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Chicony Power Technology Co., Ltd.

2021 Annual Report

Dated by May 5, 2022

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5. Name of overseas stock securities and method for accessing information on overseas negotiable securities : None.

6. Company Website : <https://www.chiconypower.com/>

Chicony Power Technology Co., Ltd.

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1. Letter to Shareholders

Dear Shareholders:

1.1. Business Performance in 2021

(I) Results Accomplished with the Business Operating Plan for 2021

With the joint efforts by the Company's managerial team and entire staff, in 2021, the Consolidated Sales Revenues were up to NT\$40,363,978,000, growing by 16% over 2020. The Net Profit after taxes came to NT\$2,827,207,000, increasing by 32% over 2020.

(II) Analyses on Financial Revenues and Expenditures and Profitability

1. Financial Revenues and Expenditures

Unit: NTD 1,000

Item	2021	2020	Increase (decrease) %
Operating Profit	3,451,006	2,825,919	22.12%
Net Earnings After Tax	2,827,207	2,136,627	32.32%
Average Total Assets	27,591,820	23,472,058	17.55%
Average Total Shareholders' Equity	10,313,633	8,898,749	15.90%

2. Profitability

Item	2021	2020
Average Return on Assets (%)	10.35	9.21
Average Return on Shareholders' Equity (%)	27.41	24.01
Operating Profit Accounting for the Ratio of Share Capital at the End of the Period (%)	88.00	72.69
Net Profit Margin (%)	7.00	6.13
Earnings Per Share	7.22	5.52

(III) Performance in Research and Development

In 2021, the Company has invested a total of NT\$1,792,787,000 in R&D expenses to develop new products, strengthen automated production equipment, improve production process and upgrade R&D technicians' competency. Given the industrial environment, which evolves rapidly and involves intensive competition, the Company will actively control the development trend in the market, and continue to invest funds in the innovation of products and R&D of technology, especially in the new application areas, such as development of products including power supply of gaming computers, power supply systems of data center and server, power supply systems of high-efficient, power supply of satellite communication, power supply of AIOT, charging station, and smart building management platform, etc., in order to keep intensifying the Company's competitiveness in the industry.

1.2. Business Operating Plan for 2022

(I) Business Targets and Forecast for 2022

Looking forward to 2022, the whole world is still ravaged by new variants of the virus. With the gradual popularization of vaccine coverage and the continuous research and development of vaccines and various anti-epidemic drugs in various countries, vaccination has had a positive effect on suppressing the severity of the epidemic and reducing the mortality rate.

The coexistence of humans and viruses will form the new lifestyle in post-epidemic era. The global economic outlook is expected to gradually recover. With the high demand for working from home, distance learning, and home entertainment, and the rise of new product application development. The global technology industry's market is expected to positive development. The demand for electronic components industry is booming. In order to alleviate the rising pressure of global inflation, the Fed is expected to taper the scale of QE significantly and interest rate hikes accelerate.

Notwithstanding, the Company's management team will deal with various challenges derived from changes in the global economy and industrial environment carefully, by upholding its optimistic and vigorous visions. The Company will continue to be dedicated to the R&D and marketing of power supply-related products and also work hard to develop the business about products related to cloud smart, such as AIOT power of Smart Home Products etc. and in the ever-booming E-sports industry, as well as Power Supply Systems and AI trends for Big Databank Centers and Servers. The Company will adhere to the "No Quality, No Sales" policy and strictly control the product quality and continue upgrading the efficiency of its customer service to increase the Company's overall operating revenue and earnings. Moreover, it will improve automated manufacturing and expand the plant, and strengthen global layout to increase production flexibility and efficiency in response to the increasing demand for manufacturing requirements. We anticipate that within the year, we shall sell an aggregate total of 196 million sets of electronic parts and components products, consumer electronic products, and other related products.

(II) The Business Operating Policies and Strategies of Future Development of the Company

For business operation policies and strategies of future development of the Company, we will focus on marketing, production, research and development, products, human resources and financial standing, as enumerated below:

1. Marketing

- (1) Upgrade the sale proportion of high value-added power supply products to increase the Company's earnings.
- (2) Actively develop the business for products related to cloud smart, power supply of e-sports computers, and power supply for data center servers, etc., in response to the industrial development trend.
- (3) Actively continue to expand the market share of power supply products and develop customers for new products.
- (4) Take firm trends of market development and boost customer service efficiency, with continuous profound cultivation of and contacts with customers to provide customers with services in the best real-time.

2. Production

- (1) Utilize the inter-group co-procurement and actively expand cooperation with suppliers in Mainland China to effectively reduce the procurement cost of raw materials.
- (2) Continuously increase automated production ratio, improve production efficiency and strengthen product quality to mitigate the pressure produced by increase in labor cost.
- (3) Continue to research, develop and improve the production process to upgrade the production efficiency and product quality.
- (4) Continuously boost the ratio of automated production and continue to develop new manufacturing processes to minimize production costs, enhance production efficiency and quality.
- (5) Preparing to expand the plant and plan the construction of the new Thailand factory to disperse the risk over production bases.

3. Research and Development

- (1) Continuously cooperate with heavyweight manufacturers, customers and suppliers

throughout the world, make use of advanced key technology and development trends in the markets to create a technology advantage.

- (2) Continue to focus on research and development in innovation and technology of products to upgrade the Company's position levels in the markets and in know-how.
- (3) Speed up quality certification of various products, domestic and overseas, to upgrade competitiveness of the products in international markets.
- (4) Continue to recruit excellent human resources and enhance employees' professional training to upgrade the Company's strength in R&D.

4. Products

- (1) Take the firm trends of market development and boost research and development of power supply products for new domains of application to increase product items and help the Company gain added profits.
- (2) Augment the power supply solution projects for server and huge information centers to develop upward to high-end products.
- (3) Continue to develop the power supply products and smart building management platform related to smart home to be in line with the global smart energy trend.
- (4) Continue to research and develop high-power supply products related to high-end servers and gaming computers.

5. Human Resources

- (1) Work with colleges and universities and provide scholarships and fellowships to excellent students to recruit professional human resources.
- (2) Effectively utilize the system targets of all sorts of human resources to help all business divisions accomplish annual targets in profits.
- (3) Look into and make sure of the trends in human resources relevant policies at home and abroad, and regularly review the relevant practices and systems of the Company, to win over maximum possible benefits common for both labor and management.
- (4) Fulfill corporate social responsibility, practice corporate governance and value care for employees to achieve the enterprise's objectives for sustainable operations.

6. Financial Standing

- (1) Make maximum possible use of the derivative financial instruments and diversified, comprehensive, and multifaceted instruments in the capital markets to minimize potential fluctuations in foreign exchange and the risks in rising prices of raw materials.
- (2) Continuously strengthen control over accounts receivable, boost the turnover rate of a variety of assets to effectively control budgeting and implementation process.
- (3) Devise and work out optimum taxation planning for the Company and the subsidiaries pursuant to the requirements of taxation laws of the countries concerned.
- (4) Continuously minimize liability ratios.

(III) Key Production and Marketing Policies

1. Continuously team up with internationally renowned giant customers to expand the market shares of our products in line with the growth of customers' sales revenues and the rising ratios of our products sold to them.
2. Comprehensively promote the automated production and continuously develop new manufacturing processes to boost product efficiency and quality.
3. Continuously expand the domains of application for new products, raise the proportion of sales turnover of our products with added values to help gain added profits.
4. Continuously set up global warehouses for deliveries in real-time to strengthen flexibility of deliveries and enhance the close teamwork ties with customers.
5. Utilize the inter-group co-procurement and marketing strength to reduce the procurement cost of raw materials and increase the sales of products.
6. Enhance the performance of the existing ERP overall information system to boost operating efficiency of all business sectors.

1.3. The Impact Among the Environments of External Competitions, Legal Ambiance and Environment for Overall Business Operations:

In the business operations here in the Company, we have faithfully complied with the laws and regulations currently prevalent in the home country and the countries where our subsidiaries are located. Our entire managerial team members shall, as always, continuously stay watchful about the environmental changes that might have an impact upon our business operations. Meanwhile, we shall implement business policies and strategies in marketing, production, research and development, production, human resources and financial concern to continuously boost our overall business performance and to strive for the optimum values to our customers, shareholders and employees.

