(Continued)

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	$ 714,976	2	$ 516,541	2
INCOME TAX EXPENSE (Note 22)	118,965	-	80,626	-
NET INCOME	596,011	2	435,915	2
TOTAL OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	(6,724)	-	28,331	-
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	(212)	-	(631)	-
Share of remeasurement of defined benefit plans of associates	1,881	-	(887)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	1,345	-	(5,666)	-
	(3,710)	-	21,147	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	12,383	-	(15,837)	-
Share of exchange differences arising from the translation of the foreign operations of associates	(1,392)	-	(2,161)	-
	10,991	-	(17,998)	-
Total other comprehensive income, net of income tax	7,281	-	3,149	-
TOTAL COMPREHENSIVE INCOME	$ 603,292	2	$ 439,064	2
NET INCOME ATTRIBUTABLE TO:				
Owners of the Parent	$ 596,948	2	$ 436,884	2
Noncontrolling interests	(937)	-	(969)	-
	$ 596,011	2	$ 435,915	2
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Parent	$ 604,229	2	$ 440,033	2
Noncontrolling interests	(937)	-	(969)	-
	$ 603,292	2	$ 439,064	2

(Continued)

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 23)				
Basic	$ 2.31		$ 1.69	
Diluted	$ 2.30		$ 1.69	

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Stockholders of the Parent									
			Retained Earnings (Note 19)			Other Equity				
	Share Capital - Ordinary Shares (Note 19)	Capital Surplus (Note 19)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Noncontrolling Interests (Note 19)	Total Equity
BALANCE, JANUARY 1, 2020	$ 2,582,527	$ 717,885	$ 1,454,896	$ 13,536	$ 1,093,115	$ 11,571	$ (25,352)	$ 5,848,178	$ 14,344	$ 5,862,522
Appropriation of 2019 earnings										
Legal reserve	-	-	41,481	-	(41,481)	-	-	-	-	-
Special reserve	-	-	-	245	(245)	-	-	-	-	-
Cash dividends - NT$1.45 per share	-	-	-	-	(374,466)	-	-	(374,466)	-	(374,466)
	-	-	41,481	245	(416,192)	-	-	(374,466)	-	(374,466)
Changes in percentage of ownership interest in subsidiaries	-	(364)	-	-	-	-	-	(364)	364	-
Net income for the year ended December 31, 2020	-	-	-	-	436,884	-	-	436,884	(969)	435,915
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	21,778	(17,998)	(631)	3,149	-	3,149
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	458,662	(17,998)	(631)	440,033	(969)	439,064
BALANCE, DECEMBER 31, 2020	2,582,527	717,521	1,496,377	13,781	1,135,585	(6,427)	(25,983)	5,913,381	13,739	5,927,120
Appropriation of 2020 earnings										
Legal reserve	-	-	45,866	-	(45,866)	-	-	-	-	-
Special reserve	-	-	-	18,629	(18,629)	-	-	-	-	-
Cash dividends - NT$1.50 per share	-	-	-	-	(387,379)	-	-	(387,379)	-	(387,379)
	-	-	45,866	18,629	(451,874)	-	-	(387,379)	-	(387,379)
Net income for the year ended December 31, 2021	-	-	-	-	596,948	-	-	596,948	(937)	596,011
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(3,498)	10,991	(212)	7,281	-	7,281
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	593,450	10,991	(212)	604,229	(937)	603,292
BALANCE, DECEMBER 31, 2021	$ 2,582,527	$ 717,521	$ 1,542,243	$ 32,410	$ 1,277,161	$ 4,564	$ (26,195)	$ 6,130,231	$ 12,802	$ 6,143,033

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 714,976	$ 516,541
Adjustments to reconcile income before income tax to net cash generated from operating activities:		
Depreciation expenses	354,425	387,786
Amortization expenses	33,054	38,500
Expected credit (reversal of) loss	(449)	290
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(2)	42
Interest expense	8,202	11,457
Interest income	(3,450)	(5,081)
Dividend income	-	(1,044)
Share of profit of associates accounted for using equity method	(151,821)	(127,184)
Net (gain) loss on disposal of property, plant and equipment	(1,326)	918
Net loss on disposal of intangible assets	-	1,852
Net gain on lease modification	(3,793)	(2,171)
Loss on disposal of investments	16,347	-
Impairment loss recognized on non-financial assets	28,901	9,303
Provision for inventory and obsolescence	8,980	175
Net gain on foreign currency exchange	(3,755)	(15,061)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Notes receivable	(28,240)	13,645
Trade receivables	(44,663)	(73,442)
Trade receivables from related parties	(116,174)	32,733
Other receivables	(4,000)	9,792
Other receivables from related parties	(13,508)	55,449
Inventories	(722,868)	(115,687)
Prepayments	2,522	16,161
Other current assets	(31,107)	(5,410)
Increase (decrease) in:		
Contract liabilities	(30,700)	(3,684)
Notes payable	1,274	109
Trade payables	508,003	(236,975)
Trade payables to related parties	510,900	337,846
Other payables	(252,385)	41,149
Other payables to related parties	(10,501)	32,940
Other current liabilities	(15,299)	(9,590)
Net defined benefit liabilities - noncurrent	(2,951)	(2,509)
Cash generated from operations	750,592	908,850
Interest paid	(8,202)	(11,457)
Income tax paid	(88,211)	(35,070)
Net cash generated from operating activities	654,179	862,323

(Continued)

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	$ (5,000)	$ -
Proceeds from financial assets at fair value through profit or loss	5,002	-
Acquisition of property, plant and equipment	(26,036)	(13,932)
Proceeds from disposal of property, plant and equipment	9,811	55
Increase in refundable deposits	-	(8,130)
Decrease in refundable deposits	4,527	-
Acquisition of intangible assets	(24,147)	(2,405)
Acquisition of time deposits with maturities of more than three months	-	(4,049)
Proceeds from disposal of time deposits with maturities of more than three months	-	33,783
Increase in other noncurrent assets	-	(43,428)
Decrease in other noncurrent assets	181,550	-
Interest received	3,450	5,238
Dividends received	66,316	87,255
Net cash generated from investing activities	215,473	54,387
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	125,000	100,000
Repayment of short-term loans	(125,000)	(100,000)
Decrease in guarantee deposits	(939)	(962)
Repayment of the principal portion of lease liabilities	(301,766)	(312,127)
Cash dividends paid	(387,379)	(374,466)
Net cash used in financing activities	(690,084)	(687,555)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(209)	(426)
NET INCREASE IN CASH AND CASH EQUIVALENTS	179,359	228,729
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	2,797,626	2,568,897
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 2,976,985	$ 2,797,626

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

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Senao International Co., Ltd. ("Senao"; Senao and subsidiaries are hereinafter collectively referred to as "the Group") was incorporated in the Republic of China ("ROC") on May 18, 1979. On January 12, 2001, Senao received approval from the Securities and Futures Commission (the "SFC") for a domestic initial public offering and its common stocks were listed and traded on the Taiwan Stock Exchange (the "TWSE") on May 24, 2001. In need of organizational rebuilding and professional operation of all kinds of businesses, Senao has spun off the wireless communication business segment, including its assets and liabilities and incorporated Senao Networks, Inc. pursuant to the Business Mergers and Acquisitions Act. The spin-off date was October 1, 2006.

After rebuilding the organization, Senao mainly sells mobile phones and the peripheral products, and provides the related repairs and maintenance services.

Chunghwa Telecom Co., Ltd. ("Chunghwa") acquired the shares of Senao on January 15, 2007. Chunghwa has a substantial control over Senao, and it is the ultimate parent entity of Senao. As of December 31, 2021, Chunghwa's ownership interest in Senao was 27.79%.

The consolidated financial statements are presented in Senao's functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors on February 18, 2022.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of IFRS, IAS, IFRIC, and SIC (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The IFRSs endorsed and issued into effect by the FSC would not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

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

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

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

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include assets held primarily for the purpose of trading, assets expected to be realized within 12 months after the reporting period and cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. Current liabilities include liabilities held primarily for the purpose of trading, liabilities due to be settled within 12 months after the reporting period and liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Basis of consolidation

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

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

3) See Note 9, Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss for the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, which will not be recalculated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group entities (including subsidiaries and associates in other countries that use currencies which are different from the currency of Senao) are translated into the New Taiwan dollars on the balance sheet date as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income, attributed to the owners of the parent and non-controlling interests as appropriate.

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interests in the associate of entities not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. The estimated useful lives of the intangible assets are set to zero except when the Group expects to dispose of the assets before the end of the useful life.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount is less than the carrying amounts, the difference will be recognized in profit or loss as impairment loss. When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset in prior years.

l. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

ii. Investments in equity instruments at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

iii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade notes and receivables, partial other receivables, other current assets, refundable deposits and partial other noncurrent assets, etc., are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include commercial paper and stimulus vouchers with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

As of balance sheet dates, the Group evaluates the impairment losses for expected credit losses (i.e. ECLs) on financial assets at amortized cost. The Group always recognizes lifetime expected credit losses for trade receivables and other receivables.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

3) Equity instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the disposal of the Group's own equity instruments.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset at fair value through profit or loss; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability at fair value through profit or loss.

m. Revenue recognition

Revenues from sales, services and repairs are separately identified as performance obligations. Further, the Group allocates the transaction consideration to the performance obligations. Revenue is recognized when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of communication goods and peripheral products. Sales of communication goods and peripheral products are recognized as revenue when the control of the goods are transferred and all of the related performance obligations are satisfied.

2) Revenue from the rendering of services, including repairs and maintenance services

   The Group recognizes revenue when the service is fulfilled and the Group has no further obligations to the customer.

n. Leasing

   At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

   1) The Group as lessor

      Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

   2) The Group as lessee

      The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value asset leases where lease payments are recognized as expenses on a straight-line basis over the lease terms.

      Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

      Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

      Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

      Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in lease term or a change in a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Employee benefits

   1) Short-term employee benefits

      Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group’s defined benefit plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is recognized as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized and the prior years’ deficits can be offset.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant from the management. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

a. Valuation of inventories

Inventories are measured at lower of cost or net realizable value. The management uses the estimated selling price in the ordinary course of business less the estimated costs of marketing as the net realizable value. In addition, the management considers the aging of products and the related turnover as the basis of the inventory obsolescence loss. Since the management determines and estimates the net realizable value based on market conditions as of reporting date and historical experience with product sales, the changes in market conditions may have a material impact on the valuation of inventories.

b. Lessee’s incremental borrowing rates

In determining a lessee’s incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee’s credit spread adjustments and lease specific adjustments are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31 2021	December 31 2020
Cash on hand and petty cash	$ 279,897	$ 341,467
Checking accounts and demand deposits	1,602,516	1,393,560
Cash equivalents		
Commercial paper	1,091,769	1,060,957
Stimulus Vouchers	2,803	1,642
	$ 2,976,985	$ 2,797,626

The annual yield rates of bank deposits and commercial paper as of balance sheet dates were as follows:

	December 31 2021	December 31 2020
Bank deposits	0.005%-0.05%	0.005%-0.3%
Commercial paper	0.25%	0.22%-0.25%

7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31 2021	December 31 2020
Notes receivable		
Notes receivable	$ 100,624	$ 72,384
Less: Allowance for impairment loss	931	931
	$ 99,693	$ 71,453
Trade receivables		
Trade receivables	$ 916,931	$ 872,139
Less: Allowance for impairment loss	23,409	23,727
	$ 893,522	$ 848,412
Other receivables		
Suppliers allowance receivable	$ 98,315	$ 97,966
Others	10,951	7,659
	$ 109,266	$ 105,625

Notes Receivable and Trade Receivables

The average credit terms range from 30 to 90 days. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Since the Group's customers, apart from the abovementioned corporate customers, are large and unrelated to each other, the divergence of the credit risk is constrained.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group uses the lifetime expected loss provision for all notes receivable and trade receivables. The expected credit losses on notes receivable and trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

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

The following table details the loss allowance of notes receivable and trade receivables based on the Group's provision matrix.

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 91 Days*	Total
Expected credit loss rate	0%-0.0018%	0%-5.0587%	0%-21.7208%	0%-100%	
Notes receivable and trade receivables	$ 985,703	$ 4,254	$ 9	$ 27,589	$ 1,017,555
Less: Loss allowance (Lifetime ECL)	14	58	2	24,266	24,340
Amortized cost	$ 985,689	$ 4,196	$ 7	$ 3,323	$ 993,215

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 91 Days*	Total
Expected credit loss rate	0%-0.0040%	0%-29.7994%	0%-37.2008%	0%-100%	
Notes receivable and trade receivables	$ 915,140	$ 298	$ 7	$ 29,078	$ 944,523
Less: Loss allowance (Lifetime ECL)	27	23	3	24,605	24,658
Amortized cost	$ 915,113	$ 275	$ 4	$ 4,473	$ 919,865

* For those customers who provided the collateral, the Group evaluated the expected credit loss rate as 0% because the value of the collateral provided is greater than the carrying value of the notes receivable and trade receivables.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance on January 1	$ 24,658	$ 24,359
Add: Amounts recovered	129	119
Add: Provision (reversal of) credit loss	(447)	180
Balance on December 31	$ 24,340	$ 24,658

8. INVENTORIES

	December 31	
	2021	2020
Merchandise	$ 2,696,357	$ 1,982,469

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 were $27,124,697 thousand and $23,364,905 thousand, respectively.

9. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Nature of Activities	Percentage of Ownership December 31 2021	Percentage of Ownership December 31 2020	Remark
Senao International Co., Ltd.	Senao International (Samoa) Holding Ltd. ("Senao Samoa")	International investment	100.00	100.00	-
	Youth Co., Ltd. ("Youth")	Sale of information and communication technologies products	95.79	95.79	a
	Aval Technologies Co., Ltd. ("Aval")	Sale of information and communication technologies products	100.00	100.00	-
	Senyoung Insurance Agent Co., Ltd. ("Senyoung")	Property and liability insurance agency	100.00	100.00	-
Senao International (Samoa) Holding Ltd. (Senao Samoa)	Senao International HK Limited ("Senao HK")	International investment	100.00	100.00	-
Youth Co., Ltd.	ISPOT Co., Ltd. ("ISPOT")	Sale of information and communication technologies products	100.00	100.00	-
	Youyi Co., Ltd. ("Youyi")	Maintenance of information and communication technologies products	100.00	100.00	-
Aval Technologies Co., Ltd.	Wiin Technologies Co., Ltd. ("Wiin")	Sale of information and communication technologies products	100.00	100.00	-
Senyoung Insurance Agent Co., Ltd.	Senaolife Insurance Agent Co., Ltd. ("Senaolife")	Life insurance agency	100.00	100.00	-
Senao International HK Limited (Senao HK)	Senao International Trading (Shanghai) Co., Ltd. ("SITS")	Sale of information and communication technologies products	-	100.00	b

Remarks:

a. Senao subscribed for new shares during the capital increase of Youth on April 7, 2020. Therefore, Senao's ownership interest in Youth increased from 92.89% to 95.79%.

b. SITS was approved to end and dissolve its business on December 23, 2020. The liquidation of SITS was completed in April 2021. Receivables from disposal of investments and loss on disposal of investments were recognized after disposal of shares, and receivables from disposal of investments mentioned above have been collected in September 2021.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2021	2020
Investments in associates		
Material associate		
Senao Networks, Inc. ("SNI")	$ 1,077,604	$ 991,610

Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
SNI	33.79%	33.79%

Although the Group is the single largest shareholder of SNI, it has only obtained 2 out of 7 director seats. In addition, considering factors such as the voting type of the shareholders meeting of SNI and the number of voting rights of the Group, the Group cannot determine its relevant activities, so the Group has no control over SNI and only has a significant influence, and treats it as an associate.

Refer to Table 5 for the nature of activities, principal places of business and countries of incorporation of the associates.

The investments were accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the associate's financial statements which have been audited for the same period.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

	December 31	
	2021	2020
SNI	$ 1,699,351	$ 1,707,640

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

SNI and its subsidiaries

	December 31	
	2021	2020
Current assets	$ 5,467,673	$ 4,743,503
Noncurrent assets	2,270,750	1,991,644
Current liabilities	(4,141,725)	(3,440,923)
Noncurrent liabilities	(215,055)	(191,794)
Equity	3,381,643	3,102,430
Noncontrolling interests	(192,785)	(168,044)
	$ 3,188,858	$ 2,934,386

(Continued)

	December 31	
	2021	2020
Proportion of the Group's ownership	33.79%	33.79%
Equity attributable to the Group (carrying amount of the investment)	$ 1,077,604	$ 991,610

(Concluded)

	For the Year Ended December 31	
	2021	2020
Operating revenue	$ 9,179,791	$ 7,766,451
Net profit for the year	$ 530,156	$ 445,690
Other comprehensive gain (loss)	1,446	(9,018)
Total comprehensive income for the year	$ 531,602	$ 436,672

11. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Group	$ 360,877	$ 383,967
Assets leased under operating leases	443,084	455,901
	$ 803,961	$ 839,868

a. Assets used by the Group

	Land	Buildings	Machinery and Equipment	Computer Telecommuni-cations Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance on January 1, 2021	$ 169,405	$ 238,298	$ 64,293	$ 203,759	$ 118,860	$ 298,443	$ 6,593	$ 1,099,651
Additions	-	331	45	12,383	2,686	10,478	113	26,036
Disposals	-	-	(22,862)	(19,615)	(1,268)	(3,706)	(1,007)	(48,458)
Balance on December 31, 2021	$ 169,405	$ 238,629	$ 41,476	$ 196,527	$ 120,278	$ 305,215	$ 5,699	$ 1,077,229
Accumulated depreciation								
Balance on January 1, 2021	$ -	$ 107,030	$ 50,208	$ 177,238	$ 91,071	$ 283,788	$ 6,349	$ 715,684
Depreciation expenses	-	5,025	3,639	13,650	8,779	9,451	97	40,641
Disposals	-	-	(14,661)	(19,420)	(1,254)	(3,631)	(1,007)	(39,973)
Balance on December 31, 2021	$ -	$ 112,055	$ 39,186	$ 171,468	$ 98,596	$ 289,608	$ 5,439	$ 716,352
Carrying amounts on December 31, 2021	$ 169,405	$ 126,574	$ 2,290	$ 25,059	$ 21,682	$ 15,607	$ 260	$ 360,877
Cost								
Balance on January 1, 2020	$ 169,405	$ 237,031	$ 65,812	$ 207,142	$ 124,485	$ 310,189	$ 6,816	$ 1,120,880
Additions	-	1,267	172	2,198	1,854	8,441	-	13,932
Disposals	-	-	(1,691)	(5,573)	(7,477)	(20,184)	(223)	(35,148)
Effect of foreign currency exchange differences	-	-	-	(8)	(2)	(3)	-	(13)
Balance on December 31, 2020	$ 169,405	$ 238,298	$ 64,293	$ 203,759	$ 118,860	$ 298,443	$ 6,593	$ 1,099,651

(Continued)

	Land	Buildings	Machinery and Equipment	Computer Telecommuni-cations Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Total
Accumulated depreciation								
Balance on January 1, 2020	$ -	$ 101,721	$ 45,781	$ 163,255	$ 88,336	$ 290,901	$ 6,404	$ 696,398
Depreciation expenses	-	5,309	6,004	19,387	10,128	12,474	168	53,470
Disposals	-	-	(1,577)	(5,397)	(7,392)	(19,586)	(223)	(34,175)
Effect of foreign currency exchange differences	-	-	-	(7)	(1)	(1)	-	(9)
Balance on December 31, 2020	$ -	$ 107,030	$ 50,208	$ 177,238	$ 91,071	$ 283,788	$ 6,349	$ 715,684
Carrying amounts on December 31, 2020	$ 169,405	$ 131,268	$ 14,085	$ 26,521	$ 27,789	$ 14,655	$ 244	$ 383,967

(Concluded)

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

Buildings	
Main buildings	50-55 years
Mechatronic construction	15 years
Decoration construction	3-5 years
Machinery and equipment	5-8 years
Computer telecommunications equipment	3-8 years
Office equipment	3-6 years
Leasehold improvements	3-5 years
Other equipment	4-6 years

b. Assets leased under operating leases

	Land	Buildings	Total
Cost			
Balance on January 1, 2021 and December 31, 2021	$ 149,879	$ 585,492	$ 735,371
Accumulated depreciation			
Balance on January 1, 2021	$ -	$ 279,470	$ 279,470
Depreciation expenses	-	12,817	12,817
Balance on December 31, 2021	$ -	$ 292,287	$ 292,287
Carrying amounts at December 31, 2021	$ 149,879	$ 293,205	$ 443,084
Cost			
Balance on January 1, 2020 and December 31, 2020	$ 149,879	$ 585,492	$ 735,371
Accumulated depreciation			
Balance on January 1, 2020	$ -	$ 264,111	$ 264,111
Depreciation expenses	-	15,359	15,359
Balance on December 31, 2020	$ -	$ 279,470	$ 279,470
Carrying amounts at December 31, 2020	$ 149,879	$ 306,022	$ 455,901

Operating leases relate to leases of land and building have lease terms of 5 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2021	2020
Year 1	$ 45,600	$ 45,600
Year 2	45,600	45,600
Year 3	15,200	45,600
Year 4	-	15,200
Year 5	-	-
	$ 106,400	$ 152,000

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

Buildings	
Main building	55 years
Mechatronic construction	15 years
Decoration construction	3-5 years

As of December 31, 2021 and 2020, the Group did not recognize impairment loss of property, plant and equipment.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Buildings	$ 523,470	$ 569,129
Transportation equipment	1,270	2,056
Others	387	213
	$ 525,127	$ 571,398

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 273,876	$ 252,946
Depreciation charge for right-of-use assets		
Buildings	$ 299,331	$ 316,475
Transportation equipment	1,116	1,958
Others	520	524
	$ 300,967	$ 318,957

The initial recognition of right-of-use assets and lease liabilities of $273,876 thousand and $252,946 thousand were noncash transactions for the years ended December 31, 2021 and 2020, respectively.

Except for the addition and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Group in 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 224,786	$ 278,088
Non-current	$ 316,485	$ 314,046

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	1.30%-1.79%	1.30%-1.80%
Transportation equipment	1.30%	1.30%-1.79%
Others	1.30%	1.30%-1.90%

c. Material lease-in activities and terms

The Group leases certain buildings for the use of offices and retail stores with lease terms of 1 to 10 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

d. Other lease information

Lease under operating leases for the leasing out of freehold property, plant and equipment are set out in Note 11.

	For the Year Ended December 31	
	2021	2020
Expenses relating to low-value asset leases	$ 4,234	$ 4,201
Total cash outflow for leases	$ 314,144	$ 327,724

The Group leases certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. GOODWILL

	For the Year Ended December 31	
	2021	2020
Cost		
Balance on January 1 and December 31	$ 55,569	$ 55,569
Accumulated impairment losses		
Balance on January 1	$ 26,871	$ 17,568
Impairment losses recognized	28,698	9,303
Balance on December 31	$ 55,569	$ 26,871
Carrying amount on December 31	$ -	$ 28,698

The Group acquired Youth and its subsidiaries on September 2, 2015, and recognized goodwill relating to Youth's expected benefit from its business with Apple.