Chairman: Lu, Chin-Chung

President: Tseng, Kuo-Hua

Chief Finance Officer: Chen, Hsueh-Yi

2. Company Introduction

2.1. Date of Incorporation: December 24, 2008

2.2. Corporate Milestones

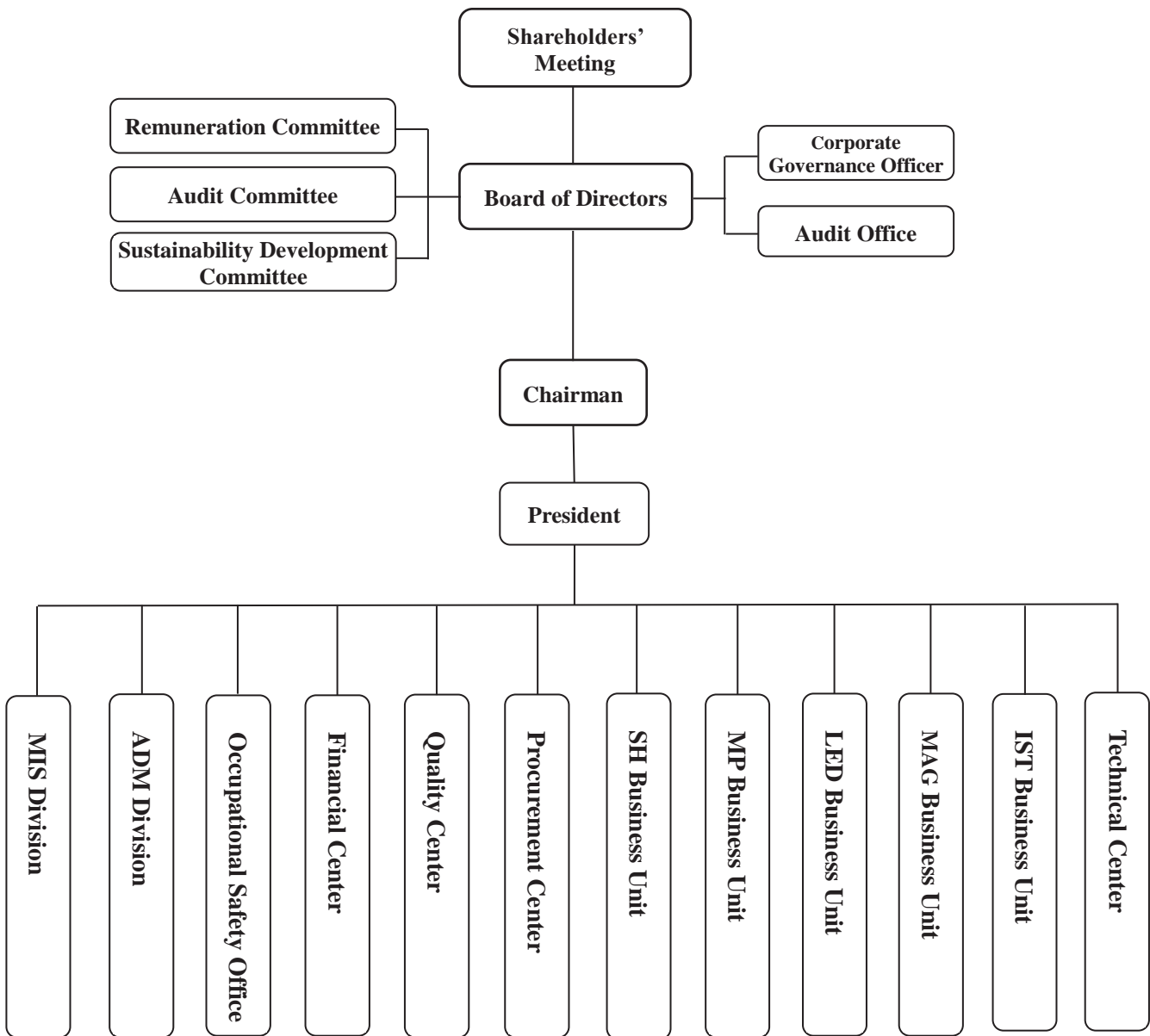
Year/Month	Descriptions
Dec. 2008	Chicony Power Technology Co., Ltd. (hereinafter referred to as “the Company” or “Chicony Power”) was invested and established by Hipro Electronics (Taiwan) Co., Ltd. (hereinafter referred to as “Hipro Electronics”) on December 2008. The Company’s registered paid-in capital is NTD 1 million and is mainly engaged in the business of producing and marketing of switching power supplies.
Feb. 2009	The Company issued common stocks to take over the power supply business segment from Hipro Electronics. Paid-in capital increased to NTD 81 million.
Apr. 2009	The Company increased its paid-in capital out of cash for NTD 2 billion. Paid-in capital increased to NTD 2.081 billion.
Jul. 2009	-The Company invested and set up a 100% owned holding company - Chicony Power Holdings Inc., and through this holding company the Company invested and owned indirectly 100% shares of Chicony Power International Inc. -Chicony Power International Inc. bought from Hipro Overseas (B.V.I.) Inc. the 100% shares of Hipro Technologies, Inc., and 100% shares of Hipro Hong Kong Ltd. By way of this the Company indirectly owns 100% shares of Hipro Electronics (Dongguan) Co., Ltd., 100% shares of Hipro Electronics (Suzhou) Co., Ltd., and 100% shares of Guang Sheng Electronics (Nanchang) Co., Ltd., respectively, and thus build a comprehensive network of overseas production bases.
Oct. 2009	The Company renamed its indirectly owned company - Hipro Technologies, Inc. as Chicony Power USA, Inc., and has it engaged in the business of selling power supply. The purpose is to enhance sales and serve customer in the United States.
Jan. 2010	Build up the LED Business Unit.
Aug. 2010	-The Company increased its paid-in capital out of capital reserves and earnings (including employee bonus) for NTD 334,868,320. Paid-in capital increased to NTD 2,415,868,320. -The Company renamed its indirectly invested company - Hipro Electronics (Suzhou) Co., Ltd., as Chicony Power Technology (Suzhou) Co., Ltd. -The Company set up the LED production lines in Chicony Power Technology (Suzhou) Co., Ltd.
Sep. 2010	The Company renamed its indirectly invested company - Hipro Hong Kong Ltd. as Chicony Power Technology Hong Kong Ltd.
May 2011	-The Company indirectly invested a 100% owned Chicony Energy Saving Technology (Shanghai) Co., Ltd. to engage in the business of selling LED lighting equipment. -The Company indirectly invested and set up Chicony Power Technology (Chong Qing) Co., Ltd. to engage in the business of selling power supply and LED lighting equipment.
Dec. 2011	The Company increased its paid-in capital out of capital reserves and earnings (including employee bonus) for NTD 345,971,100. Paid-in capital increased to NTD 2,761,839,420.
May 2012	The Company set up LED production line in Hipro Electronic (Dongguan) Co., Ltd.
Oct. 2012	The Company increased its paid-in capital out of capital reserves and earnings (including employee bonus) for NTD 496,129,920. Paid-in capital increased to NTD 3,257,969,340.
Nov. 2012	The Company was approved by the FSC for public issuance of stocks.
Jan. 2013	The Company was approved by the TPEx to have stocks listed and traded on the emerging market board.
Jan. 2013	The Company indirectly invested and set up Dongguan Chicony Power Trading Co., Ltd. to engage in the sales of power supply and LED lighting equipment.
Aug. 2013	The Company increased its paid-in capital out of earnings (include Employees Bonus) for NTD 35,817,110. Paid-in capital increased to NTD 3,293,786,450.
Nov. 2013	On November 8, the Company officially listed and had stocks traded on the Taiwan Stock Exchange (TWSE).
Nov. 2013	The company increased its paid in capital out of cash for NTD 240 million. Paid-in capital increased to NTD 3,533,786,450.
Jul. 2014	The Company owns 78.125% shares of Witslight Technology Co., Ltd., and indirectly owns 78.125% shares of Witslight Technology Group and Witslight Technology Group (Kunshan) and engages in designing, research and development, production and sales of LED lighting Module.
Aug. 2014	The Company increased its paid-in capital out of earnings (include Employees Bonus) for NTD 54,747,040. Paid-in capital increased to NTD 3,588,533,490.
Apr. 2015	The Company indirectly owns 78.125% shares of Zhuzhou Torch Auto Lamp Co. Ltd., and engages in production and sales of automotive and motorcycle components, electric machine

Year/Month	Descriptions
	and device, lamps and plastic products.
Aug. 2015	The Company increased its paid-in capital out of earnings (include Employees Bonus) for NTD 54,577,840. Paid-in capital increased to NTD 3,643,111,330.
Sep. 2015	The Company increased its capital out of new restricted employee shares for NT 40,079,700. Paid-in capital increased to NTD 3,683,191,030.
Mar. 2016	The Company increased and decreased its paid-in capital out of revocation of new restricted employee shares for NTD 17,407,700. Paid-in capital increased to NTD 3,700,598,730.
Jun. 2016	-Revocation of new restricted employee shares for NTD 333,380. Paid-in capital after revocation decreased to NTD 3,700,265,350. -The Company indirectly owns 78.125% shares of Carlight Technology Co., Ltd., and engages in Design, researching and developing and foreign sales of automotive and motorcycle lamps and other components.
Aug. 2016	The Company increased its paid-in capital out of earnings (include Employees Remuneration) for NTD 57,431,050. Paid-in capital increased to NTD 3,757,696,400.
Sep. 2016	Revocation of new restricted employee shares for NTD 207,600. Paid-in capital after revocation decreased to NTD 3,757,488,800.
Nov. 2016	Revocation of new restricted employee shares for NTD 42,600. Paid-in capital after revocation decreased to NTD 3,757,446,200.
Jan. 2017	The Company renamed its indirectly invested company - Hipro Electronic (Dongguan) Co., Ltd., as Chicony Power Technology (Dongguan) Co., Ltd.
Apr. 2017	Revocation of new restricted employee shares for NTD 45,480. Paid-in capital after revocation decreased to NTD 3,757,400,720.
May 2017	The Company increased its paid-in capital out of employees' remuneration for NTD 47,216,490. Paid-in capital increased to NTD 3,804,617,210.
Jun. 2017	Revocation of new restricted employee shares for NTD 305,880. Paid-in capital after revocation decreased to NTD 3,804,311,330.
Aug. 2017	The Company increased its paid-in capital out of earnings for NTD 18,588,140. Paid-in capital increased to NTD 3,822,899,470.
Aug. 2017	Revocation of new restricted employee shares for NTD 123,930. Paid-in capital after revocation decreased to NTD 3,822,775,540.
Nov. 2017	Revocation of new restricted employee shares for NTD 52,830. Paid-in capital after revocation decreased to NTD 3,822,722,710.
May 2018	The Company increased its paid-in capital out of employees' remuneration for NTD 44,231,390. Paid-in capital increased to NTD 3,866,954,100.
Jul. 2018	Revocation of the treasury stocks and new restricted employee shares for NTD 7,088,220. Paid-in capital after revocation decreased to NTD 3,859,865,880.
Aug. 2018	The Company increased its paid-in capital out of earnings for NTD 18,937,130. Paid-in capital increased to NTD 3,878,803,010.
Nov. 2018	Revocation of the treasury stocks for NTD 47,390,000. Paid-in capital after revocation decreased to NTD 3,831,413,010.
Apr. 2019	The Company increased its paid-in capital out of employees' remuneration for NTD 35,740,740. Paid-in capital increased to NTD 3,867,153,750.
Oct. 2019	The Company invested and set up Chicony Power Technology (Thailand) Co., Ltd.
Apr. 2020	Revocation of the treasury stocks for NTD 25,150,000. Paid-in capital after revocation decreased to NTD 3,842,003,750.
May 2020	The Company increased its paid-in capital out of employees' remuneration for NTD 45,506,620. Paid-in capital increased to NTD 3,887,510,370.
Sep. 2020	Increased shareholding in Witslight Technology Co., Ltd. to 83.68%.
Apr. 2021	The Company increased its paid-in capital out of employees' remuneration for NTD 33,961,470. Paid-in capital increased to NTD 3,921,471,840.
Jul. 2021	Increased shareholding in Witslight Technology Co., Ltd. to 100%.
Apr. 2022	The Company increased its paid-in capital out of employees' remuneration for NTD 32,412,060. Paid-in capital increased to NTD 3,953,883,900.