The Group considered the smallest identifiable asset group that generates cash inflows as a single cash-generating unit by businesses type.

The recoverable amount such cash-generating unit was determined by the Group based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period. The cash flows beyond that 5-year period have been extrapolated using a steady 1.5% per annum growth rate. The key assumptions and their related calculation methods used in the recoverable amount calculation were as follows:

a. Operating revenue growth rate

The Group calculated the recoverable amount according to the actual selling situation and the average price from the past few years and considered the impact of the high value-added product and wrapping services. Eventually, the Group estimated the future operating revenue based on the operating strategies and the market developing situation in the future.

b. Expected gross profit rate

The Group adjusted the expected gross profit rate based on the average gross profit before the budget period considering the expected improvement on efficiency. Except for the improvement on expected efficiency, the expected gross profit rate reflected the experience from the past. The management used different products, services and channels of distribution as the basis of estimated profit gross rate.

c. Discount rate

The Group used the Weighted Average Cost of Capital (WACC) as the discount rate. The discount rates used by the Group were as follows:

	December 31	
	2021	2020
Discount rate	12.10%	12.10%

Due to industry competition that made gross profit rate decline, the Group expected the recoverable amount of goodwill was less than carrying amount, as a result, the Group recognized goodwill impairment loss of $28,698 thousand and $9,303 thousand for the years ended December 31, 2021 and 2020, respectively.

14. INTANGIBLE ASSETS

	Computer Software	Licenses and Franchises	Trademark	Total
Cost				
Balance on January 1, 2021	$ 139,361	$ 148,000	$ 53,000	$ 340,361
Additions	24,147	-	-	24,147
Disposals	(36,254)	-	-	(36,254)
Balance on December 31, 2021	$ 127,254	$ 148,000	$ 53,000	$ 328,254
Accumulated amortization and accumulated impairment loss				
Balance on January 1, 2021	$ 123,209	$ 38,850	$ 27,157	$ 189,216
Amortization expenses	20,481	7,400	5,173	33,054
Disposals	(36,254)	-	-	(36,254)
Impairment losses recognized	-	169	34	203
Balance on December 31, 2021	$ 107,436	$ 46,419	$ 32,364	$ 186,219
Carrying amounts on December 31, 2021	$ 19,818	$ 101,581	$ 20,636	$ 142,035
Cost				
Balance on January 1, 2020	$ 137,301	$ 148,000	$ 56,075	$ 341,376
Additions	2,405	-	-	2,405
Disposals	(342)	-	(3,045)	(3,387)
Effect of foreign currency exchange differences	(3)	-	(30)	(33)
Balance on December 31, 2020	$ 139,361	$ 148,000	$ 53,000	$ 340,361
Accumulated amortization				
Balance on January 1, 2020	$ 97,805	$ 31,450	$ 23,010	$ 152,265
Amortization expenses	25,749	7,400	5,351	38,500
Disposals	(342)	-	(1,193)	(1,535)
Effect of foreign currency exchange differences	(3)	-	(11)	(14)
Balance on December 31, 2020	$ 123,209	$ 38,850	$ 27,157	$ 189,216
Carrying amounts on December 31, 2020	$ 16,152	$ 109,150	$ 25,843	$ 151,145

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-5 years
Licenses and franchises	20 years
Trademark	10-11 years

Licenses and franchises and trademark were recognized after acquiring Youth Co., Ltd and its subsidiaries on September 2, 2015. Due to the competition in the industry, the recoverable amount of Youth Co., Ltd and its subsidiaries was lower than the related carrying amount, and impairment losses of $203 thousand were recognized for the year ended December 31, 2021. The impairment of intangible assets has been tested with Goodwill and refer to Note 13 for detail information.

15. OTHER ASSETS

	December 31	
	2021	**2020**
Current		
Trust account deposit (a)	$ 45,980	$ 14,802
Others	-	71
	$ 45,980	$ 14,873
Non-current		
Long-term receivables of disposable of investments (b)	$ -	$ 181,550
Others	49,258	49,258
	$ 49,258	$ 230,808

a. Advanced receipts of electronic reward points of Senao are guaranteed by trust delivery. Senao signs a trust contract with the special deposit account bank (Cathay United Bank), and remits the advance receipts of electronic reward points to the trust account according to the trust contract, and the special trust account is recognized as other current assets. The outstanding electronic reward points held in trust is recognized as contract liability. As of December 31, 2021 and 2020, the amount of the trust were $16,577 thousand and $6,074 thousand, respectively, the balance of the trust account was $45,980 thousand and $14,802 thousand, respectively.

   The annual yield rate of deposit were as follows:

	December 31	
	2021	**2020**
Trust account	0.01%	0.01%

b. The Group disposed the shares of STF in 2019, resulting in the recognition of receivables of disposable of investments. The receivables of disposable of investments has been collected in January 2021.

16. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
Notes payable		
Operating	$ 4,882	$ 3,608
Trade payables		
Operating	$ 1,817,721	$ 1,309,718

a. Notes payable

Notes payable were mainly from the payment for the rent of the offices and the business places.

b. Trade payables

The average credit period is one month. The Group has set up financial risk management policies in place to ensure that all payables will be paid within the pre-agreed credit terms.

17. OTHER PAYABLES

	December 31	
	2021	2020
Payables for bonuses	$ 169,291	$ 168,417
Payables for salaries	151,791	144,213
Accrued marketing compensation	141,211	260,350
Accrued compensation to employees and remuneration to directors	43,692	29,217
Others	365,405	521,578
	$ 871,390	$ 1,123,775

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Senao, Youth, ISPOT, Youyi, Aval, Wiin, Senyoung and Senaolife within the Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group’s subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Senao Samoa did not set up a pension plan.

Senao HK has a defined contribution pension plan. Senao HK did not have any regular employee as of December 31, 2021, therefore, Senao HK did not recognize any pension cost.

b. Defined benefit plans

The defined benefit plans adopted by Senao in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. Senao contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, Senao assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, Senao is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	**2020**
Present value of funded defined benefit obligation	$ 220,035	$ 212,126
Fair value of plan assets	(165,495)	(161,359)
Funded status - deficit	54,540	50,767
Net defined benefit liabilities	$ 54,540	$ 50,767

Movements in net defined benefit liabilities were as follows:

	Present Value of Funded Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liabilities**
Balance on January 1, 2021	$ 212,126	$ (161,359)	$ 50,767
Service cost			
Current service cost	821	-	821
Net interest expense (income)	1,060	(816)	244
Recognized in profit or loss	1,881	(816)	1,065
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,057)	(2,057)
Actuarial loss - changes in demographic assumptions	4,997	-	4,997
Actuarial loss - experience adjustments	3,784	-	3,784
Recognized in other comprehensive income	8,781	(2,057)	6,724
Contributions from the employer	-	(4,016)	(4,016)
Benefits paid	(2,753)	2,753	-
Balance on December 31, 2021	$ 220,035	$ (165,495)	$ 54,540

(Continued)

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance on January 1, 2020	$ 238,828	$ (157,221)	$ 81,607
Service cost			
Current service cost	931	-	931
Net interest expense (income)	1,783	(1,186)	597
Recognized in profit or loss	2,714	(1,186)	1,528
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,344)	(5,344)
Actuarial gain - changes in financial assumptions	(17,454)	-	(17,454)
Actuarial gain - experience adjustments	(5,533)	-	(5,533)
Recognized in other comprehensive income	(22,987)	(5,344)	(28,331)
Contributions from the employer	-	(4,037)	(4,037)
Benefits paid	(6,429)	6,429	-
Balance on December 31, 2020	$ 212,126	$ (161,359)	$ 50,767

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 95	$ 132
Operating expenses	970	1,396
	$ 1,065	$ 1,528

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	Measurement Date December 31	
	2021	2020
Discount rates	0.50%	0.50%
Expected rates of salary increase	1.00%	1.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rates		
0.25% increase	$ (5,494)	$ (5,566)
0.25% decrease	$ 5,714	$ 5,796
Expected rates of salary increase		
0.25% increase	$ 5,585	$ 5,666
0.25% decrease	$ (5,398)	$ (5,468)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ 4,000	$ 4,020
Average duration of the defined benefit obligation	10.0 years	10.6 years

19. EQUITY

a. Share capital - ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	450,000	450,000
Shares authorized	$ 4,500,000	$ 4,500,000
Number of shares issued and fully paid (in thousands)	258,253	258,253
Shares issued	$ 2,582,527	$ 2,582,527

The issued ordinary shares with a par value at $10 are entitled the right to vote and receive dividends.

The number of employee share warrants retained in the authorized shares is 20,000 thousand shares, which can be issued separately.

b. Capital surplus

The adjustments to capital surplus for the years ended December 31, 2021 and 2020 were as follows:

	Share Premium	Compensation Costs Related to Share-based Payment	Movements of Capital Surplus for Associates Accounted for Using Equity Method and Subsidiaries	Movements of Capital Surplus due to Transcations of Treasury Shares	Total
Balance on January 1, 2021 and December 31, 2021	$ 346,007	$ 215,648	$ 131,358	$ 24,508	$ 717,521
Balance on January 1, 2020	$ 346,007	$ 215,648	$ 131,722	$ 24,508	$ 717,885
Changes in percentage of ownership interests in subsidiaries	-	-	(364)	-	(364)
Balance on December 31, 2020	$ 346,007	$ 215,648	$ 131,358	$ 24,508	$ 717,521

Capital surplus from share premium and the premium from disposal of treasury shares may be utilized to offset deficits; furthermore, when Senao has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of Senao's paid-in capital.

The capital surplus from movements of investments in associates and subsidiaries accounted for using equity method, subsequent invalidation from share-based payment transactions and those generated by reclassifying the employee share options to treasury shares under the share-based payment may only be utilized to offset deficits.

The capital surplus from share-based payment transactions cannot be utilized in any condition.

c. Retained earnings and dividends policy

Under the Senao's dividends policy, where Senao made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by Senao's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Senao's board of directors shall, with more than two-thirds of the directors present, and the resolution of more than half of the directors present, shall distribute all or part of the dividends, bonuses, capital reserve or statutory surplus reserve in cash. And report to the shareholders meeting, the provisions of the above paragraph which should be subject to the resolution of the shareholders meeting is not applicable. For the Senao's policies on the distribution of employees' compensation and remuneration of directors, refer to Employees' compensation and remuneration of directors in Note 21-f.

In order to meet "the balanced dividend policy" to conform with Senao's current operating environment and the goal of sustainability, the policy on the distribution of dividends emphasizes the need for Senao's stability and growth. No less than 30% of the distributable remaining earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 10% of the total amount of dividends to be distributed.

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

Senao appropriate or reserve a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”. Distributions can be made out of any subsequent reserve of the debit to other equity items. Additionally, Rule No. 1090150022 was announced by FSC on March 31, 2021. After new rules announced, Rule No. 1010012865 and Rule No. 1010047490 have been abolished on December 31, 2021 and March 31,2021, respectively, and Senao will follow the relevant rules.

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2020	**For Fiscal Year 2019**	**For Fiscal Year 2020**	**For Fiscal Year 2019**
Legal reserve	$ 45,866	$ 41,481		
Special reserve	18,629	245		
Cash dividends	387,379	374,466	$ 1.50	$ 1.45

The above appropriations for cash dividends have been resolved by Senao’s board of directors on March 26, 2021 and March 27, 2020, respectively; the other proposed appropriations have been resolved by the shareholders in their meeting held on August 18, 2021 and June 12, 2020, respectively.

As of the date of approval of consolidated financial statements, the board of directors of Senao has not resolved the appropriation of earnings for 2021.

d. Noncontrolling interests

	For the Year Ended December 31	
	2021	**2020**
Beginning balance	$ 13,739	$ 14,344
Changes in noncontrolling interests in subsidiaries	-	364
Shares attributed to noncontrolling interests		
Net loss of the year	(937)	(969)
Ending balance	$ 12,802	$ 13,739

20. REVENUE

	For the Year Ended December 31	
	2021	**2020**
Revenue from contracts with customers		
Revenue from sale of goods	$ 29,058,942	$ 24,886,508
Revenue from rendering of services	1,422,862	1,464,702
Revenue from repairs and maintenance services	557,129	655,863
	$ 31,038,933	$ 27,007,073

Refer to Note 32 for detail information relating to disaggregation of revenues.

Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities			
Sale of goods	$ 70,373	$ 101,929	$ 94,186
Others	12,326	11,470	22,897
	$ 82,699	$ 113,399	$ 117,083

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue recognized in the current year that was included in the contract liabilities at the beginning of the year was as follows:

	For the Year Ended December 31	
	2021	2020
Revenues from the beginning contract liabilities		
Sale of goods	$ 101,929	$ 93,066
Others	10,706	20,322
	$ 112,635	$ 113,388

21. NET INCOME

a. Other income and expenses

	For the Year Ended December 31	
	2021	2020
Impairment loss on goodwill	$ (28,698)	$ (9,303)
Impairment loss on intangible assets	(203)	-
Loss on disposal of intangible assets	-	(1,852)
Gain (loss) on disposal of property, plant and equipment	1,326	(918)
Net gain on lease modification	3,793	2,171
	$ (23,782)	$ (9,902)

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	$ 68,403	$ 65,847
Dividends	-	1,044
Others	23,557	22,912
	$ 91,960	$ 89,803

c. Interest expense

	For the Year Ended December 31	
	2021	2020
Interest on lease liabilities	$ 8,144	$ 11,396
Interest on bank loans	58	61
	$ 8,202	$ 11,457

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 53,458	$ 68,829
Right-of-use assets	300,967	318,957
Intangible assets	33,054	38,500
	$ 387,479	$ 426,286
An analysis of depreciation by function		
Operating costs	$ 2,755	$ 4,924
Operating expenses	351,670	382,862
	$ 354,425	$ 387,786
An analysis of amortization by function		
Operating expenses	$ 33,054	$ 38,500

e. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 18)		
Defined contribution plans	$ 66,697	$ 69,554
Defined benefit plans	1,065	1,528
	67,762	71,082
Termination benefits	508	12,550
Other employee benefits	1,582,853	1,582,732
Total employee benefits expense	$ 1,651,123	$ 1,666,364
An analysis of employee benefits expense by function		
Operating costs	$ 68,398	$ 107,380
Operating expenses	1,582,725	1,558,984
	$ 1,651,123	$ 1,666,364

f. Employees’ compensation and remuneration of directors

According to the Articles of Incorporation of Senao, Senao accrued employees’ compensation and remuneration of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, employees’ compensation, and remuneration of directors.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and will be recognized in the following year.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which had been approved by Senao's board of directors on February 18, 2022 and February 18, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	$ 26,057	$ 18,784
Remuneration of directors	11,167	8,050

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

22. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 128,192	$ 85,321
Income tax on unappropriated earnings	339	10
Adjustments for prior years	827	(4,720)
Deferred tax		
In respect of the current year	(10,392)	(5,918)
Adjustments for prior years	(1)	5,933
Income tax expense recognized in profit or loss	$ 118,965	$ 80,626

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Income before income tax	$ 714,976	$ 516,541
Income tax expense calculated at the statutory rate (20%)	$ 142,995	$ 103,308
Nondeductible expenses in determining taxable income	(47)	2,556
Tax-exempt income - dividends	-	(209)
Investment gain not recognized in taxable income	(33,109)	(30,533)
Income tax on unappropriated earnings	339	10

(Continued)

	For the Year Ended December 31	
	2021	2020
Deferred tax effect of earnings of subsidiaries	$ 8,488	$ 2,649
Unrecognized deductible temporary differences	-	(822)
Unrecognized loss carryforwards	(527)	3,535
Effect of different tax rates of group entities operating in other jurisdictions	-	(1,081)
Adjustments for prior years' tax	826	1,213
Income tax expense recognized in profit or loss	$ 118,965	$ 80,626

(Concluded)

According to the Income Tax Act in the ROC, the applicable tax rate used by the Group is 20%. The applicable tax rate used by subsidiaries in China is 25%. Senao Samoa's income is exempt from taxation by law. Senao HK did not have any tax position until December 31, 2021.

b. Income tax recognized in other comprehensive (income) loss

	For the Year Ended December 31	
	2021	2020
Deferred tax		
Remeasurement on defined benefit plan	$ (1,345)	$ 5,666

c. Current tax liabilities

	December 31	
	2021	2020
Income tax payable	$ 123,596	$ 82,810

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investment loss on subsidiaries	$ 400,185	$ 766	$ -	$ 400,951
Payables for annual leave	9,841	1,004	-	10,845
Defined benefit obligation	9,364	(590)	1,345	10,119
Unrealized sales discounts and allowances	4,175	2,430	-	6,605
Valuation loss on inventory	2,992	1,796	-	4,788
Contract liabilities	1,618	1,846	-	3,464

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Property, plant and equipment	$ 1,907	$ (46)	$ -	$ 1,861
Others	2,103	(187)	-	1,916
	432,185	7,019	1,345	440,549
Loss carryforwards	3,947	820	-	4,767
	$ 436,132	$ 7,839	$ 1,345	$ 445,316
Deferred tax liabilities				
Temporary differences				
Intangible assets	$ 26,998	$ (2,554)	$ -	$ 24,444

(Concluded)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investment loss on subsidiaries	$ 399,508	$ 677	$ -	$ 400,185
Payables for annual leave	10,466	(625)	-	9,841
Defined benefit obligation	15,532	(502)	(5,666)	9,364
Unrealized sales discounts and allowances	4,525	(350)	-	4,175
Valuation loss on inventory	2,922	70	-	2,992
Property, plant and equipment	1,953	(46)	-	1,907
Contract liabilities	2,370	(752)	-	1,618
Others	3,634	(1,531)	-	2,103
	440,910	(3,059)	(5,666)	432,185
Loss carryforwards	3,470	477	-	3,947
	$ 444,380	$ (2,582)	$ (5,666)	$ 436,132
Deferred tax liabilities				
Temporary differences				
Intangible assets	$ 29,513	$ (2,515)	$ -	$ 26,998
Financial instruments at FVTPL	52	(52)	-	-
	$ 29,565	$ (2,567)	$ -	$ 26,998

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Loss carryforwards		
Expire in 2022	$ -	$ 9,970
Expire in 2023	-	8,226
Expire in 2024	1,231	8,341
Expire in 2025	15,200	19,082
Expire in 2026	8,395	8,395
Expire in 2027	2,559	2,559
Expire in 2028	907	907
Expire in 2029	692	692
Expire in 2030	198	198
Expire in 2031	-	-
	$ 29,182	$ 58,370

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 851	2022
672	2023
1,231	2024
15,883	2025
8,395	2026
3,477	2027
907	2028
761	2029
952	2030
820	2031
$ 33,949	

g. Income tax assessments

The income tax returns of Senao, Youth, ISPOT, Youyi, Aval, Wiin, Senyoung and Senaolife have been assessed by the tax authorities through 2019.

23. EARNINGS PER SHARE

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

Net Income for the Year

	For the Year Ended December 31	
	2021	2020
Net income attributable to owners of Senao	$ 596,948	$ 436,884

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

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares in the computation of basic earnings per share	258,253	258,253
Effect of potentially dilutive ordinary shares:		
Employee compensation	858	606
Weighted average number of ordinary shares used in the computation of diluted earnings per share	259,111	258,859

Senao may settle the employee compensation in shares or cash, Senao shall presume the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

25. FINANCIAL INSTRUMENTS

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

The carrying amounts of the Group's financial assets and liabilities not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic non-listed shares	$ -	$ -	$ 9,805	$ 9,805

December 31, 2020

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic non-listed shares	$ -	$ -	$ 10,017	$ 10,017

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

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of non-listed domestic equity investments were determined using the balance sheet approach.

In the balance sheet approach, the total value, including all specific assets and liabilities of the evaluation target, is considered to reflect the entity's integrated value. A decrease in discount for lack of marketability would result in increase in fair value.

c. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Financial assets at amortized cost (1)	$ 5,308,706	$ 5,077,278
Financial assets at FVTOCI		
Equity investments	9,805	10,017
Financial liabilities		
Financial liabilities at amortized cost (2)	3,721,346	2,987,921

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, partial other receivables, other current assets, refundable deposits and partial other noncurrent assets.

2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, partial other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include receivables payables and lease liabilities. The Group's Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, whose purpose was to effectively manage the risks caused by changes in foreign currency rates and interest rates. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's Finance Department reports quarterly to the Group's board of directors, which assesses if the report is consistent with the established operating strategies and risk standards.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into foreign exchange forward contracts to manage its exposure to foreign currency risk.

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

a) Foreign currency risk

Sensitivity analysis

The Group was mainly exposed to the fluctuations of USD.

The Group's sensitivity to a 5% increase and decrease in the New Taiwan dollars (i.e. the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The movement in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the USD. For a 5% weakening of the New Taiwan dollars against the USD, the pre-tax profit and the balances below would be an equal and negative change.

The Group does not have significant foreign currency risk.

b) Interest rate risk

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 1,142,252	$ 1,079,172
Financial liabilities	541,271	592,134
Cash flow interest rate risk		
Financial assets	1,560,007	1,352,615

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would increase/decrease by $3,900 thousand and $3,382 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed related departments, such as finance and investment, to monitor the price risk.

Sensitivity analysis

The sensitivity analysis was based on the exposure to equity price risks at the end of the reporting period. If equity prices of financial assets at FVTOCI had increased/decreased by 5%, the pre-tax other comprehensive income.

The Group does not have significant other price risk.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's main credit risk is concentrated on the Group's major clients. The receivables from the major clients composed 49% and 47% of the total trade receivables as of December 31, 2021 and 2020, respectively. The clients mentioned above have good credit records, no material default risk was assessed; material credit risk did not exist.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk table

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 3,698,384	$ -	$ -	$ 22,962

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	$ 230,389	$ 318,130	$ 3,820	$ 552,339

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 2,964,020	$ -	$ -	$ 23,901

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	$ 286,330	$ 312,420	$ 6,854	$ 605,604

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facility		
Amount used	$ -	$ -
Amount unused	4,380,000	4,130,000
	$ 4,380,000	$ 4,130,000
Secured bank loan facility		
Amount used	$ -	$ -
Amount unused	-	20,000
	$ -	$ 20,000

26. TRANSACTIONS WITH RELATED PARTIES

a. The Group engages in business transactions with the following related parties:

Company	Relationship
Chunghwa Telecom Co., Ltd. ("Chunghwa Telecom")	Ultimate parent entity
Fellow subsidiary	
CHYP Multimedia Marketing & Communications Co., Ltd.	Chunghwa Telecom's subsidiary
CHIEF Telecom Inc.	Chunghwa Telecom's subsidiary
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom's subsidiary
Spring House Entertainment Tech. Inc.	Chunghwa Telecom's subsidiary
Smartfun Digital Co., Ltd.	Chunghwa Telecom's subsidiary
Honghwa International Co., Ltd.	Chunghwa Telecom's subsidiary
CHT Security Co., Ltd.	Chunghwa Telecom's subsidiary
International Integrated Systems, Inc.	Chunghwa Telecom's subsidiary
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Telecom's subsidiary
Associate	
Senao Networks, Inc. ("SNI")	Senao's investee using the equity method
EnGenius Tech. Co., Ltd.	Senao Networks's subsidiary
Emplus Technologies, Inc.	Senao Networks's subsidiary
Other related party	
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
E-Life Mall Co., Ltd.	Substantial related party
Engenius Technologies Co., Ltd.	Substantial related party
Cheng Keng Investment Co., Ltd.	Substantial related party
Cheng Feng Investment Co., Ltd.	Substantial related party
Hwa Shun Investment Co., Ltd.	Substantial related party
Yu Yu Investment Co., Ltd.	Substantial related party
All Oriented Investment Co., Ltd.	Substantial related party
Divine Fine Foods & Wine Inc.	Substantial related party (Note 1)
UUPON Inc.	Chunghwa Telecom's investment accounted for equity method (Note 2)
Taiwan International Standard Electronics Co., Ltd.	Chunghwa Telecom's investment accounted for equity method
KKBOX Taiwan Co., Ltd.	Chunghwa Telecom's investment accounted for equity method

Note 1: Divine Fine Foods & Wine Inc. was originally a substantial related party of Senao, but Divine Fine Foods & Wine Inc. replaced its responsible persons in October 2021. Since then, Divine Fine Foods & Wine Inc. is no longer a related party of the Group.

Note 2: UUPON was originally an associate of Chunghwa Telecom. As Chunghwa Telecom did not participate in the capital increase of UUPON in October 2020, Chunghwa Telecom lost its significant influence over UUPON. Since then, UUPON was no longer a related party of the Group.

b. Balances and transactions between Senao and subsidiaries have been eliminated on consolidation and not disclosed in this note. For the information on endorsements and guarantees Senao made for its subsidiaries, refer to attached Table 1. Terms of each transaction between the Group and other related parties are determined separately. Details of transactions between the Group and other related parties are disclosed below.

1) Operating revenues

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Sales	Ultimate parent entity	$ 5,385,693	$ 4,954,402
	Fellow subsidiaries	2,038	1,345
	Associates	155	1,169
	Other related parties	26,359	22,438
		$ 5,414,245	$ 4,979,354
Service	Ultimate parent entity	$ 1,019,598	$ 1,106,615
	Fellow subsidiaries	3,232	1,549
	Associates	3	37,048
		$ 1,022,833	$ 1,145,212
Repairs and maintenance	Ultimate parent entity	$ 1,512	$ 2,948
	Fellow subsidiaries	6	-
	Other related parties	371	340
		$ 1,889	$ 3,288

2) Purchases of goods

Related Party Category	For the Year Ended December 31 2021	2020
Ultimate parent entity	$ 5,515,088	$ 2,998,442
Fellow subsidiaries	1	1
Other related parties	13	-
	$ 5,515,102	$ 2,998,443

3) Operating expenses

Related Party Category	For the Year Ended December 31 2021	2020
Ultimate parent entity	$ 271,593	$ 273,803
Fellow subsidiaries	266	1,925
Associates	-	19
Other related parties	14,561	12,713
	$ 286,420	$ 288,460

Operating expense paid to ultimate parent entity was mainly the marketing expense resulting from goods sold by the ultimate parent entity for Senao.

4) Non-operating transactions

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Non-operating income	Ultimate parent entity	$ 1,227	$ 531
	Other related parties	2,905	3,558
		$ 4,132	$ 4,089

5) Receivables from related parties

Line Item	Related Party Category	December 31 2021	2020
Accounts receivable from related parties	Ultimate parent entity	$ 901,810	$ 790,581
	Fellow subsidiaries	654	381
	Other related parties	6,451	1,779
		$ 908,915	$ 792,741

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no allowance loss was recognized for receivables from related parties.

6) Other receivables from related parties

Line Item	Related Party Category	December 31 2021	2020
Other receivables from related parties	Ultimate parent entity	$ 151,324	$ 137,816

Other receivables were mainly balances of sales proceeds of goods sold by the ultimate parent entity for Senao.

7) Prepayments

Line Item	Related Party Category	December 31 2021	2020
Prepaid rents	Ultimate parent entity	$ 231	$ 231

8) Refundable deposits

Line Item	Related Party Category	December 31 2021	2020
Refundable deposits	Ultimate parent entity	$ 19,760	$ 21,885

9) Notes payable to related parties

Line Item	Related Party Category	December 31 2021	2020
Notes payable to related parties	Ultimate parent entity	$ 18	$ 18

10) Trade payables to related parties

Line Item	Related Party Category	December 31 2021	December 31 2020
Trade payables to related parties	Ultimate parent entity	$ 1,109,867	$ 598,967
	Fellow subsidiaries	-	1
	Other related parties	1	-
		$ 1,109,868	$ 598,968

The trade payables to related parties were unsecured.

11) Other payables to related parties

Line Item	Related Party Category	December 31 2021	December 31 2020
Other payables to related parties	Ultimate parent entity	$ 254,156	$ 265,712
	Fellow subsidiaries	23	23
	Associates	675	590
	Other related parties	4,425	3,455
		$ 259,279	$ 269,780

The balances for the ultimate parent entity were proceeds of goods sold by the ultimate parent entity for Senao and the collection of monthly fees and bills. The associates paid daily subsistence allowance in Hwa Ya's plants for Senao. The transactions with other related parties were donations to other related parties.

12) Other current liabilities

Line Item	Related Party Category	December 31 2021	December 31 2020
Other advance receipts	Associates	$ 3,990	$ 3,990

13) Disposals of property, plant and equipment

Related Party Category	Proceeds For the Year Ended December 31 2021	Proceeds For the Year Ended December 31 2020	Gain (Loss) on Disposal For the Year Ended December 31 2021	Gain (Loss) on Disposal For the Year Ended December 31 2020
Associates	$ 9,800	$ -	$ 1,628	$ -

14) Lease arrangements - the Group is lessee

Senao entered into a contract with the ultimate parent entity and the rent was paid by monthly or quarterly installments.

Acquisition of right-of-use assets

Related Party Category	For the Year Ended December 31 2021	2020
Ultimate parent entity	$ 6,339	$ 79,392

Due to the impact of the COVID-19 pandemic, Senao negotiated a lease with CHT for partial counter lease cancellation and lease negotiation. For this lease modification, Senao remeasured the lease liability and reduced the above right-of-use assets $2,893 thousand in 2021.

Due to the impact of the COVID-19 pandemic, Senao negotiated a lease with CHT to reduce the rent from June to September 2020. For this lease modification, Senao remeasured the lease liability and reduced the above right-of-use assets $1,963 thousand in 2020.

Line Item	Related Party Category	December 31 2021	2020
Lease liabilities - current	Ultimate parent entity	$ 6,033	$ 42,446
Lease liabilities - noncurrent	Ultimate parent entity	$ 10,662	$ 12,236

Line Item	Related Party Category	For the Year Ended December 31 2021	2021
Interest expense	Ultimate parent entity	$ 471	$ 1,050
Lease expense (accounted for operating expense)	Ultimate parent entity	$ 9,389	$ 1,085

15) Lease arrangements - the Group is lessor

SNI entered into a contract with Senao to lease partial Hwa Ya's plant. The rental income referred to the rental level of similar assets and was received monthly according to the lease agreement.

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Non-operating income	Ultimate parent entity	$ 3,339	$ -
	Associates	45,611	45,611
	Other related parties	2	2
		$ 48,952	$ 45,613

c. Compensation of key management personnel

The remuneration of directors and members of key management personnel for the years ended December 31, 2021 and 2020 was as follows:

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 53,613	$ 50,486
Post-employment benefits	673	793
	$ 54,286	$ 51,279

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Group used part of the bank deposits, which are recognized as other current assets, as collateral for the importation of goods. As of December 31, 2021 and 2020, the amount of the collateral was both $1,700 thousand.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Group as of December 31, 2021 and 2020 were as follows:

The Group applied for post-release duty payment to the customs. As of December 31, 2021 and 2020, the amount of bank guarantees for the application were both $10,000 thousand.

29. OTHER ITEMS

The Group has assessed the economic impact of COVID-19 and determined that there were no significant impacts on the Group’s financial statements as of the date the consolidated financial statements were authorized for issue. The Group will continue to monitor developments of the pandemic and assess the related impacts.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group does not have significant assets and liabilities denominated in foreign currencies.

31. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

1) Financing provided to others: None.

2) Endorsements/guarantees provided: See Table 1.

3) Marketable securities held (excluding investments in subsidiaries and associates): See Table 2.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 3.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 4.

9) Names, locations, and other information of investees in which the Company exercises significant influence (excluding investment in mainland China): See Table 5.

10) Trading in derivative instruments: Please see Note 25.

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 6.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position: None.

c. Intercompany relationships and significant intercompany transactions: See Table 7.

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 8.

32. SEGMENT INFORMATION

The Group’s reportable segments were sales department and other departments.

Sales department - selling information and communication products and the peripheral products in Taiwan.

Other departments - other unreported operating activities and departments. These departments provide services to support the sales department. Also, the sales made by the subsidiaries were part of other departments.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Sales	Others	Total
For the year ended December 31, 2021			
Revenue from external customers	$ 27,026,679	$ 4,012,254	$ 31,038,933
Segment income	$ 852,965	$ 25,771	$ 878,736
Share of profit of associates accounted for using the equity method			151,821
Rental income			68,403
Gain on foreign currency exchange			11,876
Interest income			3,450
Net gain on financial assets and liabilities at fair value through profit or loss			2
Interest expense			(8,202)
Loss on disposal of investments			(16,347)
Other gain and loss			(23,782)
Central administration costs and remuneration to directors			(350,981)
Profit before tax			$ 714,976
For the year ended December 31, 2020			
Revenue from external customers	$ 23,555,551	$ 3,451,522	$ 27,007,073
Segment income	$ 785,990	$ (87,274)	$ 698,716
Share of profit of associates accounted for using the equity method			127,184
Rental income			65,847
Interest income			5,081
Dividend income			1,044
Net loss on financial assets and liabilities at fair value through profit or loss			(42)
Loss on foreign currency exchange			(814)
Other gain and loss			(9,902)
Interest expense			(11,457)
Central administration costs and remuneration to directors			(359,116)
Profit before tax			$ 516,541

The segment revenues reported above all came from transactions with external customers. There were no intersegment sales in 2021 and 2020.

Segment profit represented the profit before tax earned by each segment without share of profit of associates accounted for using the equity method, rental income, exchange gains or losses, other gains and losses, interest income, dividend income, gains or losses on financial assets and liabilities at fair value through profit or loss, interest expense, loss on disposal of investments and central administration costs and remuneration to directors. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The measures of segment total assets and liabilities are not reported to the chief operating decision maker. Therefore, the information is not disclosed.

c. Geographical information

The Group operates in two principal geographical areas - Taiwan and mainland China.

The Group's revenue from external customers by location of operations and information about its noncurrent assets by location of assets are detailed below:

The Group's revenue from external customers by location of operations was as follows:

	Revenue from External Customers	
	For the Year Ended December 31	
	2021	2020
Taiwan	$ 31,038,933	$ 26,999,430
Mainland China	-	7,643
	$ 31,038,933	$ 27,007,073

The Group's information about its noncurrent assets by location of assets was as follows:

	Noncurrent Assets	
	December 31	
	2021	2020
Taiwan	$ 1,474,123	$ 1,594,109

Noncurrent assets exclude financial instruments, investments using the equity method and deferred tax assets.

d. Information about major customers

Major customer's contributions to the Group's revenue were as follows:

	For the Year Ended December 31	
	2021	2020
Customer from channel business department	$ 6,406,803	$ 6,063,965

For the years ended December 31, 2021 and 2020, except the abovementioned major customer, the Group did not have any other single customer who contributed 10% or more of the total revenues.

e. Disaggregation of revenues from customer contracts

	Sales	Others	Total
For the year ended December 31, 2021			
Information and communication products	$ 23,091,593	$ 2,183,497	$ 25,275,090
Revenues from services and repairs	982,918	997,073	1,979,991
Others	2,952,168	831,684	3,783,852
	$ 27,026,679	$ 4,012,254	$ 31,038,933
For the year ended December 31, 2020			
Information and communication products	$ 20,316,904	$ 1,635,331	$ 21,952,235
Revenues from services and repairs	1,041,558	1,079,007	2,120,565
Others	2,197,089	737,184	2,934,273
	$ 23,555,551	$ 3,451,522	$ 27,007,073

TABLE 1

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 5)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 5)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 5)	Note
		Name	Nature of Relationship (Note 2)											
0	Senao International Co., Ltd.	Aval Technologies Co., Ltd.	b	$ 613,023	$ 300,000	$ 300,000	$ 300,000	$ -	4.89	$ 3,065,115	Y	-	-	
		Wiin Technologies Co., Ltd.	b	613,023	200,000	200,000	200,000	-	3.26	3,065,115	Y	-	-	

Note 1: Significant transactions between the parent and its subsidiaries or among subsidiaries are numbered as follows:

a. “0” for the parent.
b. Subsidiaries are numbered from “1”.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

a. A company with which it does business.
b. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
c. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 3: The total amount of endorsement or guarantee that the parent is allowed to provide is up to 50% of the net equity of the parent. The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net equity of the parent.

Note 4: The maximum balance for the year and the ending balance are quota approved by the board of directors.

Note 5: The following circumstances represent “Yes”:

a. Endorsement/Guarantee given by parent on behalf of subsidiaries.
b. Endorsement/Guarantee given by subsidiaries on behalf of parent.
c. Endorsement/Guarantee given on behalf of companies in mainland China.

TABLE 2

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (NOT INCLUDING SUBSIDIARY AND RELATED PARTY)
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares (Thousands/ Thousand Units)	Carrying Value	Percentage of Ownership	Fair Value	
Senao International Co., Ltd.	Stocks							
	UUPON Inc. (previously known as Dian Zuan Integrating Marketing Co., Ltd.)	-	Financial assets at FVOCI	109	$ 349	1.65	$ 349	
	N.T.U. Innovation Incubation Corporation	-	Financial assets at FVOCI	1,200	9,456	9.41	9,456	

Note: For related information on subsidiaries and associates, refer to Tables 5 and 6.

TABLE 3

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 2)		Notes/Trade Payable or Receivable		Note
			Purchase/ Sales	Amount	% to Total	Payment Terms	Units Price	Payment Terms	Ending Balance	% to Total	
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Ultimate parent entity	Sales	$ 5,969,353	19.23	30-90 days	$ -	-	$ 831,709	43.73	Note 1
			Purchase	5,515,088	20.04	30 days	-	-	(1,109,885)	(37.85)	
	Aval Technologies Co., Ltd.	Subsidiary	Sales	351,228	1.13	60 days	-	-	64,646	3.40	
			Purchase	275,666	1.00	30 days	-	-	(2,212)	(0.08)	
Aval Technologies Co., Ltd.	Chunghwa Telecom Co., Ltd.	Ultimate parent entity	Sales	437,450	1.41	30 days	-	-	70,101	3.69	Note 1
	Youth Co., Ltd.	Fellow subsidiary	Sales	144,579	0.47	30 days	-	-	9,996	0.53	
	ISPOT Co., Ltd.	Subsidiary of fellow subsidiaries	Sales	104,713	0.34	30 days	-	-	12,813	0.67	

Note 1: The sales from Chunghwa Telecom Co., Ltd. include sales revenue, service revenue and repairs and maintenance revenue.

Note 2: The related transaction terms are determined separately.

TABLE 4

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Ultimate parent entity	$ 983,033 (Note 1)	7.53 (Note 2)	$ -	-	$ 10,438	$ -

Note 1: The receivables from related parties included $144,614 thousand which is the amount of products sold by Chunghwa Telecom Co., Ltd. for Senao, but not yet collected.

Note 2: The computation of the turnover of average receivables balance had already subtracted the receivables from Chunghwa Telecom Co., Ltd. for products sold for Senao.

TABLE 5

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Recognized Gain (Loss)	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
Senao International Co., Ltd.	Senao Networks, Inc.	Taiwan	Telecommunication facilities manufacturing and sales	$ 202,758	$ 202,758	16,579	33.79	$ 1,077,604	$ 449,270	$ 151,821	Note 1
	Senao International (Samoa) Holding Ltd.	Samoa Islands	International investment	2,046,143	2,253,828	31,875	100.00	32,968	(3,829)	(3,829)	Notes 1, 2 and 9
				(US$ 68,275)	(US$ 75,675)			(US$ 1,191)	(US$ -137)	(US$ -137)	
	Youth Co., Ltd.	Taiwan	Sale of information and communication technologies products	427,850	427,850	14,752	95.79	196,426	1,860	(35,550)	Notes 1, 3 and 9
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	89,550	89,550	10,840	100.00	119,614	9,112	9,106	Notes 1, 4 and 9
	Senyoung Insurance Agent Co., Ltd.	Taiwan	Property and liability insurance agency	59,000	59,000	5,900	100.00	99,817	36,097	36,085	Notes 1, 5 and 9
Senao International (Samoa) Holding Ltd.	Senao International HK Limited	Hong Kong	International investment	2,060,467	2,248,963	80,440	100.00	30,845	(3,834)	(3,834)	Notes 1, 6 and 9
				(US$ 68,740)	(US$ 75,540)			(US$ 1,114)	(US$ -137)	(US$ -137)	
Youth Co., Ltd.	ISPOT Co., Ltd.	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100.00	11,903	1,533	1,341	Notes 1, 7 and 9
	Youyi Co., Ltd.	Taiwan	Maintenance of information and communication technologies products	21,354	21,354	-	100.00	17,624	(331)	(521)	Notes 1, 8 and 9
Aval Technologies Co., Ltd.	Wiin Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	29,550	29,550	3,305	100.00	39,440	5,964	5,964	Notes 1 and 9
Senyoung Insurance Agent Co., Ltd.	Senaolife Insurance Agent Co., Ltd.	Taiwan	Life insurance agency	29,500	29,500	2,950	100.00	23,489	(2,697)	(2,697)	Notes 1 and 9

Note 1: Calculated for the same period as the period of the audited financial statements.

Note 2: Senao International (Samoa) Holding Ltd. reduced capital to make up for the loss of US$6,100 thousand in February 2021, reduced capital by US$7,400 thousand in cash in July 2021, and reduced capital to make up for the loss of US$29,600 thousand in October 2021.

Note 3: Profit of Youth Co., Ltd. of $1,860 thousand in 2021; the amount of $269 thousand is adjustment arised from the increase of continuing interest; the amount of $37,679 thousand is comprised of impairment loss on goodwill and intangible assets, and adjustment arised from the increase of continuing interest.

Note 4: An investment gain of $9,112 thousand; the amount of lease arrangements between the parent entity and subsidiaries is $6 thousand.

Note 5: An investment gain of $36,097 thousand; the amount of $12 thousand is comprised of lease arrangements between the parent entity and subsidiaries.

Note 6: Senao International HK Limited reduced capital to make up for the loss of US$6,100 thousand in January 2021, reduced capital by US$6,800 thousand in cash in May 2021, and reduced capital to make up for the loss of US$29,600 thousand in August 2021.

Note 7: An investment gain of $1,533 thousand; the amount of $192 thousand is comprised of impairment loss on intangible assets.

Note 8: An investment loss of $331 thousand; the amount of $190 thousand is comprised of lease arrangements between the parent entity and subsidiaries less impairment loss on intangible assets.

Note 9: The amount was eliminated upon consolidation.

Note 10: Information on investees in mainland China, refer to Table 6.

TABLE 6

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Value as of December 31, 2021 (Notes 2 and 3)	Accumulated Inward Remittance of Earnings as of December 31, 2021	Note
					Outflow	Inflow							
Senao Trading (Fujian) Co., Ltd.	Sale of information and communication technologies products	$ 1,073,170 (US$ 36,000)	b	$ 1,073,170 (US$ 36,000)	$ -	$ 191,147 (US$ 6,810)	$ 882,023 (US$ 29,190)	$ -	100	$ -	$ -	$ -	Note 5
Senao International Trading (Shanghai) Co., Ltd.	Sale of information and communication technologies products	955,838 (US$ 32,000)	b	955,838 (US$ 32,000)	-	-	955,838 (US$ 32,000)	1,283 (US$ 45)	100	1,283 (US$ 45)	-	-	Note 6

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 4)
$ 1,837,861 (US$ 61,190)	$ 2,047,858 (US$ 68,292)	$ 3,685,819

Note 1: Investments are divided into three categories as follows:

a. Direct investment.
b. Investments through a holding company, which means Senao International (Samoa) Holding Ltd. here, registered in a third region.
c. Others.

Note 2: Calculated as the same period of audited financial statements.

Note 3: The amount was eliminated upon consolidation.

Note 4: We calculated the upper limit on investment in accordance with the “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area”.

Note 5: Senao Trading (Fujian) Co., Ltd. was approved to end and dissolve its business on September 27, 2018. The liquidation of Senao Trading (Fujian) Co., Ltd was completed in May 2019.

Note 6: Senao International Trading (Shanghai) Co., Ltd. was approved to end and dissolve its business on December 23, 2020. The liquidation of Senao International Trading (Shanghai) Co., Ltd was completed in April 2021.

TABLE 7

SENAO INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms (Note 4)	% of Total Sales or Assets (Note 5)
0	Senao International Co., Ltd.	Aval Technologies Co., Ltd.	a	Sales revenue	$ 351,228	-	1
				Cost of goods sold	275,666	-	1
				Trade receivables from related parties	64,646	-	1
				Trade payables to related parties	2,212	-	-
		Wiin Technologies Co., Ltd.	a	Cost of goods sold	37,426	-	-
				Trade payables to related parties	2,727	-	-
		Senyoung Insurance Agent Co., Ltd.	a	Sales revenue	1,284	-	-
				Service revenue	85,330	-	-
				Trade receivables from related parties	36,204	-	-
				Non-operating income - rental	1,765	-	-
1	Youth Co., Ltd.	Aval Technologies Co., Ltd.	c	Sales revenue	5,409	-	-
2	Aval Technologies Co., Ltd.	Youth Co., Ltd.	c	Sales revenue	144,579	-	-
				Trade receivables from related parties	9,996	-	-
		ISPOT Co., Ltd.	c	Sales revenue	104,713	-	-
				Trade receivables from related parties	12,813	-	-
3	Wiin Technologies Co., Ltd.	Youth Co., Ltd.	c	Sales revenue	36,106	-	-
				Trade receivables from related parties	4,366	-	-

Note 1: Significant transactions between Senao and its subsidiaries or among subsidiaries are numbered as follows:

a. “0” for the parent.
b. Subsidiaries are numbered from “1”.