3. Corporate Governance Report

3.1. Organization

3.1.1. Organization Chart



3.1.2.Functions of Major Divisions

Department	Functions
Server and High Power Business Unit (abbreviated as SH Business Unit)	Organize the R&D, business management, material purchasing, production management, and after sales services for high wattage products of the Company, such as the power supply for desktop computers, game consoles, workstations, servers, storage devices, and satellite communications.
Mini Power Business Unit (abbreviated as MP Business Unit)	Organize the R&D, business management, material purchasing, production management, and after sales services for low wattage products of the Company, such as the power supply for notebooks, printers, smart homes, and consumer products.
LED Business Unit	Organize the R&D, business management, material purchasing, production management and after sales services for LED application products of the Company.
Magnetics Business Unit (abbreviated as MAG Business Unit)	Organize the R&D, business management, material purchasing, production management and after sales services for the magnetic component products of the Company.
Intelligent System Technology Business Unit (abbreviated as IST Business Unit)	Organize the R&D, business management, material purchasing, construction management and after sales services for the smart buildings of the Company.
Procurement Center	Organize the purchase of materials for various products.
Quality Center	Organize the quality control, parts engineering, safety certification, and the customer management for after-sales service.
Technical Center	Integrate and make flexible use of the technology resource of the Company, assist each business unit for technology development and have the technology transferred to each unit. Long-term development of new technology to accumulate the technology capability.
Financial Center	Organize the finance, accounting, stock affairs, custom affairs and the import/export business.
Administration Management Division	Organize the human resource, general administration, ethical management and sustainable development business.
Occupational Safety Office	Discuss, plan, monitor and implement the industry safety and health management matters.
MIS Division	Organize MIS and cyber security of the Company.
Audit Office	Audit and evaluate the internal control system of the Company, and the implementation of all regulations and systems.

3.2. Information Concerning the Directors, Presidents, Vice Presidents, Assistant Vice Presidents, and Department and Branch Managers

3.2.1. Information on Directors (1)

April 10, 2022 ; Unit: shares, %

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Managers, Directors or Supervisors Who are Spouses or Within Second-degree Relative of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C	Chicony Electronics Co., Ltd.	-	Aug. 25, 2021	3 years	Jun. 26, 2009	200,751,594	51.19	206,706,594	52.28	-	-	-	-	-	Director and Supervisor : - Unikey Electronics Co., Ltd. - Hipro Electronics (Taiwan) Co., Ltd. Director : - Xavi Technologies Corporation - Shun On Electronic Co., Ltd., Newmax Technology Co., Ltd., Laster Tech Co., Ltd., Alcor Micro, Corp., - Cheng Ding Venture Capital Co., Ltd., Taipei Tech Developing Venture Capital Co., Ltd., Maxima Venture Capital II, WK Technology Fund IX, Top Taiwan Biotechnology Venture Capital Co., Ltd., Sheng-Ta Venture Capital Co., Ltd	-	-	-
	R.O.C	Legal Representative Lu, Chin-Chung	Male 55-65	Aug. 25, 2021	3 years	Jun. 7, 2018	-	-	-	-	20,100	0.01	-	-	Department of Business Administration, National ChengChi University MBA, National ChengChi University	Director / President : - Chicony Electronics Co., Ltd. - Chicony Electronics (Dongguan) Co., Ltd. Chairman (Legal Representative) : - Unikey Electronics Co., Ltd. - XAVi Technologies Corporation Director (Legal Representative) : - Hipro Electronics (Taiwan) Co., Ltd. - Guang Sheng Investment Co., Ltd. - Chun Chin Power Technology Co., Ltd. - Shun On Electronic Co., Ltd. - Newmax Technology Co., Ltd. Director / CEO / Secretary of Chicony America Inc. Director / CEO of Chicony America Group Inc. Director : - Subsidiaries of Chicony Electronics Co., Ltd. including Chicony Overseas Inc., Chicony Overseas Hong Kong Ltd., Chicony Electronics (Thailand) Co., Ltd., Chicony Electronics CEZ s.r.o., Chicony Electronics Japan Inc., Mao-Feng International Inc., Chicony Electronics (Suzhou) Co., Ltd., Global Faith Inc., Mao Qun Electronics Co., Ltd., Kuang Mao International Inc., Real Young Elec. Co., Ltd., Hipro Overseas (BVI) Inc. - Subsidiaries of XAVi Technologies Corporation including XAVi Overseas Ltd., XAVi Technologies (Thailand) Co., Ltd., XAVi (Suzhou) Co., Ltd., Directmax International Ltd., Systemax Development Ltd. - Subsidiaries of Chicony Power Technology Co., Ltd. including Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., Chicony Power Technology (Thailand) Co., Ltd., Chicony Power USA, Inc., Chicony Power Technology (Suzhou) Co., Ltd, Chicony Power Technology (Dongguan) Co., Ltd, Chicony Power Technology (Chong Qing) Co., Ltd, Guang Sheng Electronics (Nanchang) Co., Ltd., Chicony Energy Saving Technology (Shanghai) Co., Ltd., Dongguan Chicony Power Trading Co., Ltd. - Clevo Co. Director / Supervisor of Mao Rui Electronics Co., Ltd. Supervisor of Chicony Electronics (Chong Qing) Co., Ltd.	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Managers, Directors or Supervisors Who are Spouses or Within Second-degree Relative of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C	Chicony Electronics Co., Ltd.	-	Aug. 25, 2021	3 years	Jun. 26, 2009	200,751,594	51.19	206,706,594	52.28	-	-	-	-	-	Director and Supervisor : - Unikey Electronics Co., Ltd. - Hipro Electronics (Taiwan) Co., Ltd. Director : - Xavi Technologies Corporation - Shun On Electronic Co., Ltd., Newmax Technology Co., Ltd., Laster Tech Co., Ltd., Alcor Micro, Corp., - Cheng Ding Venture Capital Co., Ltd., Taipei Tech Developing Venture Capital Co., Ltd., Maxima Venture Capital II, WK Technology Fund IX, Top Taiwan Biotechnology Venture Capital Co., Ltd., Sheng-Ta Venture Capital Co., Ltd	-	-	-
	R.O.C	Legal Representative Huang, Yueh-Chao	Female 55-65	Aug. 25, 2021	3 years	Aug. 25, 2021	-	-	1,639,669	0.41	-	-	-	-	National Xinying Industrial Vocational High School	Chairman : - Dijia Investment Co., Ltd. - Dijia Construction Development Co., Ltd. - Hungtzu Construction Development Co., Ltd. - Aitierh Public Relations Co., Ltd. - Juiying Design Co., Ltd.	-	-	-
Director	R.O.C	Tseng, Kuo-Hua	Male 65-75	Aug. 25, 2021	3 years	Jun. 14, 2012	4,074,434	1.04	4,305,529 (Note 1)	1.09	200,000	0.05	-	-	National Taipei University of Technology Master of Institute of Industrial Management, Taipei University of Technology Lite- On Electronics Inc., Factory Director Li Shin International Enterprise Corp., President	President of the Company Chairman / President : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. Chairman : - Chicony Power Technology (Dongguan) Co., Ltd. - Chicony Power Technology (Taizhou) Co., Ltd. - Chicony Energy Saving Technology (Shanghai) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd. Director : - Subsidiaries of Chicony Power Technology Co., Ltd. including Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., Chicony Power Technology (Thailand) Co., Ltd., Chicony Power USA, Inc., Witslight Technology Corporation Limited (Samoa), Witslight Technology group (Kunshan), Zhuzhou Torch Auto Lamp Co. Ltd. - National Taipei University of Technology Foundation Director (Legal Representative) : - Carlight Technology Co., Ltd. - Cheng Ding Venture Capital Co., Ltd. - Taipei Tech Developing Venture Capital Co., Ltd. Supervisor (Legal Representative) : - Top Taiwan Biotechnology Venture Capital Co., Ltd. The 6th President and 7th Executive Director of the Alumni Union of Industrial Engineering and Management Department of National Taipei University of Technology	-	-	-
Director	R.O.C	Lee, Tse-Ching	Female 65-75	Aug. 25, 2021	3 years	Jun. 6, 2019	24,362,547	6.21	24,362,547	6.16	-	-	-	-	National Taipei University of Business Senior Accounting, Beitou Huanan Hotel Accounting Director, Taipei City Mingcheng Hotel	Director of Chicony Electronics Co., Ltd. Director of XAVi Technologies Corporation Director of Tse-Kuei Hepatobiliary Medical Research Foundation	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Duration	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Managers, Directors or Supervisors Who are Spouses or Within Second-degree Relative of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C	Tsai, Duh-Kung	Male 65-75	Aug. 25, 2021	3 years	Jan. 22, 2013	-	-	-	-	-	-	-	-	Department of Industrial Engineering, National Taipei College of Technology Manager of Taiwan Electronic Computer Company Division Director of AMPEX Computer Co., Ltd. President of Taiwan Region of AST Computer Co., Ltd. Chairman of Kingston Technology Corporation	Remuneration, Audit, and Sustainability Development Committee member of the Company Chairman : - Powertech Technology Inc. - PTI Education Foundation Director : - Greatek Electronics Inc. - Powertech Technology (Suzhou) Ltd. - Powertech Holding (B.V.I.) Inc. - PTI Technology (Singapore) Pte. Ltd. - Powertech Technology (Singapore) Pte. Ltd. - Powertech Technology Japan Ltd. - Powertech Technology Akita Ltd. - Tera Probe Inc.	-	-	-
Independent Director	R.O.C	Hong, Ching-Shan	Male 65-75	Aug. 25, 2021	3 years	Aug. 25, 2021	-	-	-	-	-	-	-	-	Business Administration Group, Department of Business, National Taiwan University Master of Accounting and Law, National Chengchi University PwC Taiwan, Deputy Head Taiwan CPA Association, Deputy Managing Director	Remuneration, Audit, and Sustainability Development Committee member of the Company Chairman : - Qingsheng Financial Consultant Co., Ltd. Supervisor : - STARLUX Airlines Co., Ltd. Independent Director, and Remuneration/Audit Committee member : - Yuanta Securities Co., Ltd. - Yuanta Commercial Bank Co., Ltd. Independent Director, and Audit Committee member : - Hannstar Display Corp.	-	-	-
Independent Director	R.O.C	Sun, Chin-Feng	Male 55-65	Aug. 25, 2021	3 years	Aug. 25, 2021	-	-	-	-	-	-	-	-	Department of Mining and Metallurgy, National Taipei University of Technology MBA, University of Michigan MS, Wayne State University Saga Unitek Ventures Co., Ltd., President Chongjin Venture Capital Co., Ltd., Assistant VP American Emerson Electric Asia Technology Center, Director	Remuneration, Audit, and Sustainability Development Committee member of the Company Chairman : - FiTek Photonics Corp. - Saijia Investment Co., Ltd. - Yang-Ching Co., Ltd. Director (Legal Representative) : - Lytone Enterprise, Inc. - Shengda Venture Capital Co., Ltd. Supervisor (Legal Representative) : - Pixon Technologies Corp. Independent Director, and Remuneration/Audit Committee member : - Wonderful Hi-Tech Co., Ltd. - Hua Eng Wire and Cable Co., Ltd. Independent Director, and Remuneration Committee member : - Tah Tong Textile Co., Ltd.	-	-	-