Note 2: Related party transactions are divided into three categories as follows (there is no need for repeated disclosure between the entities, i.e., if the parent company discloses a transaction with a subsidiary, the subsidiary does not have to disclose the same information in the financial statements. Also, if a subsidiary discloses a transaction with another subsidiary, the other subsidiary does not have to disclose the same information in the financial statements):

a. The parent to subsidiaries.
b. Subsidiaries to the parent.
c. Subsidiaries to subsidiaries.

Note 3: The amount was eliminated upon consolidation.

Note 4: The transaction terms related to the related parties are determined by both sides.

Note 5: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2021, while revenues, costs and expenses are shown as a percentage to consolidated revenues for the year ended December 31, 2021.

TABLE 8

SENAO INTERNATIONAL CO., LTD.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Chunghwa Telecom Co., Ltd.	71,773,155	27.79
Hwa Shun Investment Co., Ltd.	20,509,659	7.94
Engenius Technologies Co., Ltd.	19,508,509	7.55
Yu Yu Investment Co., Ltd.	19,044,478	7.37
Cheng Feng Investment Co., Ltd.	19,003,436	7.35
Cheng Keng Investment Co., Ltd.	14,820,975	5.73

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

5. Audited individual financial statement for the most recent fiscal year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Senao International Co., Ltd.

Opinion

We have audited the accompanying financial statements of Senao International Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The 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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2021. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter of the financial statements for the year ended December 31, 2021 is as follows:

Valuation of Inventories

As described in Note 8 to the financial statements, the carrying amount of the Company's inventories was $2,613,134 thousand as of December 31, 2021, which represented 24% of the total assets. The inventories of the Company are mainly consisted of communication products such as mobile phones and the peripheral products. Due to rapid changes in technology and continue launches in new models there is a high risk of inventory loss or obsolescence. In addition, the amount of inventories is significant and the valuation of inventories involved significant judgments and estimates made by the management. Consequently, valuation of inventories was considered to be a key audit matter.

For the accounting policy on inventory and the related significant accounting judgments and estimates, refer to Note 4-e. and Note 5.

Corresponding audit procedures mainly includes:

- Execute control testing to understand the process of valuation of inventories and the design and execution of relevant control system.

- Obtain the relevant supporting documents used by the management to evaluate the method and basic assumptions of inventory loss provision at the end of the year, and evaluate its appropriateness.

- Conduct a selective examination of the sales price of the inventory at the end of the year to verify and evaluate the reasonableness of the estimated amount of provision for inventory.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Dien Sheng Chang and Cheng Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 18, 2022

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

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

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

SENAO INTERNATIONAL CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,709,763	25	$ 2,494,797	25
Notes receivable, net (Note 7)	99,653	1	71,429	1
Trade receivables, net (Note 7)	686,081	6	572,417	6
Trade receivables from related parties (Note 22)	939,752	9	945,308	10
Other receivables (Note 7)	106,999	1	103,209	1
Other receivables from related parties (Note 22)	151,528	1	138,087	1
Inventories (Note 8)	2,613,134	24	1,869,885	19
Prepayments (Note 22)	73,593	1	72,572	1
Other current assets	45,980	1	14,873	-
Total current assets	7,426,483	69	6,282,577	64
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income	9,805	-	10,017	-
Investments accounted for using equity method (Note 9)	1,526,429	14	1,657,055	17
Property, plant and equipment (Notes 10, 17 and 22)	777,312	7	813,507	8
Right-of-use assets (Notes 11, 17 and 22)	510,017	5	565,738	6
Intangible assets (Note 17)	18,901	-	14,204	-
Deferred tax assets (Note 18)	435,622	4	428,020	4
Refundable deposits (Note 22)	53,942	1	56,058	1
Other noncurrent assets	3,000	-	3,000	-
Total noncurrent assets	3,335,028	31	3,547,599	36
TOTAL	$ 10,761,511	100	$ 9,830,176	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Note 16)	$ 80,881	1	$ 112,097	1
Notes payable (Note 12)	4,593	-	3,184	-
Notes payable to related parties (Note 22)	18	-	18	-
Trade payables (Note 12)	1,650,029	15	1,104,482	11
Trade payables to related parties (Note 22)	1,114,807	10	608,628	6
Other payables (Note 13)	830,817	8	1,091,140	11
Other payables to related parties (Note 22)	200,634	2	222,011	2
Current tax liabilities (Note 18)	115,514	1	73,128	1
Lease liabilities - current (Notes 11 and 22)	218,878	2	273,819	3
Other current liabilities (Note 22)	30,701	-	41,356	1
Total current liabilities	4,246,872	39	3,529,863	36
NONCURRENT LIABILITIES				
Lease liabilities - noncurrent (Notes 11 and 22)	306,906	3	312,264	3
Net defined benefit liabilities - noncurrent (Notes 14 and 17)	54,540	1	50,767	1
Guarantee deposits	22,962	-	23,901	-
Total noncurrent liabilities	384,408	4	386,932	4
Total liabilities	4,631,280	43	3,916,795	40
EQUITY				
Share capital - ordinary shares (Note 15)	2,582,527	24	2,582,527	26
Capital surplus (Note 15)	717,521	7	717,521	7
Retained earnings (Note 15)				
Legal reserve	1,542,243	14	1,496,377	15
Special reserve	32,410	-	13,781	-
Unappropriated earnings	1,277,161	12	1,135,585	12
Total retained earnings	2,851,814	26	2,645,743	27
Other equity	(21,631)	-	(32,410)	-
Total equity	6,130,231	57	5,913,381	60
TOTAL	$ 10,761,511	100	$ 9,830,176	100

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

SENAO INTERNATIONAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 16 and 22)				
Sales	$ 28,152,067	97	$ 24,313,833	96
Less: Sales returns	282,747	1	250,965	1
Sales discounts and allowances	599,557	2	504,303	2
Net sales	27,269,763	94	23,558,565	93
Service and repairs revenue	1,643,085	6	1,867,464	7
Total operating revenue	28,912,848	100	25,426,029	100
OPERATING COSTS (Notes 8, 14, 17 and 22)				
Cost of goods sold	25,376,237	88	22,074,852	87
Service and repairs costs	441,877	2	547,806	2
Total operating costs	25,818,114	90	22,622,658	89
GROSS PROFIT	3,094,734	10	2,803,371	11
OPERATING EXPENSES (Notes 14, 17 and 22)				
Selling and marketing expenses	2,320,425	8	2,179,121	9
General and administrative expenses	312,561	1	316,382	1
Total operating expenses	2,632,986	9	2,495,503	10
NET OTHER INCOME AND EXPENSES (Notes 17 and 22)	5,109	-	1,527	-
INCOME FROM OPERATIONS	466,857	1	309,395	1
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 17 and 22)	91,135	-	84,561	-
Share of profit of subsidiaries and associates accounted for using equity method	157,633	1	125,018	1
Interest income	3,086	-	3,397	-
Interest expense (Notes 17 and 22)	(7,995)	-	(11,239)	-
Miscellaneous disbursements	(3,032)	-	(706)	-
Net loss on foreign currency exchange	(415)	-	(528)	-
Net loss on financial assets and liabilities at fair value through profit or loss	-	-	(42)	-
Total non-operating income and expenses	240,412	1	200,461	1

(Continued)

SENAO INTERNATIONAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX	$ 707,269	2	$ 509,856	2
INCOME TAX EXPENSE (Note 18)	110,321	-	72,972	-
NET INCOME	596,948	2	436,884	2
TOTAL OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plans (Note 14)	(6,724)	-	28,331	-
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	(212)	-	(631)	-
Share of remeasurement of defined benefit plans of associates	1,881	-	(887)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 18)	1,345	-	(5,666)	-
	(3,710)	-	21,147	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	12,383	-	(15,837)	-
Share of exchange differences arising from the translation of the foreign operations of associates	(1,392)	-	(2,161)	-
	10,991	-	(17,998)	-
Total other comprehensive income, net of income tax	7,281	-	3,149	-
TOTAL COMPREHENSIVE INCOME	$ 604,229	2	$ 440,033	2
EARNINGS PER SHARE (Note 19)				
Basic	$ 2.31		$ 1.69	
Diluted	$ 2.30		$ 1.69	

The accompanying notes are an integral part of the financial statements. (Concluded)

SENAO INTERNATIONAL CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Share Capital - Ordinary Shares (Note 15)	Capital Surplus (Note 15)	Retained Earnings (Note 15)			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE, JANUARY 1, 2020	$ 2,582,527	$ 717,885	$ 1,454,896	$ 13,536	$ 1,093,115	$ 11,571	$ (25,352)	$ 5,848,178
Appropriation of 2019 earnings								
Legal reserve	-	-	41,481	-	(41,481)	-	-	-
Special reserve	-	-	-	245	(245)	-	-	-
Cash dividends - NT$1.45 per share	-	-	-	-	(374,466)	-	-	(374,466)
	-	-	41,481	245	(416,192)	-	-	(374,466)
Changes in percentage of ownership interests in subsidiaries	-	(364)	-	-	-	-	-	(364)
Net income for the year ended December 31, 2020	-	-	-	-	436,884	-	-	436,884
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	21,778	(17,998)	(631)	3,149
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	458,662	(17,998)	(631)	440,033
BALANCE, DECEMBER 31, 2020	2,582,527	717,521	1,496,377	13,781	1,135,585	(6,427)	(25,983)	5,913,381
Appropriation of 2020 earnings								
Legal reserve	-	-	45,866	-	(45,866)	-	-	-
Special reserve	-	-	-	18,629	(18,629)	-	-	-
Cash dividends - NT$1.50 per share	-	-	-	-	(387,379)	-	-	(387,379)
	-	-	45,866	18,629	(451,874)	-	-	(387,379)
Net income for the year ended December 31, 2021	-	-	-	-	596,948	-	-	596,948
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(3,498)	10,991	(212)	7,281
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	593,450	10,991	(212)	604,229
BALANCE, DECEMBER 31, 2021	$ 2,582,527	$ 717,521	$ 1,542,243	$ 32,410	$ 1,277,161	$ 4,564	$ (26,195)	$ 6,130,231

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

SENAO INTERNATIONAL CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 707,269	$ 509,856
Adjustments to reconcile income before income tax to net cash generated from operating activities:		
Depreciation expenses	347,468	378,771
Amortization expenses	19,303	24,858
Expected credit (reversal of) loss	(449)	290
Net loss on financial assets and liabilities at fair value through profit or loss	-	42
Interest expense	7,995	11,239
Interest income	(3,086)	(3,397)
Dividend income	-	(1,044)
Share of profit of subsidiaries and associates accounted for using equity method	(157,633)	(125,018)
Net (gain) loss on disposal of property, plant and equipment	(1,316)	644
Net gain on lease modification	(3,793)	(2,171)
Provision for inventory and obsolescence	8,846	423
Net loss on foreign currency exchange	139	957
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Notes receivable	(28,224)	13,637
Trade receivables	(113,217)	33,439
Trade receivables from related parties	5,556	(42,378)
Other receivables	(3,789)	(1,284)
Other receivables from related parties	(13,441)	55,429
Inventories	(752,095)	(84,602)
Prepayments	(1,021)	844
Other current assets	(31,107)	(5,410)
Increase (decrease) in:		
Contract liabilities	(31,216)	(831)
Notes payable	1,409	195
Trade payables	545,547	(311,205)
Trade payables to related parties	506,179	347,326
Other payables	(260,323)	38,470
Other payables to related parties	(21,377)	14,506
Other current liabilities	(10,655)	(6,635)
Net defined benefit liabilities - noncurrent	(2,951)	(2,509)
Cash generated from operations	714,018	844,442
Interest paid	(7,995)	(11,239)
Income tax paid	(74,192)	(28,451)
Net cash generated from operating activities	631,831	804,752

(Continued)

SENAO INTERNATIONAL CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	$ -	$ (62,900)
Proceeds from capital reduction of investments accounted for using equity method	207,685	79,792
Acquisition of property, plant and equipment	(24,438)	(12,117)
Proceeds from disposal of property, plant and equipment	9,801	-
Decrease in refundable deposits	2,116	5,305
Acquisition of intangible assets	(24,000)	(352)
Interest received	3,087	3,450
Dividends received	93,446	102,241
Net cash generated from investing activities	267,697	115,419
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in guarantee deposits	(939)	(660)
Repayment of the principal portion of lease liabilities	(296,105)	(304,405)
Cash dividends paid	(387,379)	(374,466)
Net cash used in financing activities	(684,423)	(679,531)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(139)	(957)
NET INCREASE IN CASH AND CASH EQUIVALENTS	214,966	239,683
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	2,494,797	2,255,114
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 2,709,763	$ 2,494,797

The accompanying notes are an integral part of the financial statements. (Concluded)

VI. Financial Overview

SENAO INTERNATIONAL CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Senao International Co., Ltd. (“the Company”) was incorporated in the Republic of China (“ROC”) on May 18, 1979. On January 12, 2001, the Company received approval from the Securities and Futures Commission (the “SFC”) for a domestic initial public offering and its common stocks were listed and traded on the Taiwan Stock Exchange (the “TWSE”) on May 24, 2001. In need of organizational rebuilding and professional operation of all kinds of businesses, the Company has spun off the wireless communication business segment, including its assets and liabilities and incorporated Senao Networks, Inc. pursuant to the Business Mergers and Acquisitions Act. The spin-off date was October 1, 2006.

After rebuilding the organization, the Company mainly sells mobile phones and the peripheral products, and provides the related repairs and maintenance services.

Chunghwa Telecom Co., Ltd. (“Chunghwa”) acquired the shares of Senao on January 15, 2007. Chunghwa has a substantial control over Senao, and it is the ultimate parent entity of Senao. As of December 31, 2021, Chunghwa’s ownership interest in Senao was 27.79%.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on February 18, 2022.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of IFRS, IAS, IFRIC, and SIC (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The IFRSs endorsed and issued into effect by the FSC would not have material impact on the Company’s accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

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

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

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

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

When preparing the financial statements, the Company account for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profit of subsidiaries and associates accounted for using equity method, share of other comprehensive income of subsidiaries and associates accounted for using equity method and the related equity accounts in the financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include assets held primarily for the purpose of trading, assets expected to be realized within 12 months after the reporting period and cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. Current liabilities include liabilities held primarily for the purpose of trading, liabilities due to be settled within 12 months after the reporting period and liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss for the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, which will not be recalculated.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

f. Investments accounted for using equity method

Investments accounted for using the equity method include investments in subsidiaries and associates.

1) Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control of the subsidiaries are accounted for as equity transactions. The Company recognizes directly in equity any differences between the carrying amount of the subsidiary and the fair value of the consideration paid or received are recognized directly in equity.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and are not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized in current profit or loss.

The Company assesses its investments for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When evaluating if there is an impairment loss, the entire carrying amount of investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associates, profits and losses resulting from the transactions are recognized in the financial statements only to the extent that interests in the associates are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. The estimated useful lives of the intangible assets are set to zero except when the Company expects to dispose of the assets before the end of the useful life.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the recoverable amount is less than the carrying amounts, the difference will be recognized in profit or loss as impairment loss. When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset in prior years.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial assets are mandatorily classified as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 21.

ii. Investments in equity instruments at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

iii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade notes and receivables, other receivables, other current assets and refundable deposits, etc., are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include commercial paper and stimulus vouchers with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

As of balance sheet dates, the Company evaluates the impairment losses for expected credit losses (i.e. ECLs) on financial assets at amortized cost. The Company always recognizes lifetime expected credit losses for trade receivables and other receivables.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

3) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the disposal of the Company's own equity instruments.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset at fair value through profit or loss; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability at fair value through profit or loss.

k. Revenue recognition

Revenues from sales, services and repairs are separately identified as performance obligations. Further, the Company allocates the transaction consideration to the performance obligations. Revenue is recognized when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of communication goods and peripheral products. Sales of communication goods and peripheral products are recognized as revenue when the control of the goods are transferred and all of the related performance obligations are satisfied.

2) Revenue from the rendering of services, including repairs and maintenance services

The Company recognizes revenue when the promised service is transferred to the customer and fulfilled the performance obligations.

l. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value asset leases where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in lease term or a change in a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

n. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is recognized as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant from the management. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Critical Accounting Judgements

a. Valuation of inventories

Inventories are measured at lower of cost or net realizable value. The management uses the estimated selling price in the ordinary course of business less the estimated costs of marketing as the net realizable value. In addition, the management considers the aging of products and the related turnover as the basis of the inventory obsolescence loss. Since the management determines and estimates the net realizable value based on market conditions as of reporting date and historical experience with product sales, the changes in market conditions may have a material impact on the valuation of inventories.

b. Lessee’s incremental borrowing rates

In determining a lessee’s incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee’s credit spread adjustments and lease specific adjustments are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31 2021	December 31 2020
Cash on hand and petty cash	$ 277,970	$ 340,856
Checking accounts and demand deposits	1,440,071	1,223,266
Cash equivalents		
Commercial paper	988,944	929,044
Stimulus Vouchers	2,778	1,631
	$ 2,709,763	$ 2,494,797

The annual yield rates of bank deposits and commercial paper as of balance sheet dates were as follows:

	December 31 2021	December 31 2020
Bank deposits	0.01%-0.03%	0.01%-0.05%
Commercial paper	0.25%	0.24%-0.25%

7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31 2021	December 31 2020
Notes receivable		
Notes receivable	$ 100,584	$ 72,360
Less: Allowance for impairment loss	931	931
	$ 99,653	$ 71,429
Trade receivables		
Trade receivables	$ 709,490	$ 596,144
Less: Allowance for impairment loss	23,409	23,727
	$ 686,081	$ 572,417
Other receivables		
Suppliers allowance receivable	$ 97,830	$ 97,351
Others	9,169	5,858
	$ 106,999	$ 103,209

Notes Receivable and Trade Receivables

The average credit terms range from 30 to 90 days. The Company uses other publicly available financial information and its own trading records to rate its major customers, and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Since the Company's customers, apart from the abovementioned corporate customers, are large and unrelated to each other, the divergence of the credit risk is constrained.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company uses the lifetime expected loss provision for all notes receivable and trade receivables. The expected credit losses on notes receivable and trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

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

The following table details the loss allowance of notes receivable and trade receivables based on the Company's provision matrix.

December 31, 2021

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 91 Days*	Total
Expected credit loss rate	0%-0.0018%	0%-5.0587%	0%-21.7208%	0%-100%	
Notes receivable and trade receivables	$ 778,267	$ 4,209	$ 9	$ 27,589	$ 810,074
Less: Loss allowance (Lifetime ECL)	14	58	2	24,266	24,340
Amortized cost	$ 778,253	$ 4,151	$ 7	$ 3,323	$ 785,734

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	Over 91 Days*	Total
Expected credit loss rate	0%-0.0040%	0%-29.7994%	0%-37.2008%	0%-100%	
Notes receivable and trade receivables	$ 639,341	$ 78	$ 7	$ 29,078	$ 668,504
Less: Loss allowance (Lifetime ECL)	27	23	3	24,605	24,658
Amortized cost	$ 639,314	$ 55	$ 4	$ 4,473	$ 643,846

* For those customers who provided the collateral, the Company evaluated the expected credit loss rate as 0% because the value of the collateral provided is greater than the carrying value of the notes receivable and trade receivables.

The movements of the loss allowance of notes receivable and trade receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance on January 1	$ 24,658	$ 24,359
Add: Amounts recovered	129	119
Add: Provision (reversal of) credit loss	(447)	180
Balance on December 31	$ 24,340	$ 24,658

8. INVENTORIES

	December 31	
	2021	2020
Merchandise	$ 2,613,134	$ 1,869,885

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 were $25,376,237 thousand and $22,074,852 thousand, respectively.

9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	$ 448,825	$ 665,445
Investments in associates	1,077,604	991,610
	$ 1,526,429	$ 1,657,055

a. Investments in subsidiaries

	December 31	
	2021	2020
Senao International (Samoa) Holding Ltd. (“Senao Samoa”)	$ 32,968	$ 232,099
Youth Co., Ltd. (“Youth”)	196,426	231,976
Aval Technologies Co., Ltd. (“Aval”)	119,614	110,508
Senyoung Insurance Agent Co., Ltd. (“Senyoung”)	99,817	90,862
	$ 448,825	$ 665,445

	Proportion of Ownership and Voting Rights	
	December 31	
	2021	2020
Senao Samoa	100.00%	100.00%
Youth	95.79%	95.79%
Aval	100.00%	100.00%
Senyoung	100.00%	100.00%

The Company subscribed for new shares during the capital increase of Youth on April 7, 2020. Therefore, the Company's ownership interest in Youth increased from 92.89% to 95.79%.

For the information on endorsements and guarantees that the Company made for its subsidiaries, refer to Note 22 and Table 1.

For the years ended December 31, 2021 and 2020, the Company's share of profit (loss) and other comprehensive income (loss) of the subsidiaries were recognized based on the financial statements which have been audited for the same period.

Refer to Note 26 for detailed information on the indirect investments in subsidiaries.

b. Assessment of impairment on carrying amount of investments in the subsidiaries

The recoverable amount of Youth were determined based on a value in use calculation that used both 12.10% as discount rates for the years ended December 31, 2021 and 2020, respectively.

Since the competition in the industrial environment has led to a decline in gross profit margin and the future cash flows decreased, the carrying amount of Youth exceeded the recoverable amount as of December 31, 2021 and 2020. As a result, an impairment loss of $28,901 thousand and $9,303 thousand were recognized as share of profit or loss of subsidiaries and associates accounted for using equity method in the statements of comprehensive income for the years ended December 31, 2021 and 2020, respectively.

c. Investments in associates

	December 31	
	2021	**2020**
Material associate		
Senao Networks, Inc. ("SNI")	$ 1,077,604	$ 991,610

	Proportion of Ownership and Voting Rights	
	December 31	
	2021	**2020**
SNI	33.79%	33.79%

Although the Company is the single largest shareholder of SNI, it has only obtained 2 out of 7 director seats. In addition, considering factors such as the voting type of the shareholders meeting of SNI and the number of voting rights of the Company, the Company cannot determine its relevant activities, so the Company has no control over SNI and only has a significant influence, and treats it as an associate.

Refer to Table 5 for the nature of activities, principal places of business and countries of incorporation of the associates.

The investments were accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the associate's financial statements which have been audited for the same period.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

	December 31	
	2021	2020
SNI	$ 1,699,351	$ 1,707,640

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company and its subsidiaries as a Company for equity accounting purposes.

SNI and its subsidiaries

	December 31	
	2021	2020
Current assets	$ 5,467,673	$ 4,743,503
Noncurrent assets	2,270,750	1,991,644
Current liabilities	(4,141,725)	(3,440,923)
Noncurrent liabilities	(215,055)	(191,794)
Equity	3,381,643	3,102,430
Noncontrolling interests	(192,785)	(168,044)
	$ 3,188,858	$ 2,934,386
Proportion of the Company's ownership	33.79%	33.79%
Equity attributable to the Company (carrying amount of the investment)	$ 1,077,604	$ 991,610

	For the Year Ended December 31	
	2021	2020
Operating revenue	$ 9,179,791	$ 7,766,451
Net profit for the year	$ 530,156	$ 445,690
Other comprehensive gain (loss)	1,446	(9,018)
Total comprehensive income for the year	$ 531,602	$ 436,672

10. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Company	$ 334,228	$ 357,606
Assets leased under operating leases	443,084	455,901
	$ 777,312	$ 813,507

a. Assets used by the Company

	Land	Buildings	Machinery and Equipment	Computer Telecommuni-cations Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance on January 1, 2021	$ 150,363	$ 231,536	$ 64,293	$ 200,819	$ 118,816	$ 292,216	$ 7,801	$ 1,065,844
Additions	-	331	45	11,898	2,686	9,401	77	24,438
Disposals	-	-	(22,862)	(19,544)	(1,268)	(3,706)	(1,007)	(48,387)
Balance on December 31, 2021	$ 150,363	$ 231,867	$ 41,476	$ 193,173	$ 120,234	$ 297,911	$ 6,871	$ 1,041,895
Accumulated depreciation								
Balance on January 1, 2021	$ -	$ 105,316	$ 50,208	$ 175,509	$ 91,344	$ 278,303	$ 7,558	$ 708,238
Depreciation expenses	-	4,911	3,639	13,060	8,694	8,933	94	39,331
Disposals	-	-	(14,661)	(19,349)	(1,254)	(3,631)	(1,007)	(39,902)
Balance on December 31, 2021	$ -	$ 110,227	$ 39,186	$ 169,220	$ 98,784	$ 283,605	$ 6,645	$ 707,667
Carrying amounts on December 31, 2021	$ 150,363	$ 121,640	$ 2,290	$ 23,953	$ 21,450	$ 14,306	$ 226	$ 334,228
Cost								
Balance on January 1, 2020	$ 150,363	$ 230,268	$ 65,812	$ 203,964	$ 121,512	$ 304,655	$ 8,024	$ 1,084,598
Additions	-	1,268	172	1,546	1,659	7,472	-	12,117
Disposals	-	-	(1,691)	(4,691)	(4,355)	(19,911)	(223)	(30,871)
Balance on December 31, 2020	$ 150,363	$ 231,536	$ 64,293	$ 200,819	$ 118,816	$ 292,216	$ 7,801	$ 1,065,844
Accumulated depreciation								
Balance on January 1, 2020	$ -	$ 100,121	$ 45,781	$ 161,436	$ 85,651	$ 285,743	$ 7,616	$ 686,348
Depreciation expenses	-	5,195	6,004	18,724	10,021	12,008	165	52,117
Disposals	-	-	(1,577)	(4,651)	(4,328)	(19,448)	(223)	(30,227)
Balance on December 31, 2020	$ -	$ 105,316	$ 50,208	$ 175,509	$ 91,344	$ 278,303	$ 7,558	$ 708,238
Carrying amounts on December 31, 2020	$ 150,363	$ 126,220	$ 14,085	$ 25,310	$ 27,472	$ 13,913	$ 243	$ 357,606

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

Buildings	
Main buildings	55 years
Mechatronic construction	15 years
Decoration construction	3-5 years
Machinery and equipment	5-8 years
Computer telecommunications equipment	3-8 years
Office equipment	3-6 years
Leasehold improvements	3 years
Other equipment	4-6 years

b. Assets leased under operating leases

	Land	Buildings	Total
Cost			
Balance on January 1, 2021 and December 31, 2021	$ 149,879	$ 585,492	$ 735,371

(Continued)

	Land	Buildings	Total
Accumulated depreciation			
Balance on January 1, 2021	$ -	$ 279,470	$ 279,470
Depreciation expenses	-	12,817	12,817
Balance on December 31, 2021	$ -	$ 292,287	$ 292,287
Carrying amounts on December 31, 2021	$ 149,879	$ 293,205	$ 443,084
Cost			
Balance on January 1, 2020 and December 31, 2020	$ 149,879	$ 585,492	$ 735,371
Accumulated depreciation			
Balance on January 1, 2020	$ -	$ 264,111	$ 264,111
Depreciation expenses	-	15,359	15,359
Balance on December 31, 2020	$ -	$ 279,470	$ 279,470
Carrying amounts on December 31, 2020	$ 149,879	$ 306,022	$ 455,901

(Concluded)

Operating leases relate to leases of land and building have lease terms of 5 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2021	2020
Year 1	$ 45,600	$ 45,600
Year 2	45,600	45,600
Year 3	15,200	45,600
Year 4	-	15,200
Year 5	-	-
	$ 106,400	$ 152,000

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

Buildings	
Main building	55 years
Mechatronic construction	15 years
Decoration construction	3-5 years

As of December 31, 2021 and 2020, the Company did not recognize impairment loss of property, plant and equipment.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31 2021	December 31 2020
Carrying amounts		
Buildings	$ 508,360	$ 563,480
Transportation equipment	1,270	2,056
Others	387	202
	$ 510,017	$ 565,738

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Additions to right-of-use assets	$ 258,448	$ 251,903
Depreciation charge for right-of-use assets		
Buildings	$ 293,695	$ 308,848
Transportation equipment	1,116	1,958
Others	509	489
	$ 295,320	$ 311,295

The initial recognition of right-of-use assets and lease liabilities of $258,448 thousand and $251,903 thousand were noncash transactions for the years ended December 31, 2021 and 2020, respectively.

Except for the addition and recognition of depreciation expenses listed above, there were no significant sublease or impairment of the right-of-use assets of the Company in 2021 and 2020.

b. Lease liabilities

	December 31 2021	December 31 2020
Carrying amounts		
Current	$ 218,878	$ 273,819
Non-current	$ 306,906	$ 312,264

Range of discount rate for lease liabilities was as follows:

	December 31 2021	December 31 2020
Buildings	1.30%-1.79%	1.30%-1.79%
Transportation equipment	1.30%	1.30%-1.79%
Others	1.30%	1.30%-1.79%

c. Material lease-in activities and terms

The Company leases certain buildings for the use of offices and retail stores with lease terms of 1 to 10 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of freehold property, plant and equipment are set out in Note 10.

	For the Year Ended December 31	
	2021	2020
Expenses relating to low-value asset leases	$ 4,143	$ 4,092
Total cash outflow for leases	$ 308,243	$ 319,736

The Company leases certain office equipment which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

12. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
Notes payable		
Operating	$ 4,593	$ 3,184
Trade payables		
Operating	$ 1,650,029	$ 1,104,482

a. Notes payable

Notes payable were mainly from the payment for the rent of the offices and the business places.

b. Trade payables

The average credit period is one month. The Company has set up financial risk management policies in place to ensure that all payables will be paid within the pre-agreed credit terms.

13. OTHER PAYABLES

	December 31	
	2021	2020
Payables for bonuses	$ 156,464	$ 157,934
Payables for salaries	147,101	139,330
Accrued marketing compensation	141,211	260,350
Accrued compensation to employees and remuneration to directors	40,922	26,834
Others	345,119	506,692
	$ 830,817	$ 1,091,140

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of funded defined benefit obligation	$ 220,035	$ 212,126
Fair value of plan assets	(165,495)	(161,359)
Funded status - deficit	54,540	50,767
Net defined benefit liabilities	$ 54,540	$ 50,767

Movements in net defined benefit liabilities were as follows:

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance on January 1, 2021	$ 212,126	$ (161,359)	$ 50,767
Service cost			
Current service cost	821	-	821
Net interest expense (income)	1,060	(816)	244
Recognized in profit or loss	1,881	(816)	1,065
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,057)	(2,057)
Actuarial loss - changes in demographic assumptions	4,997	-	4,997
Actuarial loss - experience adjustments	3,784	-	3,784
Recognized in other comprehensive income	8,781	(2,057)	6,724

(Continued)

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	$ -	$ (4,016)	$ (4,016)
Benefits paid	(2,753)	2,753	-
Balance on December 31, 2021	$ 220,035	$ (165,495)	$ 54,540
Balance on January 1, 2020	$ 238,828	$ (157,221)	$ 81,607
Service cost			
Current service cost	931	-	931
Net interest expense (income)	1,783	(1,186)	597
Recognized in profit or loss	2,714	(1,186)	1,528
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,344)	(5,344)
Actuarial gain - changes in financial assumptions	(17,454)	-	(17,454)
Actuarial gain - experience adjustments	(5,533)	-	(5,533)
Recognized in other comprehensive income	(22,987)	(5,344)	(28,331)
Contributions from the employer	-	(4,037)	(4,037)
Benefits paid	(6,429)	6,429	-
Balance on December 31, 2020	$ 212,126	$ (161,359)	$ 50,767

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 95	$ 132
Operating expenses	970	1,396
	$ 1,065	$ 1,528

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	Measurement Date December 31 2021	Measurement Date December 31 2020
Discount rates	0.50%	0.50%
Expected rates of salary increase	1.00%	1.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31 2021	December 31 2020
Discount rates		
0.25% increase	$ (5,494)	$ (5,566)
0.25% decrease	$ 5,714	$ 5,796
Expected rates of salary increase		
0.25% increase	$ 5,585	$ 5,666
0.25% decrease	$ (5,398)	$ (5,468)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31 2021	December 31 2020
Expected contributions to the plans for the next year	$ 4,000	$ 4,020
Average duration of the defined benefit obligation	10.0 years	10.6 years

15. EQUITY

a. Share capital - ordinary shares

	December 31 2021	December 31 2020
Number of shares authorized (in thousands)	450,000	450,000
Shares authorized	$ 4,500,000	$ 4,500,000
Number of shares issued and fully paid (in thousands)	258,253	258,253
Shares issued	$ 2,582,527	$ 2,582,527

The issued ordinary shares with a par value at $10 are entitled the right to vote and receive dividends.

The number of employee share warrants retained in the authorized shares is 20,000 thousand shares, which can be issued separately.

b. Capital surplus

The adjustments to capital surplus for the years ended December 31, 2021 and 2020 were as follows:

	Share Premium	Compensation Costs Related to Share-based Payment	Movements of Capital Surplus for Associates Accounted for Using Equity Method and Subsidiaries	Movements of Capital Surplus due to Transactions of Treasury Shares	Total
Balance on January 1, 2021 and December 31, 2021	$ 346,007	$ 215,648	$ 131,358	$ 24,508	$ 717,521
Balance on January 1, 2020	$ 346,007	$ 215,648	$ 131,722	$ 24,508	$ 717,885
Changes in percentage of ownership interests in subsidiaries	-	-	(364)	-	(364)
Balance on December 31, 2020	$ 346,007	$ 215,648	$ 131,358	$ 24,508	$ 717,521

Capital surplus from share premium and the premium from disposal of treasury shares may be utilized to offset deficits; furthermore, when the Company has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of the Company's paid-in capital.

The capital surplus from movements of investments in associates and subsidiaries accounted for using equity method, subsequent invalidation from share-based payment transactions and those generated by reclassifying the employee share options to treasury shares under the share-based payment may only be utilized to offset deficits.

The capital surplus from share-based payment transactions cannot be utilized in any condition.

c. Retained earnings and dividends policy

Under the Company's dividends policy, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Company's board of directors shall, with more than two-thirds of the directors present, and the resolution of more than half of the directors present, shall distribute all or part of the dividends, bonuses, capital reserve or statutory surplus reserve in cash. And report to the shareholders meeting, the provisions of the above paragraph which should be subject to the resolution of the shareholders meeting is not applicable. For the Company's policies on the distribution of employees' compensation and remuneration of directors, refer to Employees' compensation and remuneration of directors in Note 17-f.

In order to meet "the balanced dividend policy" to conform with the Company's current operating environment and the goal of sustainability, the policy on the distribution of dividends emphasizes the need for the Company's stability and growth. No less than 30% of the distributable remaining earnings shall be distributed as stockholders' dividends, of which cash dividends to be distributed shall not be less than 10% of the total amount of dividends to be distributed.

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

The Company should appropriate or reserve a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". Distributions can be made out of any subsequent reserve of the debit to other equity items. Additionally, Rule No. 1090150022 was announced by FSC on March 31, 2021. After new rules announced, Rule No. 1010012865 and Rule No. 1010047490 have been abolished on December 31, 2021 and March 31, 2021, respectively, and the Company will follow the relevant rules.

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2020	For Fiscal Year 2019	For Fiscal Year 2020	For Fiscal Year 2019
Legal reserve	$ 45,866	$ 41,481		
Special reserve	18,629	245		
Cash dividends	387,379	374,466	$ 1.50	$ 1.45

The above appropriations for cash dividends have been resolved by the Company's board of directors on March 26, 2021 and March 27, 2020, respectively; the other proposed appropriations have been resolved by the shareholders in their meeting held on August 18, 2021 and June 12, 2020, respectively.

As of the date of approval of financial statements, the board of directors of the Company has not resolved the appropriation of earnings for 2021.

16. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 27,269,763	$ 23,558,565
Revenue from rendering of services	1,096,814	1,227,058
Revenue from repairs and maintenance services	546,271	640,406
	$ 28,912,848	$ 25,426,029

Contract Balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities			
Sale of goods	$ 68,574	$ 100,668	$ 90,031
Others	12,307	11,429	22,897
	$ 80,881	$ 112,097	$ 112,928

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

Revenue recognized in the current year that was included in the contract liabilities at the beginning of the year was as follows:

	For the Year Ended December 31	
	2021	2020
Revenues from the beginning contract liabilities		
Sale of goods	$ 100,668	$ 88,911
Others	10,665	20,322
	$ 111,333	$ 109,233

17. NET INCOME

a. Other income and expenses

	For the Year Ended December 31	
	2021	2020
Net gain (loss) on disposal of property, plant and equipment	$ 1,316	$ (644)
Net gain on lease modification	3,793	2,171
	$ 5,109	$ 1,527

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	$ 70,662	$ 68,220
Dividends	-	1,044
Others	20,473	15,297
	$ 91,135	$ 84,561

c. Interest expense

	For the Year Ended December 31	
	2021	2020
Interest on lease liabilities	$ 7,995	$ 11,239

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2021	2020
Right-of-use assets	$ 295,320	$ 311,295
Property, plant and equipment	52,148	67,476
Intangible assets	19,303	24,858
	$ 366,771	$ 403,629
An analysis of depreciation by function		
Operating costs	$ 2,755	$ 4,924
Operating expenses	344,713	373,847
	$ 347,468	$ 378,771
An analysis of amortization by function		
Operating expenses	$ 19,303	$ 24,858

e. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 14)		
Defined contribution plans	$ 64,491	$ 67,020
Defined benefit plans	1,065	1,528
	65,556	68,548
Termination benefits	393	9,246
Other employee benefits	1,513,770	1,514,160
Total employee benefits expense	$ 1,579,719	$ 1,591,954
An analysis of employee benefits expense by function		
Operating costs	$ 68,268	$ 107,146
Operating expenses	1,511,451	1,484,808
	$ 1,579,719	$ 1,591,954

f. Employees’ compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees’ compensation and remuneration of directors at rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, employees’ compensation, and remuneration of directors.

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and will be recognized in the following year.

The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which had been approved by the Company's board of directors on February 18, 2022 and February 18, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	$ 26,057	$ 18,784
Remuneration of directors	11,167	8,050

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

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

18. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 115,418	$ 73,431
Income tax on unappropriated earnings	339	-
Adjustments for prior years	821	(4,715)
Deferred tax		
In respect of the current year	(6,256)	(1,579)
Adjustments for prior years	(1)	5,835
Income tax expense recognized in profit or loss	$ 110,321	$ 72,972

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Income before income tax	$ 707,269	$ 509,856
Income tax calculated at the statutory rate	$ 141,454	$ 101,971
Nondeductible income in determining taxable income	-	(1)
Tax-exempt income - dividends	-	(209)
Investment gain not recognized in taxable income	(32,292)	(29,909)
Income tax on unappropriated earnings	339	-
Adjustments for prior years' tax	820	1,120
Income tax expense recognized in profit or loss	$ 110,321	$ 72,972

According to the Income Tax Act in the ROC, the applicable tax rate used by the Company is 20%.

b. Income tax recognized in other comprehensive (income) loss

	For the Year Ended December 31	
	2021	2020
Deferred tax		
Remeasurement on defined benefit plan	$ (1,345)	$ 5,666

c. Current tax liabilities

	December 31	
	2021	2020
Income tax payable	$ 115,514	$ 73,128

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investment loss on subsidiaries	$ 400,185	$ 766	$ -	$ 400,951
Payables for annual leave	9,545	1,009	-	10,554
Defined benefit obligation	9,364	(590)	1,345	10,119
Valuation loss on inventory	2,979	1,769	-	4,748
Unrealized sales discounts and allowances	2,190	1,643	-	3,833
Contract liabilities	1,618	1,846	-	3,464
Others	2,139	(186)	-	1,953
	$ 428,020	$ 6,257	$ 1,345	$ 435,622

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investment loss on subsidiaries	$ 399,508	$ 677	$ -	$ 400,185
Payables for annual leave	10,224	(679)	-	9,545
Defined benefit obligation	15,532	(502)	(5,666)	9,364
Valuation loss on inventory	2,894	85	-	2,979
Unrealized sales discounts and allowances	3,923	(1,733)	-	2,190

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Contract liabilities	$ 2,370	$ (752)	$ -	$ 1,618
Others	3,543	(1,404)	-	2,139
	$ 437,994	$ (4,308)	$ (5,666)	$ 428,020
Deferred tax liabilities				
Temporary differences				
Financial instruments at FVTPL	$ 52	$ (52)	$ -	$ -

(Concluded)

e. Income tax assessments

The income tax returns of the Company through 2019 have been assessed by the tax authorities.

19. EARNINGS PER SHARE

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

Net Income for the Year

	For the Year Ended December 31	
	2021	2020
Net income for the year	$ 596,948	$ 436,884

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in the computation of basic earnings per share	258,253	258,253
Effect of potentially dilutive ordinary shares:		
Employee compensation	858	606
Weighted average number of ordinary shares used in the computation of diluted earnings per share	259,111	258,859

The Company may settle the employee compensation in shares or cash, the Company shall presume the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company and its subsidiaries will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

21. FINANCIAL INSTRUMENTS

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

The carrying amounts of the Company's financial assets and liabilities not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic non-listed shares	$ -	$ -	$ 9,805	$ 9,805

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic non-listed shares	$ -	$ -	$ 10,017	$ 10,017

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

2) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of non-listed domestic equity investments were determined using the balance sheet approach.

In the balance sheet approach, the total value, including all specific assets and liabilities of the evaluation target, is considered to reflect the entity's integrated value. A decrease in discount for lack of marketability would result in increase in fair value.

c. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
Financial assets at amortized cost (1)	$ 4,793,698	$ 4,396,178
Financial assets at FVTOCI		
Equity investments	9,805	10,017
Financial liabilities		
Financial liabilities at amortized cost (2)	3,479,373	2,729,266

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, other current assets and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables, partial other payables and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments include receivables, payables and lease liabilities. The Company's Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, whose purpose was to effectively manage the risks caused by changes in foreign currency rates and interest rates. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Company's Finance Department reports quarterly to the Company's board of directors, which assesses if the report is consistent with the established operating strategies and risk standards.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company entered into foreign exchange forward contracts to manage its exposure to foreign currency risk.

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

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 25.

Sensitivity analysis

The Company was mainly exposed to the fluctuations of USD.

The Company's sensitivity to a 5% increase and decrease in the New Taiwan dollars (i.e. the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The movement in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the USD. For a 5% weakening of the New Taiwan dollars against the relevant currency, the pre-tax profit and the balances below would be an equal and negative change.

The Company does not have significant foreign currency risk.

b) Interest rate risk

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 1,037,702	$ 945,548
Financial liabilities	525,784	586,083
Cash flow interest rate risk		
Financial assets	1,398,090	1,182,989

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would increase/decrease by $3,495 thousand and $2,957 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its demand deposits.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed related departments, such as finance and investment, to monitor the price risk.

Sensitivity analysis

The sensitivity analysis was based on the exposure to equity price risks at the end of the reporting period. If equity prices of financial assets at FVTOCI had increased/decreased by 5%, the pre-tax other comprehensive income.

The Company does not have significant other price risk.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company's main credit risk is concentrated on the Company's major clients. The receivables from the major clients composed 50% and 49% of the total trade receivables as of December 31, 2021 and 2020, respectively. The clients mentioned above have good credit records, no material default risk was assessed; material credit risk did not exist.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities.

December 31, 2021

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 3,456,411	$ -	$ -	$ 22,962

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	**1-5 Years**	**5-10 Years**	**Total**
Lease liabilities	$ 224,271	$ 308,425	$ 3,820	$ 536,516

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 2,705,365	$ -	$ -	$ 23,901

Information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	Total
Lease liabilities	$ 282,008	$ 310,607	$ 6,854	$ 599,469

b) Financing facilities

	December 31 2021	December 31 2020
Unsecured bank loan facility		
Amount used	$ -	$ -
Amount unused	4,310,000	4,060,000
	$ 4,310,000	$ 4,060,000

22. TRANSACTIONS WITH RELATED PARTIES

a. The Company engages in business transactions with the following related parties:

Company	Relationship
Chunghwa Telecom Co., Ltd. (“Chunghwa Telecom”)	Ultimate parent entity
Fellow subsidiary	
CHYP Multimedia Marketing & Communications Co., Ltd.	Chunghwa Telecom’s subsidiary
CHIEF Telecom Inc.	Chunghwa Telecom’s subsidiary
Chunghwa System Integration Co., Ltd.	Chunghwa Telecom’s subsidiary
Spring House Entertainment Tech. Inc.	Chunghwa Telecom’s subsidiary
Smartfun Digital Co., Ltd.	Chunghwa Telecom’s subsidiary
Honghwa International Co., Ltd.	Chunghwa Telecom’s subsidiary
CHT Security Co., Ltd.	Chunghwa Telecom’s subsidiary
International Integrated Systems, Inc.	Chunghwa Telecom’s subsidiary
Chunghwa Precision Test Tech. Co., Ltd.	Chunghwa Telecom’s subsidiary
Subsidiary	
Youth Co., Ltd. (“Youth”)	The Company’s subsidiary
Aval Technologies Co., Ltd. (“Aval”)	The Company’s subsidiary
Senyoung Insurance Agent Co., Ltd. (“Senyoung”)	The Company’s subsidiary
ISPOT Co., Ltd. (“ISPOT”)	Youth’s subsidiary
Youyi Co., Ltd. (“Youyi”)	Youth’s subsidiary
Wiin Technologies Co., Ltd. (“Wiin”)	Aval’s subsidiary
Senaolife Insurance Agent Co., Ltd. (“Senaolife”)	Senyoung’s subsidiary

(Continued)

Company	Relationship
Associate	
Senao Networks, Inc. ("SNI")	Senao's investment accounted for equity method
EnGenius Tech. Co., Ltd.	Senao Networks's subsidiary
Emplus Technologies, Inc.	Senao Networks's subsidiary
Other related party	
Senao Technical and Cultural Foundation	A nonprofit organization of which the funds donated by SENAO exceeds one third of its total funds
E-Life Mall Co., Ltd.	Substantial related party
Engenius Technologies Co., Ltd.	Substantial related party
Cheng Keng Investment Co., Ltd.	Substantial related party
Cheng Feng Investment Co., Ltd.	Substantial related party
Hwa Shun Investment Co., Ltd.	Substantial related party
Yu Yu Investment Co., Ltd.	Substantial related party
All Oriented Investment Co., Ltd.	Substantial related party
Divine Fine Foods & Wine Inc.	Substantial related party (Note 1)
UUPON Inc.	Chunghwa Telecom's investment accounted for equity method (Note 2)
Taiwan International Standard Electronics Co., Ltd.	Chunghwa Telecom's investment accounted for equity method
KKBOX Taiwan Co., Ltd.	Chunghwa Telecom's investment accounted for equity method

(Concluded)

Note 1: Divine Fine Foods & Wine Inc. was originally a substantial related party of Senao, but Divine Fine Foods & Wine Inc. replaced its responsible persons in October 2021. Since then, Divine Fine Foods & Wine Inc. is no longer a related party of the Company.