Note 1: Shares Holdings include shares in trust the grantor retains the power to decide the allocation.

Note 2: Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers) : None.

Table 1 : Directors that are legal representative of the corporate shareholders, and the Major shareholders of the corporate shareholders

Institutional Shareholder	Major Shareholders of Corporate Shareholders
Chicony Electronics Co., Ltd.	Hsu, Kun-Tai (7.53%), Yuanta Taiwan High Dividend Fund (4.57%), Unikey Electronics Co., Ltd. (2.82%), Swedbank Robur Technology (2.66%), Citibank (Taiwan) Entrusted with Government of Singapore Investment Account (2.52%), Chunghwa Post Co., Ltd. (2.37%), Epoque Corp. (2.34%), Hipro Electronics (Taiwan) Co., Ltd (2.15%), Tong Ling Machinery Co., Ltd. (1.49%), Chin Yuan Iron Works & Co., Ltd.(1.45%)

Table 2 : Directors that are Legal Representative of the Corporate Shareholders, and the Major Shareholders of the Corporate Shareholders

Institutional shareholder	Major Shareholders of Corporate Shareholders
Unikey Electronics Co., Ltd	Chicony Electronics Co., Ltd. (100%)
Epoque Corp.	Hsu, Kun-Tai (63.8%), Huatai Investment Co., Ltd. (14.3%), Tong Ling Machinery Co., Ltd. (9.1%), Chin Yuan Iron Works & Co., Ltd. (6.9%), Kang, Min-Chen (4.8%), Xu, Wen-Xin (1.0%), Lin, Feng-Zhu (0.1%)
Hipro Electronics (Taiwan) Co., Ltd	Chicony Electronics Co., Ltd. (100%)
Tong Ling Machinery Co., Ltd.	Hsu, Kun-Tai (82.0%), Kang, Min-Chen (10.2%), Epoque Corp. (5.4%), Lin Feng-Zhu (1.8%), Xu, Wen-Xin (0.6%)
Chin Yuan Iron Works & Co., Ltd.	Tong Ling Machinery Co., Ltd. (50.0%), Hsu, Kun-Tai (28.3%), Epoque Corp. (8.1%), Kang, Min-Chen (7.9%), Lin Feng-Zhu (5.0%), Xu, Wen-Xin (0.7%)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications, R.O.C. (100%)

3.2.1. Information on Directors (2)

(1) Disclosure of Professional Qualifications of Directors, and Independence of Independent Directors :

<div>Conditions</div> <div>Name</div>	Professional Qualification and Experience (Note 1)	Compliance of Independence (Note 2)	<div>April 10, 2022</div> <div>Number of Public Companies in which Concurrently Serves as an Independent Director</div>
Director: Chicony Electronics Co., Ltd. Representative: Lu, Chin-Chung	<ul style="list-style-type: none"> - Currently the president of Chicony Electronics, specializing in industrial operation and strategic management. He has more than 5 years of work experience in the area of commerce, finance and otherwise necessary for the business of the Company, with practical capabilities in corporate governance, business, marketing, and technology industry related operational planning. He provides the Board of Directors with valuable corporate governance and management insights for strategic planning and execution. - There are no matters related to Article 30 of the Company Act. 	1. Chicony Electronics Co., Ltd. is the juristic person shareholder who hold more than 5% of the Company's issued shares and is the Company's the largest shareholder. 2. Mr. Lu, Chin-Chung was elected as the director appointed by Chicony Electronics Co., Ltd. 3. Mr. Lu, Chin-Chung is also the director and president of the Company's affiliated company.	-
Director: Chicony Electronics Co., Ltd. Representative: Huang, Yueh-Chao	<ul style="list-style-type: none"> - Currently the chairman of Dijia Investment and Dijia Construction, specializing in company operation and strategic management. She has more than 5 years of work experience in the area of commerce, finance and otherwise necessary for the business of the Company, with corporate governance, marketing, and practical capabilities in operation and management. She brings to the Board of Directors with extensive experience and vision in various industries, so that the Company can have a more diversified aspect in the thinking of operation and management strategies. - There are no matters related to Article 30 of the Company Act. 	The chairman of the Company's top 10 legal person shareholders – Dijia Investment Co., Ltd.	-
Director: Tseng, Kuo-Hua	<ul style="list-style-type: none"> - Prior to joining Chicony Power, he was the factory director of Lite-On Electronics Inc. and the president of Li Shin International Enterprise Corp. Now he is the president of the Company, specializing in the Company's operation and strategic management. He has more than 5 years of work experience in the area of commerce, finance and otherwise necessary for the business of the Company. On the role as the Company's managerial personnel, he communicates and interacts with all directors on the strategy of operation and management on the Board of Directors, and provides advice on operating and management. He also has business, marketing, insights into industrial development and technology application. - There are no matters related to Article 30 of the Company Act. 	1. The president of the Company, as a director with managerial personnel.	-
Director Lee, Tse-Ching	<ul style="list-style-type: none"> - The director of Chicony Electronics Co., Ltd. and XAVi Technologies Corporation. She has more than 5 years of work experience in the area of commerce, finance, accounting and otherwise necessary for the business of the Company, with business, accounting information and financial analysis and management capabilities. - There are no matters related to Article 30 of the Company Act. 	1. The natural person shareholder who hold more than 5% of the Company's issued shares and is the Company's 2nd largest shareholder. 2. Also a director of the Company's affiliated company.	-