Note 2: UUPON was originally an associate of Chunghwa Telecom. As Chunghwa Telecom did not participate in the capital increase of UUPON in October 2020, Chunghwa Telecom lost its significant influence over UUPON. Since then, UUPON was no longer a related party of the Company.

b. Terms of each transaction between the Company and other related parties are determined separately. Except for those which have already been specified in other notes and tables, details of transactions between the Company and other related parties are disclosed below.

1) Operating revenues

		For the Year Ended December 31	
Line Item	Related Party Category	2021	2020
Sales	Ultimate parent entity	$ 4,948,243	$ 4,730,280
	Fellow subsidiaries	2,038	1,345
	Subsidiaries	353,313	321,675
	Associates	122	945
	Other related parties	26,300	22,316
		$ 5,330,016	$ 5,076,561

(Continued)

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Service	Ultimate parent entity	$ 1,019,598	$ 1,106,615
	Fellow subsidiaries	3,232	1,549
	Subsidiaries	85,330	124,200
	Associates	3	37,048
		$ 1,108,163	$ 1,269,412
Repairs and maintenance	Ultimate parent entity	$ 1,512	$ 2,948
	Fellow subsidiaries	6	-
	Subsidiaries	8	-
	Other related parties	371	340
		$ 1,897	$ 3,288

(Concluded)

2) Purchases of goods

Related Party Category	For the Year Ended December 31 2021	2020
Ultimate parent entity	$ 5,515,088	$ 2,998,442
Fellow subsidiaries	1	1
Subsidiaries	313,092	305,277
Other related parties	13	-
	$ 5,828,194	$ 3,303,720

3) Operating expenses

Related Party Category	For the Year Ended December 31 2021	2020
Ultimate parent entity	$ 145,442	$ 165,898
Fellow subsidiaries	266	271
Subsidiaries	8	7
Associates	-	19
Other related parties	14,561	12,713
	$ 160,277	$ 178,908

Operating expense paid to ultimate parent entity was mainly the marketing expense resulting from goods sold by the ultimate parent entity for the Company.

4) Non-operating transactions

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Non-operating income	Ultimate parent entity	$ 1,227	$ 531
	Subsidiaries	34	39
	Other related parties	2,905	3,558
		$ 4,166	$ 4,128

5) Receivables from related parties

Line Item	Related Party Category	December 31 2021	December 31 2020
Accounts receivable from related parties	Ultimate parent entity	$ 831,709	$ 753,496
	Fellow subsidiaries	654	381
	Subsidiaries	100,938	189,652
	Other related parties	6,451	1,779
		$ 939,752	$ 945,308

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no allowance loss was recognized for receivables from related parties.

6) Other receivables from related parties

Line Item	Related Party Category	December 31 2021	December 31 2020
Other receivables from related parties	Ultimate parent entity	$ 151,324	$ 137,816
	Subsidiaries	204	271
		$ 151,528	$ 138,087

Other receivables were mainly balances of sales proceeds of goods sold by the ultimate parent entity for the Company.

7) Prepayments

Line Item	Related Party Category	December 31 2021	December 31 2020
Prepaid rents	Ultimate parent entity	$ 231	$ 231

8) Refundable deposits

Line Item	Related Party Category	December 31 2021	December 31 2020
Refundable deposits	Ultimate parent entity	$ 546	$ 546

9) Notes payable to related parties

Line Item	Related Party Category	December 31 2021	December 31 2020
Notes payable to related parties	Ultimate parent entity	$ 18	$ 18

10) Trade payables to related parties

Line Item	Related Party Category	December 31 2021	December 31 2020
Trade payables to related parties	Ultimate parent entity	$ 1,109,867	$ 598,967
	Fellow subsidiaries	-	1
	Subsidiaries	4,939	9,660
	Other related parties	1	-
		$ 1,114,807	$ 608,628

The trade payables to related parties were unsecured.

11) Other payables to related parties

Line Item	Related Party Category	December 31 2021	December 31 2020
Other payables to related parties	Ultimate parent entity	$ 195,511	$ 217,943
	Fellow subsidiaries	23	23
	Associates	675	590
	Other related parties	4,425	3,455
		$ 200,634	$ 222,011

The balances for the ultimate parent entity were proceeds of goods sold by the ultimate parent entity for the Company and the collection of monthly fees and bills. The associates paid daily subsistence allowance in Hwa Ya's plants for the Company. The transactions with other related parties were donations to other related parties.

12) Other current liabilities

Line Item	Related Party Category	December 31 2021	December 31 2020
Other advance receipts	Associates	$ 3,990	$ 3,990

13) Acquisitions of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31 2021	Purchase Price For the Year Ended December 31 2020
Subsidiaries	$ 30	$ 380

The Company purchased computer telecommunications equipment from the subsidiary.

14) Disposals of property, plant and equipment

Related Party Category	Proceeds For the Year Ended December 31 2021	Proceeds For the Year Ended December 31 2020	Gain (Loss) on Disposal For the Year Ended December 31 2021	Gain (Loss) on Disposal For the Year Ended December 31 2020
Associates	$ 9,800	$ -	$ 1,628	$ -

15) Lease arrangements - the Company is lessee

The company entered into a contract with the ultimate parent entity and the rent was paid by monthly or quarterly installments.

Acquisition of right-of-use assets

Related Party Category	For the Year Ended December 31 2021	2020
Ultimate parent entity	$ 6,339	$ 79,392

Due to the impact of the COVID-19 pandemic, the Company negotiated a lease with CHT for partial counter lease cancellation and lease negotiation. For this lease modification, the Company remeasured the lease liability and reduced the above right-of-use assets $2,893 thousand in 2021.

Due to the impact of the COVID-19 pandemic, the Company negotiated a lease with CHT to reduce the rent from June to September 2020. For this lease modification, the Company remeasured the lease liability and reduced the above right-of-use assets $1,963 thousand in 2020.

Line Item	Related Party Category	December 31 2021	2020
Lease liabilities - current	Ultimate parent entity	$ 6,033	$ 42,446
Lease liabilities - noncurrent	Ultimate parent entity	$ 10,662	$ 12,236

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Interest expense	Ultimate parent entity	$ 471	$ 1,050
Lease expense (accounted for operating expense)	Ultimate parent entity	$ 9,389	$ 1,085

16) Lease arrangements - the Company is lessor

SNI entered into a contract with the Company to lease partial Hwa Ya's plant. The rental income referred to the rental level of similar assets and was received monthly according to the lease agreement.

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Non-operating income	Ultimate parent entity	$ 3,339	$ -
	Subsidiaries	2,246	2,357
	Associates	45,611	45,611
	Other related parties	2	2
		$ 51,198	$ 47,970

c. Endorsements/guarantees provided

Related Party Category	December 31 2021	December 31 2020
Subsidiaries		
Endorsement/guarantee amount	$ 500,000	$ 400,000
Actual borrowing amount	$ 500,000	$ 400,000

d. Compensation of key management personnel

The remuneration of directors and members of key management personnel for the years ended December 31, 2021 and 2020 was as follows:

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Short-term employee benefits	$ 49,054	$ 49,589
Post-employment benefits	673	793
	$ 49,727	$ 50,382

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

23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments of the Company as of balance sheet dates were as follows:

The Company applied for post-release duty payment to the customs. As of December 31, 2021 and 2020, the amount of bank guarantees for the application were both $10,000 thousand.

24. OTHER ITEMS

The Company has assessed the economic impact of COVID-19 and determined that there were no significant impacts on the Company's financial statements as of the date the financial statements were authorized for issue. The Company will continue to monitor developments of the pandemic and assess the related impacts.

25. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
Assets denominated in foreign currencies			
Monetary items			
USD	$ 340	1:27.690 (USD:NTD)	$ 9,425
Non-monetary items			
Investments accounted for using the equity method			
USD	1,191	1:27.690 (USD:NTD)	32,968
Liabilities denominated in foreign currencies			
Monetary items			
JPY	3,961	1:0.2406 (JPY:NTD)	953

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Assets denominated in foreign currencies			
Monetary items			
USD	$ 60	1:28.508 (USD:NTD)	$ 1,714
Non-monetary items			
Investments accounted for using the equity method			
USD	8,142	1:28.508 (USD:NTD)	232,099
Liabilities denominated in foreign currencies			
Monetary items			
USD	69	1:28.508 (USD:NTD)	1,961

The Company does not have significant unrealized foreign exchange gain or loss.

26. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

1) Financing provided to others: None.

2) Endorsements/guarantees provided: See Table 1.

3) Marketable securities held (excluding investments in subsidiaries and associates): See Table 2.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5)Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 3.

8)Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 4.

9) Names, locations, and other information of investees in which the Company exercises significant influence (excluding investment in mainland China): See Table 5.

10) Trading in derivative instruments: See Note 21.

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: See Table 6.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position: None.

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: See Table 7.

TABLE 1

SENAO INTERNATIONAL CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period (Note 4)	Ending Balance (Note 4)	Actual Borrowing Amount	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Endorsement/ Guarantee Given by the Company on Behalf of Subsidiaries (Note 5)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of the Company (Note 5)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 5)	Note
		Name	Nature of Relationship (Note 2)											
0	Senao International Co., Ltd.	Aval Technologies Co., Ltd.	b	$ 613,023	$ 300,000	$ 300,000	$ 300,000	$ -	4.89%	$ 3,065,115	Yes	-	-	-
		Wiin Technologies Co., Ltd.	b	613,023	200,000	200,000	200,000	-	3.26%	3,065,115	Yes	-	-	-

Note 1: Significant transactions between the parent and its subsidiaries or among subsidiaries are numbered as follows:

a. “0” for the parent.
b. Subsidiaries are numbered from “1”.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

a. A company with which it does business.
b. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
c. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
g. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 3: The total amount of endorsement or guarantee that the Company is allowed to provide is up to 50% of the net equity of the Company. The limits on endorsement or guarantee amount provided to each guaranteed party is up to 10% of the net equity of the Company.

Note 4: The maximum balance for the year and the ending balance are quota approved by the board of directors.

Note 5: The following circumstances represent “Yes”:

a. Endorsement/guarantee given by parent on behalf of subsidiaries.
b. Endorsement/guarantee given by subsidiaries on behalf of the Company.
c. Endorsement/guarantee given on behalf of companies in mainland China.

TABLE 2

SENAO INTERNATIONAL CO., LTD.

MARKETABLE SECURITIES HELD (DO NOT INCLUDE SUBSIDIARY AND RELATED PARTY)
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares (Thousands/ Thousand Units)	Carrying Value	Percentage of Ownership	Fair Value	
Senao International Co., Ltd.	Stocks							
	UUPON Inc. (previously known as Dian Zuan Integrating Marketing Co., Ltd.)	-	Financial assets at FVOCI	109	$ 349	1.65	$ 349	-
	N.T.U. Innovation Incubation Corporation	-	Financial assets at FVOCI	1,200	9,456	9.41	9,456	-

Note: The related information about subsidiaries and associates are referred to in Tables 5 and 6.

TABLE 3

SENAO INTERNATIONAL CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction (Note 2)		Notes/Trade Payable or Receivable		Note
			Purchase/ Sales	Amount	% to Total	Payment Terms	Units Price	Payment Terms	Ending Balance	% to Total	
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Ultimate parent entity	Sales	$ 5,969,353	20.65	30-90 days	$ -	-	$ 831,709	48.20	Note 1
			Purchase	5,515,088	21.37	30 days	-	-	(1,109,885)	(40.08)	
	Aval Technologies Co., Ltd.	Subsidiary	Sales	351,228	1.21	60 days	-	-	64,646	3.75	
			Purchase	275,666	1.07	30 days	-	-	(2,212)	(0.08)	
Aval Technologies Co., Ltd.	Chunghwa Telecom Co., Ltd.	Ultimate parent entity	Sales	437,450	1.51	30 days	-	-	70,101	4.06	Note 1
	Youth Co., Ltd.	Fellow subsidiary	Sales	144,579	0.50	30 days	-	-	9,996	0.58	
	ISPOT Co., Ltd.	Subsidiary of fellow subsidiary	Sales	104,713	0.36	30 days	-	-	12,813	0.74	

Note 1: The sales from Chunghwa Telecom Co., Ltd. include sales revenue, service revenue and repairs and maintenance revenue.

Note 2: The related transaction terms are determined separately.

TABLE 4

SENAO INTERNATIONAL CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
Senao International Co., Ltd.	Chunghwa Telecom Co., Ltd.	Parent entity	$ 983,033 (Note 1)	7.53 (Note 2)	$ -	-	$ 10,438	$ -

Note 1: The receivables from related parties included $144,614 thousand which is the amount of products sold by Chunghwa Telecom Co., Ltd. for the Company, but not yet collected.

Note 2: The computation of the turnover of average receivables balance had already subtracted the receivables from Chunghwa Telecom Co., Ltd. for products sold for the Company.

TABLE 5

SENAO INTERNATIONAL CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Recognized Gain (Loss)	Note
				December 31, 2021	December 31, 2020	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
Senao International Co., Ltd.	Senao Networks, Inc.	Taiwan	Telecommunication facilities manufacturing and sales	$ 202,758	$ 202,758	16,579	33.79	$ 1,077,604	$ 449,270	$ 151,821	Note 1
	Senao International (Samoa) Holding Ltd.	Samoa Islands	International investment	2,046,143 (US$ 68,275)	2,253,828 (US$ 75,675)	31,875	100.00	32,968 (US$ 1,191)	(3,829) (US$ -137)	(3,829) (US$ -137)	Notes 1 and 2
	Youth Co., Ltd.	Taiwan	Sale of information and communication technologies products	427,850	427,850	14,752	95.79	196,426	1,860	(35,550)	Notes 1 and 3
	Aval Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	89,550	89,550	10,840	100.00	119,614	9,112	9,106	Notes 1 and 4
	Senyoung Insurance Agent Co., Ltd.	Taiwan	Property and liability insurance agency	59,000	59,000	5,900	100.00	99,817	36,097	36,085	Notes 1 and 5
Senao International (Samoa) Holding Ltd.	Senao International HK Limited	Hong Kong	International investment	2,060,467 (US$ 68,740)	2,248,963 (US$ 75,540)	80,440	100.00	30,845 (US$ 1,114)	(3,834) (US$ -137)	(3,834) (US$ -137)	Notes 1 and 6
Youth Co., Ltd.	ISPOT Co., Ltd.	Taiwan	Sale of information and communication technologies products	53,021	53,021	-	100.00	11,903	1,533	1,341	Notes 1 and 7
	Youyi Co., Ltd.	Taiwan	Maintenance of information and communication technologies products	21,354	21,354	-	100.00	17,624	(331)	(521)	Notes 1 and 8
Aval Technologies Co., Ltd.	Wiin Technologies Co., Ltd.	Taiwan	Sale of information and communication technologies products	29,550	29,550	3,305	100.00	39,440	5,964	5,964	Note 1
Senyoung Insurance Agent Co., Ltd.	Senaolife Insurance Agent Co., Ltd.	Taiwan	Life insurance agency	29,500	29,500	2,950	100.00	23,489	(2,697)	(2,697)	Note 1

Note 1: Calculated for the same period as the period of the audited financial statements.

Note 2: Senao International (Samoa) Holding Ltd. reduced capital to make up for the loss of US$6,100 thousand in February 2021, reduced capital by US$7,400 thousand in cash in July 2021, and reduced capital to make up for the loss of US$29,600 thousand in October 2021.

Note 3: Profit of Youth Co., Ltd. of $1,860 thousand in 2021; the amount of $269 thousand is adjustment arised from the increase of continuing interest; the amount of $37,679 thousand is comprised of impairment loss on goodwill and intangible assets, and adjustment arised from the increase of continuing interest.

Note 4: An investment gain of $9,112 thousand; the amount of lease arrangements between the parent entity and subsidiaries is $6 thousand.

Note 5: An investment gain of $36,097 thousand; the amount of $12 thousand is comprised of lease arrangements between the parent entity and subsidiaries.

Note 6: Senao International HK Limited reduced capital to make up for the loss of US$6,100 thousand in January 2021, reduced capital by US$6,800 thousand in cash in May 2021, and reduced capital to make up for the loss of US$29,600 thousand in August 2021.

Note 7: An investment gain of $1,533 thousand; the amount of $192 thousand is comprised of impairment loss on intangible assets.

Note 8: An investment loss of $331 thousand; the amount of $190 thousand is comprised of lease arrangements between the parent entity and subsidiaries less impairment loss on intangible assets.

Note 9: Information on investees in mainland China, see Table 6.

TABLE 6

SENAO INTERNATIONAL CO., LTD.

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Value as of December 31, 2021 (Notes 2 and 3)	Accumulated Inward Remittance of Earnings as of December 31, 2021	Note
					Outflow	Inflow							
Senao Trading (Fujian) Co., Ltd.	Sale of information and communication technologies products	$ 1,073,170 (US$ 36,000)	b	$ 1,073,170 (US$ 36,000)	$ -	$ 191,147 (US$ 6,810)	$ 882,023 (US$ 29,190)	$ -	100	$ -	$ -	$ -	Note 4
Senao International Trading (Shanghai) Co., Ltd.	Sale of information and communication technologies products	955,838 (US$ 32,000)	b	955,838 (US$ 32,000)	-	-	955,838 (US$ 32,000)	1,283 (US$ 45)	100	1,283 (US$ 45)	-	-	Note 5

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
$1,837,861 (US$61,190)	$2,047,858 (US$68,292)	$3,685,819

Note 1: Investments are divided into three categories as follows:

a. Direct investment.
b. Investments through a holding company, which means Senao International (Samoa) Holding Ltd. here, registered in a third region.
c. Others.

Note 2: Calculated as the same period of audited financial statements.

Note 3: We calculated the upper limit on investment in accordance with the “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area”.

Note 4: Senao Trading (Fujian) Co., Ltd. was approved to end and dissolve its business on September 27, 2018. The liquidation of Senao Trading (Fujian) Co., Ltd was completed in May 2019.

Note 5: Senao International Trading (Shanghai) Co., Ltd. was approved to end and dissolve its business on December 23, 2020. The liquidation of Senao International Trading (Shanghai) Co., Ltd was completed in April 2021.

TABLE 7

SENAO INTERNATIONAL CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Chunghwa Telecom Co., Ltd.	71,773,155	27.79
Hwa Shun Investment Co., Ltd.	20,509,659	7.94
Engenius Technologies Co., Ltd.	19,508,509	7.55
Yu Yu Investment Co., Ltd.	19,044,478	7.37
Cheng Feng Investment Co., Ltd.	19,003,436	7.35
Cheng Keng Investment Co., Ltd.	14,820,975	5.73

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

SENAO INTERNATIONAL CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Cash in banks and petty cash		$ 277,970
Checking accounts and demand deposits		1,430,646
Foreign currency deposits	Including US$340 thousand @27.69	9,425
Commercial paper	Maturities from 2021.12.17 to 2022.01.14, interest rates 0.25%	988,944
Stimulus Voucher		2,778
		$ 2,709,763

STATEMENT 2

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF NOTES RECEIVABLE, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 21,909
Client B	8,737
Client C	8,251
Client D	6,202
Client E	5,257
Others (Note)	50,228
	100,584
Less: Allowance for impairment loss	931
	$ 99,653

Note: The amount for each individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF TRADE RECEIVABLES, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client F	$ 208,321
Client G	129,089
Client H	57,709
Client I	37,768
Others (Note)	276,603
	709,490
Less: Allowance for impairment loss	23,409
	$ 686,081

Note: The amount for each individual client included in others does not exceed 5% of the account balance.

STATEMENT 4

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

	Amount	
Item	**Cost**	**Net Realizable Value**
Merchandise inventories	$ 2,613,134	$ 2,940,919

STATEMENT 5

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Gain or (Loss) on Investment Accounted for Using Equity Method	Adjustment in Using Equity Method	Balance, December 31, 2021			Net Assets Value (Note 8)	Collateral	Note
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount			Shares (In Thousands)	Proportion of Ownership %	Amount			
Senao International (Samoa) Holding Ltd. ("Senao Samoa")	74,975	$ 232,099	-	$ -	(43,100)	$ (207,685)	$ (3,829)	$ 12,383	31,875	100.00	$ 32,968	$ 32,968	Nil	Notes 1 and 2
Senao Networks, Inc. ("SNI")	16,579	991,610	-	-	-	-	151,821	(65,827)	16,579	33.79	1,077,604	1,077,604	Nil	Note 3
Youth Co., Ltd. ("Youth")	14,752	231,976	-	-	-	-	(35,550)	-	14,752	95.79	196,426	154,245	Nil	Note 4
Aval Technologies Co., Ltd. ("Aval")	10,060	110,508	780	-	-	-	9,106	-	10,840	100.00	119,614	119,612	Nil	Notes 5 and 6
Senyoung Insurance Agent Co., Ltd. ("Senyoung")	5,900	90,862	-	-	-	-	36,085	(27,130)	5,900	100.00	99,817	99,823	Nil	Notes 6 and 7
		$ 1,657,055		$ -		$ (207,685)	$ 157,633	$ (80,574)			$ 1,526,429	$ 1,484,252		

Note 1: The adjustment in using equity method of Senao International (Samoa) Holding Ltd. was resulted from exchange differences on translating the financial statements of foreign operations.

Note 2: Senao International (Samoa) Holding Ltd. reduced capital of US$6,100 thousand to offset deficits in February 2021, reduced cash capital of US$7,400 thousand in July 2021 and reduced capital of US$29,600 thousand to offset deficits in October 2021.

Note 3: The adjustments in using equity method of SNI include the following:

a.	Share of exchange differences arising from the translation of the foreign operations of associates accounted for using the equity method through other comprehensive gain or loss.	$ (1,392)
b.	Share of remeasurement of defined benefit plans of associates accounted for using the equity method through other comprehensive gain or loss.	1,881
c.	Cash dividends paid by investees.	(66,316)
		$ (65,827)

Note 4: The difference between balances of December 31, 2021 and net assets value was the unamortized amount between consideration received and receivable and net identifiable assets arising from the acquisition of Youth by the Company.