<div>Conditions</div> <div>Name</div>	Professional Qualification and Experience (Note 1)	Compliance of Independence (Note 2)	Number of Public Companies in which Concurrently Serves as an Independent Director
Independent Director: Tsai, Duh-Kung	<ul style="list-style-type: none"> - The chairman of PTI and GTK, specializing in the operation and strategic management of the semiconductor industry. He has more than 5 years of work experience in the area of commerce, finance and otherwise necessary for the business of the Company, with finance, accounting, business, marketing and technology industry-related operation management practical capabilities. He can provides relevant corporate governance and operational management opinions and policies to the Board of Directors of the Company in a timely manner, and can improve the quality of corporate governance of the Board of Directors and the supervision function of the Audit Committee. - There are no matters related to Article 30 of the Company Act. 	According to the Company's Articles of Incorporation and the "Corporate Governance Best Practice Principles", directors are selected by the candidate nomination system. During the nomination and selection of board members, the Company has obtained a statement of academic and work experience by each director to verify and confirm the independence of themselves, their spouses and their relatives within the second degree kinship to the Company. The Company has also verified that the 3 independent directors are in compliance with the qualification requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission during the two years before their election and during their tenure.	0
Independent Director: Hong, Ching-Shan	<ul style="list-style-type: none"> - He was qualified as an accountant. Previously, he was the deputy head of PwC Taiwan and deputy managing director of Taiwan CPA Association. He is now the chairman of Qingsheng Financial Consultant Co., Ltd., and the independent director of Yuanta Securities, Yuanta Commercial Bank, and Hannstar Display Corp., and the supervisor of STARLUX Airlines. He has more than 5 years of work experience in the area of commerce, finance, accounting and otherwise necessary for the business of the Company. He has the ability in corporate governance finance, and accounting which can improve the quality of corporate governance of the Board of Directors and the supervision function of the Audit Committee. - There are no matters related to Article 30 of the Company Act. 		3
Independent Director: Sun, Chin-Feng	<ul style="list-style-type: none"> - He used to be the director of the Asian Technology Center of Emerson Electric and the general manager of Guolian Venture Capital. He is now the chairman of FiTek Photonics Corp. and the independent director of Wonderful Hi-Tech, Hua Eng Wire and Cable and Tah Tong Textile Co., Ltd. He has more than 5 years of work experience in the area of commerce, finance, accounting, and otherwise necessary for the business of the Company. He specializes in investment management with corporate governance, accounting information and finance capabilities which can improve the quality of corporate governance of the Board of Directors and the supervision function of the Audit Committee. - There are no matters related to Article 30 of the Company Act. 		3

Note 1 : Professional Qualification and Experience :

Describe the professional qualifications and experience of directors and supervisors. If they are the audit committee members and have accounting or financial expertise, the Company must explain their accounting or financial background and work experience, and indicate whether there are no matters related to Article 30 of the Company Act.

Note 2 : Compliance of independence :

Including but not limited to whether themselves, their spouse, relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; the number and percentage of shares of the Company held by themselves, their spouse, relatives within the second degree of kinship (or in the name of others); whether to serve as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); the amount of remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last 2 years.

(2) Diversity and Independence of the Board of Directors:

A. Diversity of the Board of Directors:

According to the Company's "Corporate Governance Best Practice Principles", the composition of the Board of Directors shall be determined by taking into consideration such basic qualifications as gender, age, nationality and cultures, as well as the knowledge, skills and competency required by them to perform their duties.

(A) The Company will consider the diversity of the Board Members in multiple aspects when electing the Board Members, and formulate appropriate diversification policies for the Company's operation and development needs. The Company has elected 7 directors who have R.O.C. nationality, including 1 director with employee status, account for 14%; 3 independent directors, account for 43%, and 2 independent directors have a tenure of less than 9 years. According to the age distribution range of directors, 3 directors are between 55-65 years old and 4 directors are between 65-75 years old.

(B) According to the name list of the Company's 6th-term directors, all of the directors hold abundant industrial experience, including Lu, Ching-Chung, Tseng, Kuo-Hua, Huang, Yueh-Chao, Tsai, Duh-Kung and Sun, Chin-Feng, who are specialized in leadership, business judgment, business administration, crisis management and international market view, and Hong, Ching-Shan and Lee, Tse-Ching, who are specialized in financial accounting, management and financial affairs.

(C) The Company's board diversity policy and status of diversity of individual Board Members are disclosed on the Company's website. For the status of diversity of the Board Members is as follows:

Diversified Core Items Name of Director	Gender	Concurrently Serving as an Employee	Term of Office for Independent Director			Business Management	Accounting & Finance	Management Administration	Crisis Management	Industrial Knowledge	International Market Knowledge	Leadership Decision
			Under 3 years	3~9 years	More than 9 years							
Lu, Chin-Chung	Male					✓	✓	✓	✓	✓	✓	✓
Huang, Yueh-Chao	Female					✓	✓	✓		✓	✓	✓
Tseng, Kuo-Hua	Male	✓				✓	✓	✓	✓	✓	✓	✓
Lee, Tse-Ching	Female						✓	✓		✓	✓	✓
Tsai, Duh-Kung	Male				✓	✓	✓	✓	✓	✓	✓	✓
Hong, Ching-Shan	Male		✓			✓	✓	✓	✓	✓	✓	✓
Sun, Chin-Feng	Male		✓			✓	✓	✓	✓	✓	✓	✓

(D) Furthermore, the Company emphasizes gender equality in the composition of the Board of Directors. The goal of female director is to maintain at least one. At present, there are 2 female directors, account for 29%. Each director has competent academic background and experience, and satisfies the requirements about work experience and expertise required by the Company's business. In conclusion, the Company has practiced the board diversity policy.

B. Independence of the Board of Directors:

The Company has elected 3 independent directors, account for 43%, of which 2 independent directors have a tenure of less than 9 years.

During the nomination and selection of board members, the Company has obtained a statement of academic and work experience by each director to verify and confirm the independence of themselves, their spouses and their relatives within the second degree kinship to the Company. None of the Directors of the Company has any of the conditions stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

3.2.2. Information on Managers

April 10, 2022 ; Unit: shares, %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers	
					Shares	%	Shares	%	Shares	%			Title	Relation
President	R.O.C	Tseng, Kuo-Hua	Male	Feb. 2, 2009	4,305,529 (Note 1)	1.09	200,000	0.05	-	-	National Taipei University of Technology Master of Institute of Industrial Management, Taipei University of Technology Lite-On Electronics Inc., Factory Director Li Shin International Enterprise Corp., President	Director of the Company Chairman / President : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. Chairman : - Chicony Power Technology (Dongguan) Co., Ltd. - Chicony Power Technology (Taizhou) Co., Ltd. - Chicony Energy Saving Technology (Shanghai) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd. Director : - Subsidiaries of Chicony Power Technology Co., Ltd. including Chicony Power Holdings Inc., Chicony Power International Inc., Chicony Power Technology Hong Kong Ltd., Chicony Power Technology (Thailand) Co., Ltd., Chicony Power USA, Inc., Witslight Technology Corporation Limited (Samoa), Witslight Technology group (Kunshan), Zhuzhou Torch Auto Lamp Co. Ltd. - National Taipei University of Technology Foundation Director (Legal Representative) : - Carlight Technology Co., Ltd. - Cheng Ding Venture Capital Co., Ltd. - Taipei Tech Developing Venture Capital Co., Ltd. Supervisor (Legal Representative) : - Top Taiwan Biotechnology Venture Capital Co., Ltd. The 6th President and 7th Executive Director of the Alumni Union of Industrial Engineering and Management Department of National Taipei University of Technology	-	-
MP Business Unit, President	R.O.C	Huang, Chien-Yu	Male	Jan. 2, 2013	427,531 (Note 1)	0.11	340,312	0.09	-	-	Department of Physics, National Central University Lite-On Electronics Inc., Assistant VP Liangtai Enterprise Co., Ltd., Vice President	Director / President : - Dongguan Chicony Power Trading Co., Ltd., Director : - Chicony Power Technology Hong Kong Ltd. - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. - Chicony Power Technology (Thailand) Co., Ltd. Supervisor : - Chicony Power Technology (Taizhou) Co., Ltd.	-	-
SH Business Unit, President	R.O.C	Ku, Ming-Huei	Male	Oct. 8, 2018	297,934 (Note 1)	0.08	-	-	-	-	National Taipei University of Technology Lockheed Martin Global, Inc., Taiwan, EE Leader IBM Taiwan Corporation, Engineer in Charge Delta Electronics, Inc., Vice President	Director : - Chicony Power Technology Hong Kong Ltd. - Chicony Power Technology (Dongguan) Co., Ltd.	-	-
Guang Sheng Factory, Senior Vice President	R.O.C	Li, Tsu-Yu	Male	Feb. 2, 2009	1,574,157 (Note 1)	0.40	-	-	-	-	Department of Physics, National Central University Texas Instruments Incorporated, Supervisor Guang-Sheng Support Division, Hipro Electronics (Taiwan) Co., Ltd., Senior Vice President	Director / President : - Guang Sheng Electronics (Nanchang) Co., Ltd.	-	-
MAG Business Unit, Vice President (Note 2)	R.O.C	Lin, Che-Shih	Male	May 1, 2021	256,735 (Note 1)	0.06	-	-	-	-	Department of Electronic Engineering, National Chin-Yi University of Technology Rajal Roads University EMBA Hyperion Electronics Co. Ltd., Manager Li Shin International Enterprise Corp., Senior Director	Director : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd.	-	-

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
SH Business Unit, Operations Vice President (Note 2)	R.O.C	Huang, Shu-Fan	Male	May 1, 2021	226,897 (Note 1)	0.06	-	-	-	-	Department of Industrial Engineering, Chung Yuan Christian University Master of Department of Industrial Engineering, Rutgers University Department of Materials, Lucent Technologies, Director Emerson Electric (Taiwan) Co., Ltd., Senior Director	None	-	-	-
MP R&D Center, Vice President (Note 2)	R.O.C	Wang, Yang	Male	May 1, 2021	125,222 (Note 1)	0.03	10	0.00	-	-	Department of Electrical Engineering, National Taiwan University Graduated from EMBA, National Chengchi University Hipro Electronics (Taiwan) Co., Ltd., R & D Manager	Director : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd.	-	-	-
Special Assistant to President and Procurement Chief	R.O.C	Huang, Ming-Hui	Male	Jan. 2, 2019	208,204 (Note 1)	0.05	60,000	0.02	-	-	Department of Computer Science, National Chiao Tung University Master of Business Administration, National Cheng Kung University ASUSTeK Computer Inc., Procurement Manager Pegatron Corporation, Sales Director Pegatron Corporation, Deputy Procurement Manager	Director (Legal Representative) : - Carlight Technology Co., Ltd. Director : - Witslight Technology Corporation Limited (Samoa) - Witslight Technology Group (Kunshan) - Zhuzhou Torch Auto Lamp Co. Ltd. Supervisor : - Chicony Energy Saving Technology (Shanghai) Co., Ltd.	-	-	-
MAG Business Unit, Assistant VP (Note 2)	R.O.C	Huang, Ming-Ssu	Male	May 1, 2021	203,264 (Note 1)	0.05	-	-	-	-	Department of Electronics, Hwa Hsia University of Technology National Taipei University of Technology EMBA Kentex Electronic Co., Ltd., Business Manager Li Shin International Enterprise Corp., Deputy Director of Materials	None	-	-	-
SH Business Unit, Assistant VP	R.O.C	Huang, Tsui-Ling	Female	Mar. 9, 2011	202,498 (Note 1)	0.05	-	-	-	-	Department of International Business, Tamkang University Master of Department of Finance, George Washington University Honeywell, Business Manager Emerson Electric (Taiwan) Co., Ltd., Business Director	None	-	-	-
MP Business Unit, Assistant VP	R.O.C	Pan, Sin-Jian	Male	May 3, 2019	62,954 (Note 1)	0.02	-	-	-	-	Department of Industrial Engineering, Chung Yuan Christian University Ding-Chin computer Co., Ltd, Deputy Manager Hipro Electronics (Taiwan) Co., Ltd, Business Department Director	None	-	-	-
MP Department of Quality Assurance Assistant VP	R.O.C	Chen, Chun-Jheng	Male	Oct. 16, 2019	14,392 (Note 1)	0.00	-	-	-	-	Department of Mechanical Engineering, National Tsing Hua University Master of Department of Power Mechanical Engineering, National Tsing Hua University Wistron NeWeb Corporation, Kunshan Factory Director Quality Assurance Department and Supplier Management of Kunshan factory ,Wistron Corporation, Director	None	-	-	-
Financial Center, Assistant VP	R.O.C	Chen, Hsueh-Yi	Male	May 3, 2019	393,745 (Note 1)	0.10	-	-	-	-	Department of Mechanical Engineering, Chiao Tung University New York University, MBA BES Engineering Corporation, Deputy Manager Financial Center of Hipro Electronics (Taiwan) Co., Ltd., Director	Chairman (Legal Representative) : - Carlight Technology Co., Ltd. Chairman : - Witslight Technology Group (Kunshan) - Zhuzhou Torch Auto Lamp Co. Ltd. Director : - Witslight Technology Corporation Limited (Samoa) - Chicony Power Technology (Taizhou) Co., Ltd Supervisor : - Chicony Power Technology (Suzhou) Co., Ltd. - Chicony Power Technology (Chong Qing) Co., Ltd. - Chicony Power Technology (Dongguan) Co., Ltd. - Dongguan Chicony Power Trading Co., Ltd. - Guang Sheng Electronics (Nanchang) Co., Ltd.	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholdings		Shareholding in Other Person's Names		Principal Work Experience and Academic Degree	Concurrent Position in the Company and in Other Companies	Spouse or Relatives of Second Degree or Closer Acting as Managers		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
SH High Power R&D Division, Assistant VP (Note 2)	R.O.C	Hsiao, Yung-Hing	Male	May 1, 2021	120,708 (Note 1)	0.03	-	-	-	-	National Taiwan University of Science and Technology Platform Application Engineering Department of Intel Microelectronics Data Center, Senior Manager R&D Center, Flextronics Power Co., Ltd., Senior Manager,	None	-	-	-
Audit Office, Manager	R.O.C	Yu, Wen-Feng	Female	Sep. 5, 2013	189,162 (Note 1)	0.05	115	0.00	-	-	Department of Industry and Business Management, Tamkang University Accounting Department, Chicony Electronics Co., Ltd., Supervisor Accounting Department, Hipro Electronics (Taiwan) Co., Ltd., Manager	None	-	-	-

Note 1: Shares Holdings include shares in trust the grantor retains control and use at his discretion.

Note 2: Lin, Che-Shih, Huang, Shu-Fan and Wang, Yang were promoted incumbent position on May 1, 2021. Huang, Ming-Ssu and Hsiao, Yung-Him were inaugurated incumbent position on May 1, 2021.

3.2.3. Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers) :

None.

3.3. Remuneration to Directors, Supervisors, President, and Vice Presidents

3.3.1. Remuneration to General Directors and Independent Director in 2021

Unit: NTD 1,000

Title		Name	Remuneration to Directors								(A+B+C+D) Amount and as a % of Net Income		Remuneration from Concurrently Servings as Employees								(A+B+C+D+E+F+G) Amount and as a % of Net Income		Remuneration from Investments Other Than Subsidiaries or the Parent Company
			Wage (A)		Pension upon Retirement (B)		Remuneration to Directors (C)		Service Expenses (D)				Wages, Bonuses, and Special Allowances, Etc. (E)		Pension upon Retirement (F)		Employee Remuneration (G)						
			The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
																	cash	shares	cash	shares			
Director	Chairman	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	1,864	1,864	-	-	28,226	28,226	-	-	30,090 1.06	30,090 1.06	9,007	9,007	189	189	15,214	17,525	15,214	17,525	72,025 2.55	72,025 2.55	25,316
	Director (Note2)	Chicony Electronics Co., Ltd. Representative: Huang, Yueh-Chao																					
	Director	Tseng, Kuo-Hua																					
	Director (Note1)	Huang, Chung-Ming																					
	Director	Lee, Tse-Ching																					
Independent Director	Independent Director	Tsai, Duh-Kung	720	720	-	-	10,850	10,850	-	-	11,570 0.41	11,570 0.41	-	-	-	-	-	-	-	-	11,570 0.41	11,570 0.41	-
	Independent Director (Note1)	Fu, Yow-Shiuan																					
	Independent Director (Note1)	Chiu, Te-Chen																					
	Independent Director (Note2)	Hong, Ching-Shan																					
	Independent Director (Note2)	Sun, Chin-Feng																					
1.Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration : The remuneration of independent directors of the Company makes recommendations to the Board of Directors by the Remuneration Committee considers each director’s participation of the Company’s operation, contributions to the Company, and the attendance of the Board of Directors in accordance with Article 24 of the Company’s Articles of Incorporation. 2. In addition to the disclosures in the above Table, the remuneration of directors from providing services (e.g., parent company/all consolidated entities/investees as the consultant of non-employee) to all companies in financial statements in recent year: NT\$ 0.																							

Note 1: Resigned after re-election of directors on August 25, 2021.

Note 2: Newly elected after re-election of directors on August 25, 2021.

Note 3: Compensation of employees and directors is amounts proposed for distribution this year.

Note 4: Accrual basis is adopted to disclose information on remuneration.

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Directors			
	Aggregate of First Four Items of Remuneration (A+B+C+D)		Aggregate of First Seven Items of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities	The Company	From the Parent Company and All Re-investments Other Than Subsidiaries (Note)
Below NTD 1,000,000	-	-	-	-
NTD 1,000,000 (Inclusive) ~ NTD 2,000,000 (Exclusive)	Chicony Electronics Co., Ltd., Representative: Huang, Yueh-Chao Hong, Ching-Shan Sun, Chin-Feng	Chicony Electronics Co., Ltd., Representative: Huang, Yueh-Chao Hong, Ching-Shan Sun, Chin-Feng	Chicony Electronics Co., Ltd., Representative: Huang, Yueh-Chao Hong, Ching-Shan Sun, Chin-Feng	Chicony Electronics Co., Ltd., Representative: Huang, Yueh-Chao Hong, Ching-Shan Sun, Chin-Feng
NTD 2,000,000 (Inclusive) ~ NTD 3,500,000 (Exclusive)	Fu, Yow Shiuan Chiu, Te Chen	Fu, Yow Shiuan Chiu, Te Chen	Fu, Yow Shiuan Chiu, Te Chen	Fu, Yow Shiuan Chiu, Te Chen
NTD 3,500,000 (Inclusive) ~ NTD 5,000,000 (Exclusive)	Huang, Chung-Ming Lee, Tse-Ching Tsai, Duh Kung	Huang, Chung-Ming Lee, Tse-Ching Tsai, Duh Kung	Lee, Tse-Ching Tsai, Duh Kung	Tsai, Duh Kung
NTD 5,000,000 (Inclusive) ~ NTD 10,000,000 (Exclusive)	Tseng, Kuo-Hua	Tseng, Kuo-Hua	Huang, Chung-Ming	Huang, Chung-Ming
NTD 10,000,000 (Inclusive) ~ NTD 15,000,000 (Exclusive)	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung	Lee, Tse-Ching
NTD 15,000,000 (Inclusive) ~ NTD 30,000,000 (Exclusive)	-	-	-	Chicony Electronics Co., Ltd., Representative: Lu, Chin-Chung
NTD 30,000,000 (Inclusive) ~ NTD 50,000,000 (Exclusive)	-	-	Tseng, Kuo-Hua	Tseng, Kuo-Hua
NTD 50,000,000 (Inclusive) ~ NTD 100,000,000 (Exclusive)	-	-	-	-
Over NTD 100,000,000	-	-	-	-
Total	10	10	10	10

Note: Because the amount of compensation of the parent company's employees is estimated based on the amount to be distributed this year, it has not been actually paid, so the amount of this remuneration does not include the amount of compensation of the parent company's employees.