Note 5: In June 2021, Aval issued 780 thousand shares through capitalization of earnings.

Note 6: The difference between balances of December 31, 2021 and net assets value was the unamortized amount from the lease contracts between parent entity and subsidiaries.

Note 7: The adjustments in using equity method of Senyoung arose from the cash dividends paid by investees.

Note 8: The amounts were based on audited financial statements.

STATEMENT 6

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

	Balance on January 1, 2021	Additions	Decreases	Closing Balance
Cost				
Buildings	$ 1,038,290	$ 257,422	$ 237,550	$ 1,058,162
Transportation equipments	2,656	330	375	2,611
Others	744	696	746	694
	1,041,690	258,448	238,671	1,061,467
Accumulated depreciation				
Buildings	474,810	293,695	218,703	549,802
Transportation equipments	600	1,116	375	1,341
Others	542	509	744	307
	475,952	295,320	219,822	551,450
	$ 565,738	$ (36,872)	$ 18,849	$ 510,017

STATEMENT 7

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	$ 651,493
Vendor B	247,856
Vendor C	101,027
Vendor D	93,837
Vendor E	83,004
Others (Note)	472,812
	$ 1,650,029

Note: The amount for each individual vendor in others does not exceed 5% of the account balance.

STATEMENT 8

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Lease Term	Discount Rate (%)	Closing Balance
Buildings	2019.01-2028.11	1.30-1.79	$ 524,112
Transportation equipments	2020.06-2023.05	1.30	1,281
Others	2021.03-2024.02	1.30	391
			525,784
Less: Lease term ends not later than 1 year			218,878
			$ 306,906

STATEMENT 9

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Sales revenue	$ 28,152,067
Less: Sales returns	282,747
Sales discounts and allowances	599,557
Net sales	27,269,763
Revenue from rendering of services	1,096,814
Revenue from repairs and maintenance services	546,271
Net revenue	$ 28,912,848

STATEMENT 10

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise inventories, beginning of year	$ 1,869,885
Add: Merchandise purchased	27,535,037
Less: Merchandise inventories, end of year	2,613,134
Purchase discounts and allowances	1,731,480
Transferred to repair costs	205,397
Add: Others	521,326
Cost of goods sold	25,376,237
Service and repair costs	441,877
Operating costs	$ 25,818,114

STATEMENT 11

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 1,078,938
Depreciation expense	316,008
Business promotion expense	207,968
Bank commission	168,112
Insurance expense	127,323
Others (Note)	422,076
	$ 2,320,425

Note: The amount for each item in others does not exceed 5% of the amount balance.

STATEMENT 12

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$ 143,448
Depreciation expense	28,705
Amortization expense	19,239
Repair expense	16,764
Others (Note)	104,405
	$ 312,561

Note: The amount for each item in others does not exceed 5% of the amount balance.

STATEMENT 13

SENAO INTERNATIONAL CO., LTD.

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	2021			2020		
	Belonging to Operating Costs	Belonging to Operating Expenses	Total	Belonging to Operating Costs	Belonging to Operating Expenses	Total
Employee benefit expenses (Note)						
Payroll expense	$ 54,761	$ 1,222,386	$ 1,277,147	$ 88,051	$ 1,201,871	$ 1,289,922
Labor and health insurance	6,823	133,748	140,571	9,668	129,151	138,819
Pension	3,152	62,404	65,556	3,545	65,003	68,548
Remuneration to directors	-	14,827	14,827	-	11,680	11,680
Others	3,532	78,086	81,618	5,882	77,103	82,985
	$ 68,268	$ 1,511,451	$ 1,579,719	$ 107,146	$ 1,484,808	$ 1,591,954
Depreciation expense	$ 2,755	$ 344,713	$ 347,468	$ 4,924	$ 373,847	$ 378,771
Amortization expense	$ -	$ 19,303	$ 19,303	$ -	$ 24,858	$ 24,858

Note 1: As of December 31, 2021 and 2020, the Company had an average of 2,099 and 2,252 employees, respectively, including 7 non-employee directors.

Note 2: As of December 31, 2021 and 2020, the average employee benefit expense were $748 thousand and $704 thousand, respectively. (The average employee benefit expense equals the total remuneration of directors divided by the number of non-employee directors).

Note 3: As of December 31, 2021 and 2020, the average payroll expense were $610 thousand and $575 thousand, respectively (The average payroll expense equals the payroll divided by the number of non-employee directors).

Note 4: The average payroll expense adjustment rate is 6.09%.

Note 5: The Company does not have supervisors; therefore, there is no remuneration to supervisors.

Note 6: The remuneration policy for directors, management personnel and employees are as follow:

a. The remuneration of directors is paid for each attendance of the board of directors in accordance with the resolutions of the board of directors. Independent directors are paid monthly fixed remuneration, and distribute directors' remuneration in accordance with the Company's policies without paying other related floating remunerations. The remuneration of directors has been fully considered with the Company's operating objectives, financial status and directors' responsibilities, and is linked to the profitability of operating performance. The remuneration of directors is submitted to the board of directors for resolution after reviewed by the remuneration committee.

b. The salary of managers and employees is divided into fixed salary and variable salary. The fixed salary is handled in accordance with the Company's "Salary and Benefit Management Regulations", and is verified according to the job title and professional ability. Floating salary includes year-end bonus, performance appraisal bonus and employee remuneration, which are issued according to the Company's operating conditions and performances.

c. The Company grants year-end bonuses, performance appraisal bonuses, and contributes employee remuneration in proportion to annual surplus based on operating performance. The amount allocated is linked to operating performance profits. It is submitted to the board of directors for resolution after reviewed by the remuneration committee.

6. Any financial distress experienced by the company or its affiliated enterprises and impacts on the company's financial position in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

VII. Review and analysis of financial position and business performance, and risk assessment

1. Financial position

The comparison table of financial positions

Unit: NT$ thousand

Item \ Year	December 31, 2021	December 31, 2020	Variation	
			Amount	%
Current assets	7,962,726	6,834,221	1,128,505	16.51
Non-current assets	3,129,886	3,340,983	(211,097)	(6.32)
Total assets	11,092,612	10,175,204	917,408	9.02
Current liabilities	4,531,148	3,832,372	698,776	18.23
Non-current liabilities	418,431	415,712	2,719	0.65
Total liabilities	4,949,579	4,248,084	701,495	16.51
Share capital	2,582,527	2,582,527	-	-
Capital surplus	717,521	717,521	-	-
Retained earnings	2,851,814	2,645,743	206,071	7.79
Other equity	(21,631)	(32,410)	10,779	(33.26)
Treasury shares	-	-	-	-
Non-controlling interests	12,802	13,739	(937)	(6.82)
Total equity	6,143,033	5,927,120	215,913	3.64

Analysis of variations exceeding 20%:

1.Increase of other equity was primarily due to the increase of cumulative translation adjustment in 2021.

2. Financial performance

(1) The comparison table of financial performance

Unit: NT$ thousand

Item \ Year	2021	2020	Variation	
			Amount	%
Operating revenue	31,038,933	27,007,073	4,031,860	14.93
Gross profit	3,465,732	3,086,322	379,410	12.29
Income from operations	483,498	308,967	174,531	56.49
Non-operating income and expenses	231,478	207,574	23,904	11.52
Pre-tax profit	714,976	516,541	198,435	38.42
Net income	596,011	435,915	160,096	36.73
Total other comprehensive income (loss)	7,281	3,149	4,132	131.22
Total comprehensive income - current	603,292	439,064	164,228	37.40
Net profit attributable to owners of the Parent	596,948	436,884	160,064	36.64
Net profit attributable to non-controlling interests	(937)	(969)	32	(3.30)
Comprehensive profit (loss) attributable to the owners of the parent company	604,229	440,033	164,196	37.31
Comprehensive income attributable to non-controlling interests	(937)	(969)	32	(3.30)

VII. Review and analysis of financial position and business performance, and risk assessment

1. Analysis of variations:
   (1) Income from operations, pre-tax profit, net income, current total comprehensive income increased primarily due to increase of operating revenue.
   (2) Increase in other comprehensive income was mainly due to the increase of the exchange differences resulting from the translation of foreign operations.
2. Cause of change to the Company's major business activities: There was not major change, so it is not applicable.
3. Projected sales volume and its base for next year. Explain the major factors that keep the Company's projected sales volume to rise: continue to cultivate the retailing of communication products and distribution channels, maintain the leading position in communication products distribution, introduce more competitive smartphones and a more diverse portfolio of information and digital products. Via the Senaonline, the Company will integrate the Online and Offline businesses and receive the synergy from combining virtual and physical channels.

3. Cash Flow

(1) Liquidity analysis for the last 2 years:

	2021	2020	Amount increased (decreased)	Variation(%)
Beginning cash and cash equivalent balance	2,797,626	2,568,897	228,729	8.90
Net cash inflows (outflows) from operating activities	654,179	862,323	(208,144)	(24.14)
Net cash inflows (outflows) from investing activities	215,473	54,387	161,086	296.18
Net cash inflows (outflows) from financing activities	(690,084)	(687,555)	(2,529)	0.37
Ending cash and cash equivalent balance	2,976,985	2,797,626	179,359	6.41

Analysis of variations exceeding 20%:

1. Reduction in net cash inflows from operating activities: It was mainly due to increase in sales resulting change in inventory, account receivables (payables), and other account receivables (payables), contract liability that resulting in reduction in cash.
2. Increase in net cash inflows from investing activities: It was mainly due to cash increase because of overseas investment recovery resulting in an increase in cash.

(2) Cash liquidity analysis for the next year:

Unit: NT$ thousand

Beginning cash balance (1)	Annual net cash flows from operating activities (2)(Note)	Annual cash outflows (3)(Note)	Cash surplus(Deficit) (1)+(2)-(3)	Remedies for cash deficit	
				Plan for investing activities	Plan for financing activities
2,709,763	731,550	594,928	2,846,385	-	-

Note:the financial information above is the unconsolidated data projected by the Company, and is not reviewed by the CPA.

1. Analysis of 2022 cash flows:
   (1) Operating activities: Net income is projected for 2022 which will result in the net cash inflows from operating activities.
   (2) Investing activities: cash outflows mainly to support the capital expenditure for operating IT system and acquisition of equipment for retail stores.
   (3) Financing activities: mainly to support short-term capital needs.
2. Remedies and analyses for cash deficit: not applicable.

4. Impacts on financial operations of any major capital expenditures during the most recent fiscal year: None.

5. Reinvestment policy for the most recent fiscal year, main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(1) Investment policy for the most recent fiscal year: The Company's investment policy is oriented on the core business of sale and operation of the information and communication products and agency of property and life insurance.

(2) Losses or gains from investments: The Company' share of profit of associates accounted for using equity method in 2021 was NT$151,821 thousand.

(3) Investment plans for the coming year: There is no investment plan for the coming year.

(4) Improvement plan: Continue to control and reduce the expenses in order to improve overall operating performance.

VII. Review and analysis of financial position and business performance, and risk assessment

6. Risk assessment for the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report

(1) Impact of interest rate, exchange rate, and inflation on the Company's earnings, and responsive measures.

1. Interest risk:

The Company upholds the principles of prudence and conservativeness for its capital allocation plan and places emphasis on security. It evaluates currency market interest rate and financial information on a regular basis and, based on costs of fund and the potential return and risk, choose the most beneficial capital allocation plan as well as responsive measures.

2. Impact of change to the foreign exchange rate:

The profit on foreign exchange in 2021 was NT$11,876 thousand based on consolidation basis, which posed limited impact on the company gains or losses.

3. Inflation risk:

The change of inflation rate does not cause any material impact on the Company's operation and profitability.

(2) High-risk and highly leveraged investments, loans to third parties, endorsements / guarantees, and derivatives trading

The main causes of any profits or losses incurred and future responsive measures:

1. Loans to third parties: Up till the publication date of this annual report, the Company does not have any loans to third parties.
2. Endorsements / guarantees: The Company only provides endorsements and guarantees to subsidiaries in accordance with the Company's Endorsement and Guarantee Procedures.
3. Policy for derivatives trading: The Company places focus on development of core businesses and does not involve in any high-risk and high-leveraged investment or loans to third parties. All the investments were made with prudent evaluations. Loans to third parties, endorsements and guarantees, derivatives trading are conducted in accordance with the Company's "Procedures Governing the Acquisition or Disposal of Assets", "Procedures for Loans to Others", "Endorsement and Guarantee Procedures" and "Guidelines for Derivatives Trading" and relevant responsive

measures.

(3) Future research and development plans, and the projected expenses:

In 2022, the layout of direct retail stores will be transformed, online platform will be optimized and system functions will be expanded, the warehouse management system for corporate data and the fire system for machine room will be improved, and development for environmental control integration will be carried out. The budget for these is about NT$ 53.58 million and focuses on these three themes:

1. The transformation of direct retail stores will focus on smart home and e-commerce (retail) O2O service platform to develop Senaoonline concept store. In this place, diverse product selections will be provided and the space constraint in a retail store will be eliminated. The store can be utilized as the joint platform for cross industry collaboration.
2. Corporations have decided to develop OMO and no-cost startup platform. The system function of online platform is optimized and expanded accordingly. The physical service is launched online for consumers to shop online and offline more conveniently.
3. The improvement of fire system for machine room and the environmental control integration effectively enhance environmental safety for machine room, and reinforce the storage and safety of business confidentiality.

(4) The effect of major policy changes and legal practices, whether domestic or foreign, on the Company's financial operations and responsive actions:

1. Amendments to Labor Standards Act: The amendments to Labor Standards Act passed at the end of 2016 have posted great impact on many industries in terms of manpower arrangement and attendance management, especially on service industry. However, the retail personnel consist of the largest portion of the Company's employees, and their number of working days and hours were already in compliance with the Act. Only the working shift has to be adjusted to the new "one fixed day off and one flexible rest day" standard, and some of the stores' operating hours needs to be adjusted in accommodation of limited overtime hours. Overall, the impact on the salary expenses was minor.
2. "Mobile device insurance": The Company has launched the

"extended scope of free mobile repair service" as first in the industry, and income generated by this service is growing. The Insurance Bureau has thereby deemed such service as "insurance" products which can only be sold by personnel with the Property Insurance Representative certification. Therefore, the Insurance Bureau has set up the category of "mobile device insurance" for this kind of insurance that was opened for application in October 2017. Many of the Company's employees have applied and obtained the certifications, thereby the policy change does not affect the sale of this service. The Company continues to launch the burglary insurance for mobile devices.

(5) Financial impacts and responsive measures in the event of technological or industrial changes:

The technological or industrial change did not materially impact the Company's financial and operational performance in the most recent year.

(6) Impact on crisis management and responsive measures in the event of a change in corporate image:

The Company owns a good corporate image and does not encounter any change that may cause crisis.

(7) Expected benefits, risks and responsive measures of planned mergers or acquisitions:

The Company does not have any planned merger or acquisition, so it is not applicable.

(8) Expected benefits, risks and responsive measures associated with plant expansions:

The Company does not have any plan for plant expansion, so it is not applicable.

(9) Risks and responsive measures associated with concentrated sales or purchases:

The Company's suppliers are mainly the well-known international brands; meanwhile, the Company actively expend its business lines, so there are no risks associated with concentrated sales or purchases.

(10) Impacts and risks associated with major transfer of shares by directors, supervisors, or major shareholders with more than 10% ownership interest: None.

(11) Effects, risks and responsive measures associated with a change in management: None.

(12) Litigation and non-contentious cases: None.
(13) Other material risks and responsive measures: None.

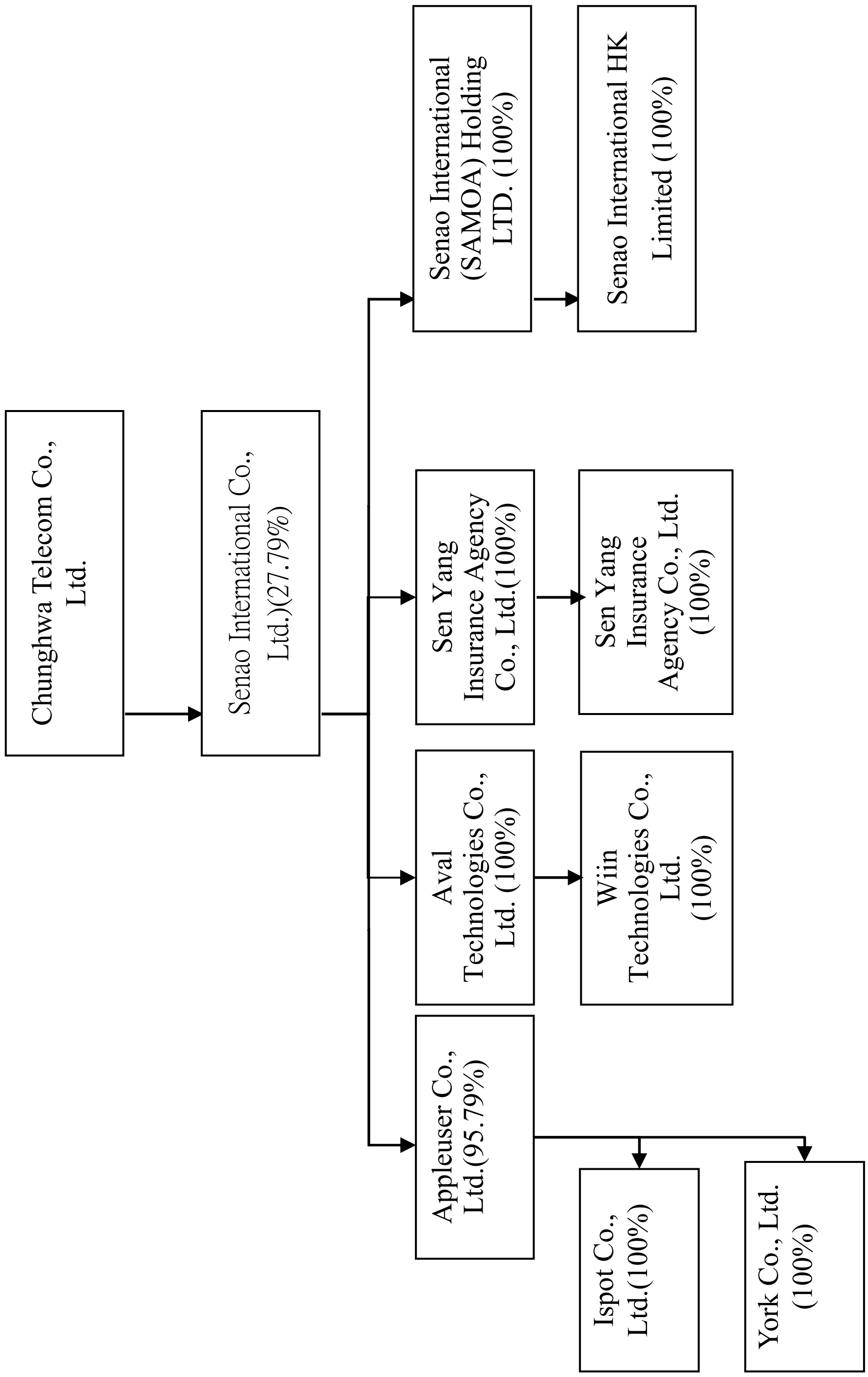
7. Other important matters: None

VIII. Special remarks

1. Information related to the Company's affiliates

(1) Relationship of affiliated entities

1. Organizational chart (As of December 31, 2021)



2. Backgrounds of affiliated entities

Unit: NT$ thousand December 31, 2021

Name of entity	Established date	Address	Paid-in capital	Main business activities or products
Chunghwa Telecom Co., Ltd.	June 15, 1996	No. 21-3, Sec. 1, Xinyi Rd., Taipei City	NTD77,574,465	Telecommunication/data service
Senao International (SAMOA) Holding LTD.	December 15, 2009	Samoa	USD 31,875	International investment business
Senao International HK Limited	December 28, 2009	Hong Kong	USD 32,340	International investment business
Appleuser Co., Ltd.	October 4, 1996	No. 13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City	NTD154,000	Sale of telecommunication products
York Co., Ltd.	June 12, 2012	2F., No. 13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City	NTD21,354	Repairs of telecommunication products
Ispot Co., Ltd.	September 5, 2012	No. 13, Sec. 1, Bade Rd., Zhongzheng Dist., Taipei City	NTD10,727	Sale of telecommunication products
Aval Technologies Co., Ltd.	October 5, 2015	6F., No. 533, Zhongzheng Rd., Xindian Dist., New Taipei City	NTD108,400	Sale of telecommunication products
Wiin Technologies Co., Ltd.	September 12, 2019	6F., No. 533, Zhongzheng Rd., Xindian Dist., New Taipei City	NTD33,050	Sale of telecommunication products
Sen Yang Insurance Agency Co., Ltd.	November 22, 2017	2F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City	NTD59,000	Property insurance agency
Sen Yang Insurance Agency Co., Ltd.	November 29, 2019	2F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City	NTD29,500	Life insurance agency

3. Common shareholders in controlling and controlled companies: None.
4. Businesses covered by affiliated companies: The businesses covered by the Company and its affiliates consist of fixed network telecommunications, mobile telecommunication, Internet, data communication, sale, repairs and process of telecommunication products and property and life insurance agency.