3.3.2. Remuneration to Supervisor : N/A.

3.3.3. Remuneration to President and Vice Presidents in 2021

Unit: NTD 1,000

Title	Name	Wages (A)		Pension upon Retirement (B)		Bonuses and Special Allowances (C)		Employees Remuneration (D)				(A+B+C+D) Amount and as a % of Net Income		Remuneration from Investments Other Than Subsidiaries of the Parent Company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								cash	shares	cash	shares			
President	Tseng, Kuo-Hua	20,996	22,035	952	952	14,099	14,099	30,198	41,852	30,198	41,852	108,097 3.82%	109,136 3.86%	
Advanced Technology Center, Chief Technology Officer and Senior Deputy GM (Note 1)	Huang, Chung-Ming													
MP Business Unit, President	Huang, Chien-Yu													
SH Business Unit, President	Ku, Ming-Hui													
Guang Sheng Factory, Senior Vice President	Li, Tsu-Yu													
MAG Business Unit, Vice President (Note 1)	Lin, Che-Shih													
SH Business Unit, Operations Vice President (Note 1)	Huang, Shu-Fan													
MP R&D Center, Vice President (Note 1)	Wang, Yang													

Note 1: Huang, Chung-Ming resigned on Sep. 30, 2021. Lin, Che-Shih, Huang, Shu-Fan and Wang, Yang promoted incumbent position on May 1, 2021.

Note 2: Accrual basis is adopted to disclose information on remuneration.

Range of Remuneration

Range of Remuneration Paid to President and Vice President	President and Vice Presidents	
	The Company	All Consolidated Entities
Below NTD 1,000,000	-	-
1,000,000 (Inclusive) ~ 2,000,000 (Exclusive)	-	-
2,000,000 (Inclusive) ~ 3,500,000 (Exclusive)	Huang, Chung-Ming	Huang, Chung-Ming
NTD 3,500,000 (Inclusive) ~ NTD 5,000,000 (Exclusive)	-	-
NTD 5,000,000 (Inclusive) ~ NTD 10,000,000 (Exclusive)	Li, Tsu-Yu Lin, Che-Shih Huang, Shu-Fan Wang, Yang	Li, Tsu-Yu Lin, Che-Shih Huang, Shu-Fan Wang, Yang
NTD 10,000,000 (Inclusive) ~ NTD 15,000,000 (Exclusive)	Ku, Ming-Hui	Ku, Ming-Hui
NTD 15,000,000 (Inclusive) ~ NTD 30,000,000 (Exclusive)	Huang, Chien-Yu	Huang, Chien-Yu
NTD 30,000,000 (Inclusive) ~NTD 50,000,000 (Exclusive)	Tseng, Kuo-Hua	Tseng, Kuo-Hua
NTD 50,000,000 (Inclusive) ~NTD 100,000,000 (Exclusive)	-	-
Over NTD 100,000,000	-	-
Total	8	8

Note :

1. After-tax loss occurring in individual or respective financial reports in the last three years : None.
2. Where the results of the corporate governance evaluation of a listed and OTC company in the most recent year fall in the last level, or the trading method has been changed, trading has been suspended, listing has been terminated, or other facts where the Corporate Governance Evaluation Committee passed the resolution that the Company shall not be evaluated in the most recent year and up to the date of publication : None.

Where a listed or OTC company has any of the preceding circumstances, it shall disclose the remuneration of the top five directors separately :

The Company does not have the circumstances in 1 and 2 above.

3.3.4. Compensation of Employee Paid to Managerial Officers in 2021

December 31, 2021 ; Unit: NTD 1,000

	Title	Name	Amount Paid in Shares	Amount Paid in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	President	Tseng, Kuo-Hua	54,338	35,329	89,667	3.17
	MP Business Unit, President	Huang, Chien-Yu				
	SH Business Unit, President	Ku, Ming-Huei				
	Guang Sheng Factory, Senior Vice President	Li, Tsu-Yu				
	MAG Business Unit, Vice President (Note2)	Lin, Che-Shih				
	SH Business Unit, Operations Vice President (Note2)	Huang, Shu-Fan				
	MP R&D Center, Vice President (Note2)	Wang, Yang				
	Special Assistant to President and Procurement Chief	Huang, Ming-Hui				
	MAG Business Unit, Assistant VP (Note2)	Huang, Ming-Ssu				
	SH Business Unit, Assistant VP	Huang, Tsui-Ling				
	MP Business Unit, Assistant VP	Pan, Sin-Jian				
	MP Department of Quality Assurance, Assistant VP	Chen, Chun-Jheng				
	Financial Center, Assistant VP	Chen, Hsueh-Yi				
	SH High Power R&D Division, Assistant VP (Note2)	Hsiao, Yung-Himg				
	Audit Office, Manager	Yu, Wen-Feng				

Note 1: The amount of employee remuneration is proposed based on the amount that can be allocated to employees according to the Articles of Incorporation.

Note 2: Lin, Che-Shih, Huang, Shu-Fan and Wang, Yang were promoted incumbent position on May 1, 2021. Huang, Ming-Ssu and Hsiao, Yung-Himg were inaugurated incumbent position on May 1, 2021.

3.3.5. Analysis of the Proportion of the Total Remuneration Paid to Directors, Supervisors, President and Vice Presidents of the After-tax Net Profit on the Individual or Respective Financial Report of the Recent Two years, as well as the Policies, Standards, Combinations, Procedures of Determining the Remuneration, and the Relation to Business Performance and Future Risk.

- (1) Analysis of the Proportion of the Total Remuneration Paid to Directors, Supervisors, President and Vice Presidents of the After-tax Net Profit on the Individual or Respective Financial Report of the Recent Two years.

Unit: NTD 1,000

Title	Total remuneration				% to after-tax net profit			
	2021		2020		2021		2020	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Directors	41,660	41,660	30,374	30,374	1.47%	1.47%	1.42%	1.42%
Supervisors	-	-	-	-	-	-	-	-
President and Vice Presidents	108,097	109,136	89,114	89,114	3.82%	3.86%	4.17%	4.17%

Note: Remuneration to directors is the amount proposed for distribution this year.

- (2) The Policies, standards and Portfolios for the Payment of Remuneration, and Procedures for Determining Remuneration.

A. The remunerations to directors include wages and remuneration allocated from earnings. With respect to wages, it is subject to the discussion of the Remuneration Committees and then submitted to the Board of Directors for approval. With respect to remuneration of directors, the Remuneration Committee in pursuant to Article 24 of the Company's Articles of Incorporation with reference to their participation in the operations and contributions to the Company and the attendance at the board of directors. The amount shall be appropriated within 1% of the current pre-tax benefits before deduction of employee remuneration and director's remuneration.

B. The remuneration of managers such as President and Vice President includes salary, bonus, employee remuneration and pensions appropriated per regulations. Salaries of managers are based on the position, education and work experience, and relevant responsibility of the work with reference to remuneration of the same level of work paid by peers in the same industry. The bonuses and employee remuneration are based on the achievement of the managers' performance indicators, including financial indicators (such as the Company's annual sales revenue, profitability achievement rate) and non-financial indicators (such as personal performance appraisal, personnel management performance and other special contributions or major negative events), are two major parts.

The remuneration of directors and managers is discussed by the Remuneration Committee and submitted to the Board of Directors for resolution.

- (3) The Relation to Business Performance and Future Risk :

The evaluation on business performance of the Company's directors and managers will follow the typical pay level adopted by peer companies and also take into consideration the operating results and their contribution to the Company's business performance to consider the high relation between the amount of remuneration, payment method and future risk of the Company and the business liability and entire performance of the Company to be borne by them.