5. Details on the directors, supervisors, and president of the affiliated entities:

December 31, 2021

Name of entity	Title	Name or representative	Shareholding	
			Number of Shareholding	Percentage of Shareholding
Chunghwa Telecom Co., Ltd.	Chairman	Ministry of Transportation and Communications Representative: Chi-Mao Hsieh	2,737,718,976	35.29%
	Director	Ministry of Transportation and Communications Representative: Lien-Chuan Li	2,737,718,976	35.29%
	Director	Ministry of Transportation and Communications Representative: Hsin-Yi Chang	2,737,718,976	35.29%
	Director	Ministry of Transportation and Communications Representative: Hsin-Hung Chen	2,737,718,976	35.29%
	Director	Ministry of Transportation and Communications Representative: Shui-Yi Kuo	2,737,718,976	35.29%
	Director	Ministry of Transportation and Communications Representative: Yu-Lin Huang	2,737,718,976	35.29%
	Director	Ministry of Transportation and Communications Representative: Shih-Hung Tseng	2,737,718,976	35.29%
	Director	Ministry of Transportation and Communications Representative: Hung-Yi Hsiao	2,737,718,976	35.29%

Name of entity	Title	Name or representative	Shareholding	
			Number of Shareholding	Percentage of Shareholding
	Independent Director	Chung-Chin Lu	0	0%
	Independent Director	Yi-Chin Tu	0	0%
	Independent Director	Lou-Yu Yen	0	0%
	Independent Director	Cheng-Jan Chen	0	0%
	Independent Director	Yu-Fen Lin	0	0%
	President	Shui-Yi Kuo	0	0%
Senao International (SAMOA) Holding LTD.	Director	Senao International Co., Ltd. Representative: Pao-Yung Lin	-	100%
Senao International HK Limited	Director	Senao International (SAMOA) Holding LTD. Representative: Pao-Yung Lin	-	100%
Appleuser Co., Ltd.	Chairman	Senao International Co., Ltd. Representative: Yu-Chiang Wu	14,752,000	95.79%
	Director	Senao International Co., Ltd. Representative: Chi-Hung Liao	14,752,000	95.79%
	Director	Senao International Co., Ltd. Representative: Kuan-Heng Lai	14,752,000	95.79%
	Supervisor	Tsai-Hung Yu	-	0%
	President	Yu-Chiang Wu	-	0%
York Co., Ltd.	Director	Appleuser Co., Ltd. Representative: Yu-Chiang Wu	-	100%
Ispot Co., Ltd.	Director	Appleuser Co., Ltd. Representative: Yu-Chiang Wu	-	100%
Aval Technologies Co., Ltd.	Chairman	Senao International Co., Ltd. Representative: Wen-He Tsai	10,840,000	100%
	President	Yu-Chiang Wu	-	0%

VIII. Special remarks

Name of entity	Title	Name or representative	Shareholding	
			Number of Shareholding	Percentage of Shareholding
Wiin Technologies Co., Ltd.	Chairman	Aval Technologies Co., Ltd. Representative: Wen-He Tsai	3,305,000	100%
	President	Yu-Chiang Wu	-	0%
Sen Yang Insurance Agency Co., Ltd.	Chairman	Senao International Co., Ltd. Representative: Yen-Yen Cheng	5,900,000	100%
	Director	Senao International Co., Ltd. Representative: Yen-Chu Hsu	5,900,000	100%
	Director	Senao International Co., Ltd. Representative: Chi-Hung Liao	5,900,000	100%
	Supervisor	Senao International Co., Ltd. Representative: Kuan-Heng Lai	5,900,000	100%
	President	Yen-Yen Cheng	-	0%
Sen Yang Insurance Agency Co., Ltd.	Chairman	Sen Yang Insurance Agency Co., Ltd. Representative: Ho-Yi Wang	2,950,000	100%
	Director	Sen Yang Insurance Agency Co., Ltd. Representative: Yen-Yen Cheng	2,950,000	100%
	Director	Sen Yang Insurance Agency Co., Ltd. Representative: Kuan-Heng Lai	2,950,000	100%
	President	Ho-Yi Wang	-	0%

(2) Performance of affiliated enterprises in 2021:

Unit: NT$ thousand, except earnings per share is expressed in NT$

Name of entity	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Net income (loss) (after tax)	Earnings per share (after tax)
Chunghwa Telecom Co., Ltd.	77,574,465	513,070,360	121,807,910	391,262,450	210,477,948	44,929,821	37,194,879	4.61
Senao International (Samoa) Holding Ltd.	1,028,018	32,968	0	32,968	0	(95)	(3,829)	-
Senao International HK Ltd.	1,043,115	30,845	0	30,845	0	(1,322)	(3,834)	-
Appleuser Co., Ltd.	154,000	175,123	29,176	145,947	192,771	(1,488)	1,860	0.12
Ispot Co., Ltd.	10,727	39,805	30,962	8,843	114,409	1,533	1,533	-
York Co., Ltd.	21,354	17,603	10,564	7,039	10,864	(695)	(331)	-
Aval Technologies Co., Ltd.	108,400	303,383	183,771	119,612	1,694,774	3,927	9,112	0.86
Wiin Technologies Co., Ltd.	33,050	97,948	58,508	39,440	746,972	7,510	5,964	1.88
Sen Yang Insurance Agency Co., Ltd.	59,000	234,743	134,920	99,823	409,028	47,921	36,097	6.12
Sen Yang Insurance Agency Co., Ltd.	29,500	24,536	1,047	23,489	2,165	(3,419)	(2,697)	(0.91)

VIII. Special remarks

Relationship between the controlling and the controlled company

Unit: share;%

Controlling company Name	Means of Control	Shares are Held and Pledged by the Controlling Company			Directors, Supervisors or Managers Appointed by the Controlling Company	
		Number of Shareholding	Percentage of Shareholding	Shares Pledged	Title	Name
Chunghwa Telecom Co., Ltd.	It has power over Senao International to direct the relevant activities	71,773,155	(27.79%) (As of March 31, 2022)	-	Chairman Director Director Director Chief Financial Officer	Chin-Lin Lai Tien-Tsai Su Chih-Cheng Chien Wen-Chih Lin Chien-Chih Chen Chien-Chi Liao

Sales and purchases information

Unit: NT$ thousand；%

Trading with controlling company				Trading terms with controlling company		General trading terms (note)		Cause of difference (Note 1)	Account and note receivables (payables)		Overdue receivables			Remark
Sales (purchases)	Amount	Percentage to the total sales (purchases)	Gross margin	Unit price (NT$)	Credit period	Unit price (NT$)	Credit period		Balance	Percentage to the total account and note receivables (payables)	Amount	Handling method	Amount of bad loan provision	
Sales Purchases	$5,969,353 $5,515,088	19.23 20.04	1,571,796	- -	30-90 days 30 days	- -	- -	- -	831,709 (1,109,885)	43.73 (37.85)	- -	- -	- -	

Note: trading terms were agreed individually.

Asset lease

Unit: NT$ thousand

Type of transaction (tenant or landlord)	Object		Lease period	Nature of lease (Note)	Base of lease rate	Charging (payment) method	Compared to the average lease rate	Total lease amount for current period	Amount received or paid for current period	Other agreed matters
	Name	Base location								
Lease of	Meeting venue for cloud service and training institute	Portion of Chunghwa Telecom's operating offices	-	Operating lease	Contract	Pay by month or quarter	-	$9,389	$9,389	None

Note: An operating lease or a finance lease shall be stated.

Trading of property: None.
Financing: None
Guarantees and endorsements:

Senao International Co., Ltd. and subsidiaries
Guarantees and endorsements
January 1, 2021 to December 31, 2021

Unit: NT$ thousand

Number (Note 1)	Name of entity making the endorsement/ guarantee	Entity the endorsement/ guarantee is made to		Amount limit of endorsement/ guarantee to one single entity (Note 3)	Maximum balance of endorsement/guarantee for current period	Ending balance of endorsement/ guarantee	Actual amount used	Amount of endorsement/ guarantee made with property	Percentage of accumulated amount of endorsement/guarantee to the net worth of the most recent financial statements (%)	Maximum amount limit of endorsement/ guarantee (Note 4)	Endorsement/ guarantee made by parent company to the subsidiary (Note 5)	Endorsement/ guarantee made by the subsidiary to parent company (Note 5)	Endorsement/ guarantee made to entity in China (Note 5)	Remark
		Name of company	Relation (Note 2)											
0	Senao International Co., Ltd.	Aval Technologies Co., Ltd.	2	613,023	300,000	300,000	300,000	$ -	4.89	3,065,115	Y	-	-	
		Wiin Technologies Co., Ltd.	2	613,023	200,000	200,000	200,000	$ -	3.26	3,065,115	Y	-	-	

Note 1: Explanation for the Number Column is as follows:
- Enter 0 for the Company
- The investee entities shall be numbered from 1 and follows individually, the same entity shall have the same number.

Note 2: the relationship between the entity makes the endorsement/guarantee and whom the endorsement/guarantee is made to is as follows:
1. The companies with which it has business relations
2. A company in which the entity directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in entity.
4. A company in which the entity holds, directly or indirectly, 90% or more of the voting shares.
5. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage
6. Companies in same type of business and joint builders providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 3: Amount limit of endorsement/guarantee to one single entity=Equity attributable to the owners of the parent company NT$5,913,381 thousand* 10%=NT$591,338 thousand.

Note 4: Maximum amount limit of endorsement/guarantee ==Equity attributable to the owners of the parent company NT$5,913,381 thousand* 50%= NT$2,956,690 thousand

Note 5: Fill “Y” for endorsement/guarantee made by a TWSE/TPEx listed parent company to the subsidiary, endorsement/guarantee made by the subsidiary to a TWSE/TPEx listed parent company or endorsement/guarantee made to entity in China

Other material transaction: None

VIII. Special remarks

2. Private placement of securities for the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report: None.
3. Holding or disposal of shares in the company by the company’s subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
4. Other matters that require additional description: None.
5. Occurrence of situations listed in paragraph 3, subparagraph 2 of Article 36 of the Securities and Exchange Act, which might materially affect shareholders’ equity or the price of the company’s securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Senao International Co., Ltd.
Declaration of Internal Control Policies

Date: February 18, 2022

The following declaration had been made based on the 2021 self-assessment of the Company's internal control policies:

1. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and regulatory compliance.
2. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
3. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.
4. The Company adopted the above-mentioned criteria to evaluate the effectiveness of its internal control policy design and execution.
5. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2021. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability,

timeliness and transparency of reported financial information, and its compliance with relevant laws.

6. This declaration constitutes part of the Company’s annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure in the public statement above are subject to legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This declaration was approved at the Company’s board of directors meeting held on February 18, 2022. None of the 11 directors present to the meeting held any objections, and unanimously agreed to the contents of this declaration.

Senao International Co., Ltd.

Chairman: Chin-Lin Lai (Signature)

President: Pao-Yung Lin (Signature)

Senao International Co., Ltd.

Major resolutions made by the Shareholders' Meeting, the Board of Directors' meetings and Audit Committee's meeting

Date	Major resolutions made by the Shareholders' Meeting	Implementation
2021.08.18	1. Recognized 2020 Business Report and Financial Statements (combined with earnings distribution). 2. Discussed on the Articles of Incorporation.	1. Set the ex-dividend date on June 29, 2021, and cash dividends were scheduled to be paid on July 15, 2021. (Cash dividend was NT$1.5 per share, totaling NT$387,378,986)

Date	Number of meeting	Discussion Matters	Resolution	Follow-up actions	Items listed in Article 14-3 of the Securities Exchange Act	Objections or qualified opinions raised by independent director
2021.02.18	The 12th meeting of the 10th board of directors	1. Recognized the distribution of Employees' Compensation and Directors' Remuneration of 2020	Passed as proposed unanimously by all directors present at the meeting.	1. The management department has handled as passed and included it into the agenda of the annual shareholders' meeting on June 21, 2021 as a reporting matter.	V	None
		2. Recognized 2020 Business Report and Financial Statements.		2. The management department has handled as passed, and the financial statements were submitted on February 18, 2021 and included into the agenda of the annual shareholders' meeting on June 21, 2021 for recognition.	V	

VIII. Special remarks

Date	Number of meeting	Discussion Matters	Resolution	Follow-up actions	Items listed in Article 14-3 of the Securities Exchange Act	Objections or qualified opinions raised by independent director
		3. Passed the proposal to issue the "2020 Declaration of domestic and SOX internal control policies"		3. The management department has handled as passed, and public announcement was made on February 22, 2021	V	
		4. Passed the 2021 audit fees		4. The management department has handled as passed.	V	
		5. Amendments to parts of the Company's "Articles of Incorporation".		5. The management department has handled as passed and included it into the agenda of the annual shareholders' meeting on June 21, 2021 as a discussion matter.		
		6. Amendments to parts of the Company's "Rules Governing the Procedures for Shareholders' Meeting".		6. The management department has handled as passed and included it into the agenda of the annual shareholders' meeting on June 21, 2021 as a discussion matter.		
		7. Release of the Corporate Director's representatives from Non-Competition Restrictions.		7. The management department has handled as passed and included it into the agenda of		

Date	Number of meeting	Discussion Matters	Resolution	Follow-up actions	Items listed in Article 14-3 of the Securities Exchange Act	Objections or qualified opinions raised by independent director
				the annual shareholders' meeting on June 21, 2021 as a discussion matter.		
		8. Set the date and relevant matters for the 2021 annual shareholders' meeting.		8. The management department has handled as passed, and public announcement was made on February 18, 2021.		
		9. Acquisition of right-of-use assets by the Company.		9. The management department has handled as passed.	V	
2021.03.26	The 13th meeting of the 10th board of directors	1. Report on the Distribution and Disbursement of Dividends and Bonuses for 2020.	Passed as proposed unanimously by all directors present at the meeting.	1. The management department has handled as passed and included it into the agenda of the annual shareholders' meeting on June 21, 2021 as a reporting matter.	V	None
		2. Adjusted the right-of-use asset by the Company because the Company threw the lease of the counter at the public space.		2. The management department has handled as passed, and public announcement was made on March 26, 2021.	V	
		3. Acquisition of right-of-use assets by the Company.		3. The management department has handled as passed.	V	

VIII. Special remarks

Date	Number of meeting	Discussion Matters	Resolution	Follow-up actions	Items listed in Article 14-3 of the Securities Exchange Act	Objections or qualified opinions raised by independent director
		4. Made capital reduction by cash and offset accumulated losses of the Company's overseas subsidiaries, Senao International HK Ltd. and Senao International (Samoa) Holding Ltd.		4. The management department has handled as passed.	V	
2021.04.28	The 14th meeting of the 10th board of directors	1. Senao planned to increase the amount of endorsement for Wiin Technologies Co., Ltd.	Passed as proposed unanimously by all directors present at the meeting.	1. The management department has handled as passed, and announced the report on the Market Observation Post System.	V	None
		2. Passed the proposal for applying addition and extension of general credit line and applying extension of credit line for derivative transactions.		2. The management department has handled as passed.	V	
		3. Appointment of the Chief Financial Officer of the Company.		3. The management department has handled as passed, and the appointment was effective on May 1, 2021.	V	
2021.07. 28	The 15th meeting of the 10th board of directors	1. Reviewed 2020 managers' and employees' compensations disbursement	Resolution: Except Vice Chairman Pao-Yung Lin, directors	1. The management department has handled as passed.	V	None

Date	Number of meeting	Discussion Matters	Resolution	Follow-up actions	Items listed in Article 14-3 of the Securities Exchange Act	Objections or qualified opinions raised by independent director
			Cheng-Feng Lin and Cheng-Kang Lin had avoided the discussion and voting due to conflict of interests, the agenda was passed as proposed unanimously by remaining directors present at the meeting.			
		2. Acquisition of right-of-use assets by the Company.	Passed as proposed unanimously by all directors present at the meeting.	2. The management department has handled as passed, and public announcement was made on June 21, 2021.	V	
		3. Adjusted the amount for the right-of-use asset by the Company because of rent cut by the related party and because the Company threw the lease for a counter.		3. The management department has handled as passed, and public announcement was made on July 28, 2021.	V	
		4. The Company planned to set the date and location for the 2021 annual shareholders' meeting again.		4. The management department has handled as passed, and public announcement was made on July 28, 2021. The meeting has been held on August 18,		

VIII. Special remarks

Date	Number of meeting	Discussion Matters	Resolution	Follow-up actions	Items listed in Article 14-3 of the Securities Exchange Act	Objections or qualified opinions raised by independent director
				2021.		
2021.11.05	The 16th meeting of the 10th board of directors	1. Adjusted the amount for the right-of-use asset by the Company because of rent cut by the related party	Passed as proposed unanimously by all directors present at the meeting.	1. The management department has handled as passed, and public announcement was made on September 24, 2021.	V	None
		2. Acquisition of right-of-use assets by the Company.		2. The management department has handled as passed, and public announcement was made on November 5, 2021.	V	
2021.12.17	The 17th meeting of the 10th board of directors	1. 2022 Business Plan and budget	Passed as proposed unanimously by all directors present at the meeting.	1. The management department has handled as passed.	V	None
		2. Recognition of 2022 internal audit plan		2. The management department has handled as passed and filed on December 17, 2021 in accordance with relevant laws.	V	
		3. Disbursement of 2021 Chairman's and managers' performance appraisal and year-end bonus.	Resolution: Except Chairman Chin-Lin Lai, Vice Chairman Pao-Yung Lin, directors Cheng-Feng Lin and Cheng-Kang Lin had avoided the discussion and	3. The management department has handled as passed.	V	

Date	Number of meeting	Discussion Matters	Resolution	Follow-up actions	Items listed in Article 14-3 of the Securities Exchange Act	Objections or qualified opinions raised by independent director
			voting due to conflict of interests, the agenda was passed as proposed unanimously by remaining directors present at the meeting.			
		4. Appointment of the new manager of Retail Business Department of the Company	Passed as proposed unanimously by all directors present at the meeting.	4. The management department has handled as passed, and public announcement was made on December 17, 2021.		
		5. Discussed the proposal for cancellation of registration of the Company's overseas subsidiaries, Senao International HK Ltd. and Senao International (Samoa) Holding Ltd.		5. The management department has handled as passed.	V	
		6. Adjusted the amount for the right-of-use asset by the Company because the Company threw the lease of four counters at the public space.		6. The management department has handled as passed, and public announcement was made on December 17, 2021.	V	
		7. Discussed the 2022 donation to related parties.		7. The management department has handled as	V	

VIII. Special remarks

Date	Number of meeting	Discussion Matters	Resolution	Follow-up actions	Items listed in Article 14-3 of the Securities Exchange Act	Objections or qualified opinions raised by independent director
				passed, and public announcement was made on December 17, 2021.		

Date	Number of meeting	Discussion Matters	Resolution	Follow-up actions	Items listed in Article 14-5 of the Securities Exchange Act	Objections or qualified opinions raised by Audit Committee
2021.02. 18	The 11th meeting of the 1st Audit Committee	1. Recognized 2020 Business Report and Financial Statements.	Passed as proposed unanimously by all members present at the meeting.	1. Submitted to the Board of Directors' meeting for resolution	V	None
		2. Passed the proposal to issue the "2020 Declaration of domestic and SOX internal control policies"		2. Submitted to the Board of Directors' meeting for resolution	V	
		3. Passed the 2021 audit fees.		3. Submitted to the Board of Directors' meeting for resolution	V	
		4. Acquisition of right-of-use assets by the Company.		4. Submitted to the Board of Directors' meeting for resolution	V	
2021.03. 26	The 12th meeting of the 1st Audit Committee	1. Report on the Distribution and Disbursement of Dividends and	Passed as proposed unanimously by all members	1. Submitted to the Board of Directors'	V	None

		Bonuses for 2020.	present at the meeting.	meeting for resolution		
		2. Adjusted the right-of-use asset by the Company because the Company threw the lease of the counter at the public space.		2. Submitted to the Board of Directors' meeting for resolution	V	
		3. Acquisition of right-of-use assets by the Company.		3. Submitted to the Board of Directors' meeting for resolution	V	
		4. Made capital reduction by cash and offset accumulated losses of the Company's overseas subsidiaries, Senao International HK Ltd. and Senao International (Samoa) Holding Ltd.		4. Submitted to the Board of Directors' meeting for resolution	V	
2021.04. 28	The 13th meeting of the 1st Audit Committee	Senao planned to increase the amount of endorsement for Wiin Technologies Co., Ltd.	Passed as proposed unanimously by all members present at the meeting.	Submitted to the Board of Directors' meeting for resolution	V	None
2021.07. 28	The 14th meeting of the 1st Audit Committee	1. Acquisition of right-of-use assets by the Company.	Passed as proposed unanimously by all members present at the meeting.	1. Submitted to the Board of Directors' meeting for resolution	V	None
		2. Adjusted the amount for the right-of-use asset by the Company because of rent cut by the related party and because the Company threw the lease for a counter.		2. Submitted to the Board of Directors' meeting for resolution	V	
2021.11. 05	The 15th meeting of the 1st Audit Committee	1. Adjusted the amount for the right-of-use asset by the Company because of rent cut by the	Passed as proposed unanimously by all members present at the	1. Submitted to the Board of Directors' meeting	V	None

VIII. Special remarks

		related party.	meeting.	for resolution		
		2. Acquisition of right-of-use assets by the Company.		2. Submitted to the Board of Directors' meeting for resolution	V	
2021.12.17	The 16th meeting of the 1st Audit Committee	1. 2022 Business Plan and budget	Passed as proposed unanimously by all members present at the meeting.	1. Submitted to the Board of Directors' meeting for resolution	V	None
		2. Recognition of 2022 internal audit plan		2. Submitted to the Board of Directors' meeting for resolution	V	
		3. Discussed the proposal for cancellation of registration of the Company's overseas subsidiaries, Senao International HK Ltd. and Senao International (Samoa) Holding Ltd.		3. Submitted to the Board of Directors' meeting for resolution	V	
		4. Adjusted the amount for the right-of-use asset by the Company because the Company threw the lease of four counters at the public space.		4. Submitted to the Board of Directors' meeting for resolution	V	
		5. Discussed the 2022 donation to related parties.		5. Submitted to the Board of Directors' meeting for resolution	V	

IX. Appendix

Contact information for the Company's operating offices

Office	Address
Head Office	2F., No. 531, Zhongzheng Rd., Xindian Dist., New Taipei City
Taichung Office	1F. and 3F., No. 8, Huaxin St., North Dist., Taichung City
Chungli Office	4F., No. 63, Zhongfeng N. Rd., Zhongli Dist., Taoyuan City
Hualien Office	1F., No. 16, Sec. 1, Jianguo Rd., Ji'an Township, Hualien County
Tainan Office	No. 6, Dalin Rd., South Dist., Tainan City
Chiayi Office	No. 12, Zhongyi St., West Dist., Chiayi City
Minzu Office	7F., No. 853, Minzu 1st Rd., Zuoying Dist., Kaohsiung City
Kaoshiung Wenxin Office	2F., No. 262, Wenxin Rd., Gushan Dist., Kaohsiung City
Northern Regional Repairs Center	2F, No. 500, Fuxing 3rd Rd., Guishan Dist., Taoyuan City
Central Regional Repairs Center	23F.-3, No. 925, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City
Southern Regional Repairs Center	7F., No. 853, Minzu 1st Rd., Zuoying Dist., Kaohsiung City
Hualian Linsen Repairs Center	2F., No. 210-6, Linsen Rd., Hualien City
Taipei Minquan ASP	1F., No. 102, Sec. 3, Xinyi Rd., Da'an Dist., Taipei City
Taoyuan Yiwen ASP	2F., No. 1200, Zhongzheng Rd., Taoyuan Dist., Taoyuan City
Taichung Yizhong ASP	No. 148, Sec. 3, Sanmin Rd., North Dist., Taichung City
Taichung Zhonggang ASP	23F.-2, No. 925, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City
Chiayi Xingye ASP	1F., No. 387, Xingye W. Rd., West Dist., Chiayi City
Tainan Zhonghua East ASP	No. 201, Sec. 3, Zhonghua E. Rd., East Dist., Tainan City
Kaohsiung Arena ASP	No. 45, Bo'ai 3rd Rd., Zuoying Dist., Kaohsiung City
Samsung Yilan Service Center	1F., No. 137, Singdong Rd., Luodong Township, Yilan County
Samsung Hualien Service Center	1F., No. 210-6, Linsen Rd., Hualien City
Samsung Taichung Zhonggang Service Center	23F.-3, No. 925, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City

Senao International Co., Ltd.

Chairman: Chin-Lin Lai