3.4. Status of Corporate Governance

3.4.1. Information Concerning the Board of Directors

(1) Information Concerning the Board of Directors

The Board of Directors held 5 meetings (A) during 2021. The attendance of Directors is summarized as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Chairman	Chicony Electronics Co., Ltd. Representative: Lu, Chin-Chung	5	0	100%	
Director	Chicony Electronics Co., Ltd. Representative: Huang, Yueh-Chao	2	0	100%	Newly elected on Aug. 25, 2021. Number in attendance should be: 2.
Director	Tseng, Kuo-Hua	5	0	100%	
Director	Huang, Chung-Ming	3	0	100%	Resigned on Aug. 25, 2021. Number in attendance should be: 3.
Director	Lee, Tse-Ching	5	0	100%	
Independent Director	Tsai, Duh-Kung	5	0	100%	
Independent Director	Hong, Ching-Shan	2	0	100%	Newly elected on Aug. 25, 2021. Number in attendance should be: 2.
Independent Director	Sun, Chin-Feng	1	1	50%	Newly elected on Aug. 25, 2021. Number in attendance should be: 2.
Independent Director	Fu, Yow-Shiuan	3	0	100%	Resigned on Aug. 25, 2021. Number in attendance should be: 3.
Independent Director	Chiu, Te-Chen	3	0	100%	Resigned on Aug. 25, 2021. Number in attendance should be: 3.

Other matters required to be recorded:

- For board of directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, independent directors' opinions and how the company has responded to such opinions:
 - Matters specified in Article 14-3 of Securities and Exchange Act:
The Company has established an Audit Committee; hence the Article 14-3 of Securities and Exchange Act shall not be applicable. Please refer to the chapter of Audit Committee in the Annual Report.
 - Items in board resolutions regarding which independent directors have dissenting opinions or qualified opinions on the record or in writing: No above-mentioned so far.
- Disclosure regarding avoidance of interest-conflicting agendas, including the names of directors concerned, the agendas, the nature of conflicting interests, and the voting process:
 - 15th meeting of the 5th Board of Directors on Mar. 3, 2021:
 - To discuss the nomination of candidates for directors and independent directors of the Company, the attending directors Lu, Chin-Chung, Tseng, Kuo-Hua, Lee, Tse-Ching, and

Tsai, Duh-Kung, as the stakeholder, recused themselves from the discussion and resolution voluntarily.

B. To discuss the joint participation of the Company, Epoque Corp. and Chicony Electronics Co., Ltd. in government-led urban renewal plan. Chairman Lu, Chin-Chung also serves as the president of Chicony Electronics Co., Ltd., as the stakeholder, recused himself from the discussion and resolution voluntarily.

(2) 1st meeting of the 6th Board of Directors on Aug. 25, 2021:

A. To discuss the appointment of the Company's 4th Remuneration Committee member, the attending directors Tsai, Duh-Kung and Hong, Ching-Shan, as the stakeholder, recused themselves from the discussion and resolution voluntarily.

3. Measures taken to strengthen the functionality of the Board of Directors:

(1) In 2021 and up until May 5, 2022, all motions by the Board, as well as procedures of conducting meetings and the self-disciplined principle of Directors were executed in pursuance to the Rules of Procedure for Board of Directors Meetings.

(2) The Company has completed the 2021 evaluation on performance of the Board of Directors and functional committee, and submitted the Board of Directors' performance evaluation report to the 3rd meeting of the 6th Board of Directors on March 3, 2022 to strengthen the functions of the Board of Directors.

The attendance of independent directors for each Board of Directors Meetings in 2021 summarized as follows:

Participate in person:√, Attendance by proxy:☆, Absent: ✕, No need to attend: -

Name \ Date	Mar. 3	May 4	Aug. 5	Aug. 25	Nov. 3
Tsai, Duh-Kung	√	√	√	√	√
Hong, Ching-Shan	-	-	-	√	√
Sun, Chin-Feng	-	-	-	☆	√
Fu, Yow-Shiuan	√	√	√	-	-
Chiu, Te-Chen	√	√	√	-	-

(2) Implementation of Performance Evaluation by the Company's Board of Directors

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Evaluation Items
Once a year	Jan.1 2021 to Dec. 31 2021	The board of directors as a whole, individual board members, functional committee	Self-Evaluation of Performance of the Board, Self-Evaluation of Performance of Board Members, Self-Evaluation of Performance of the Functional Committee	<ol style="list-style-type: none"> 1. Evaluating the performance of the board of directors : <ol style="list-style-type: none"> (1) Participation in the operation of the company (2) 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 2. Evaluating the performance of the board members : <ol style="list-style-type: none"> (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 3. Evaluating the performance of functional committees : <ol style="list-style-type: none"> (1) Participation in the operation of the company (2) Awareness of the duties of the functional committee (3) The quality of decisions made by the functional committee (4) Makeup of the functional committee and election of its members (5) Internal control

3.4.2. Operation Status of the Audit Committee or the Participation of Supervisors in the Operation of the Board Meeting

(1) Operation Status Concerning the Audit Committee

The Audit Committee held 4 meetings (A) during 2021. The attendance of Independent Directors is summarized as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Convener	Fu, Yow-Shiuan	3	0	100%	Resigned on Aug. 25, 2021. Number in attendance should be: 3.
Convener	Hong, Ching-Shan	1	0	100%	Newly elected on Aug. 25, 2021. Number in attendance should be: 1.
Member	Tsai, Duh-Kung	4	0	100%	Re-elected on Aug. 25, 2021. Number in attendance should be: 4.
Member	Sun, Chin-Feng	1	0	100%	Newly elected on Aug. 25, 2021. Number in attendance should be: 1.
Member	Chiu, Te-Chen	3	0	100%	Resigned on Aug. 25, 2021. Number in attendance should be: 3.

Other matters required to be recorded:

- If the operation of audit committee has one of the following situations, the minutes shall clearly state the meeting date, period, content of the resolution, contents of independent directors' objections, reservations or major proposals, opinions of all audit committee members and the Company's handling of said opinions.
 - Matters specified in Article 14-5, Securities and Exchange Act: Please refer to Table 1
 - Resolution(s) not passed by the Audit Committee but receiving the consent of two thirds of the board of directors' members: None.
- In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the independent director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: None.
- Communication between independent director and internal auditing officers as well as CPAs on company finances and business situation (such as items discussed, means of communication and results, etc.):
 - The Company's internal auditing officers will be present at each meeting of Audit Committee to communicate with the Audit Committee members, and communicate with the Audit Committee members on the audit report periodically. The officers will also report any special condition to the Audit Committee immediately. Notwithstanding, no said special condition took place in 2021. Communication between the Audit Committee and internal auditing officers is in a good condition.
 - The Company's CPAs will communicate with the Audit Committee on the audit or review results about the financial statement of each quarter and any other requirements to be communicated as required by related laws. The CPAs will also report any special condition to the Audit Committee immediately. Notwithstanding, no said special condition took place in 2021. Communication between the Audit Committee and CAP is in a good condition.

The Company's Audit Committee aims to help the Board of Directors perform its duty to supervise the Company's quality and integrity in accounting, audit and financial reporting procedures and financial controls.

The main responsibilities during 2021 by the Audit Committee refer to review and processing of the following matters:

- A. Financial reports and accounting policies and procedures.
- B. Effectiveness of internal audit plan and internal control system.
- C. Amendment of Procedures for Lending Funds, Regulations Governing the Acquisition and Disposal of Assets, Regulations Governing Procedure for Board of Directors Meetings, Procedures for Ethical Management and Guidelines for Conduct
- D. A material asset or derivatives transaction.
- E. Lending funds to subsidiaries.
- F. Distribution of Earnings.
- G. Application for credit facility with the financial institution.
- H. To communicate with the CPA of the Company.
- I. Control over the Company's existing or potential risks.

• Audited Financial Statement

The Board of Directors has worked out and submitted hereto the Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings of the Company for 2021 and that among them, the Financial Statements have been duly audited by PricewaterhouseCoopers Taiwan which already issued the Audit Report. The aforementioned Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings have been further duly audited by us, the Audit Committee, and we confirmed that all those documents prove satisfactory to the laws and ordinances concerned.

• Effectiveness of internal audit plan and internal control system.

The Audit Committee assessed the effectiveness of the policies and procedures of the Company's internal control system, and reviewed the regular reports of the Company's audit office, CPA and management. We confirmed that the Company's risk management and internal control systems were effective.

Table 1:

Operation Status of This Year

Date of meeting	Details of agenda	Contents of Independent Directors' Objections, Reservations or Major Proposals	Resolution Results of the Audit Committee and the Company's Treatment of the Audit Committee's Opinions
13th meeting of the 1st Audit Committee on Mar. 3, 2021	(1) Discussion of the internal audit operation.	None.	Approved by all the attending committee members.
	(2) Discussion of the performance for engaging in derivatives transactions from Oct. 28, 2020 to Feb. 23, 2021.	None.	Approved by all the attending committee members.
	(3) Discussion of the 2020 business report, the consolidated and individual financial statements.	None.	Approved by all the attending committee members.
	(4) Discussion of the business operating plan of the Company for 2021.	None.	Approved by all the attending committee members.
	(5) Discussion of the issuance of the Company's 2020 Statement on Internal Control System.	None.	Approved by all the attending committee members.
	(6) Discussion of the proposed distribution of earnings of the Company for the 2020 fiscal year.	None.	Approved by all the attending committee members.
	(7) Discussion of the proposal to amend the Company's "Rules of Procedure for Shareholders Meetings".	None.	Approved by all the attending committee members.
	(8) Discussion of the proposal to amend the Company's "Procedures for Lending Funds".	None.	Approved by all the attending committee members.
	(9) Discussion of the proposal to amend the Company's "Regulations Governing the Acquisition and Disposal of Assets".	None.	Approved by all the attending committee members.
	(10) Discussion of releasing the newly elected directors and their representative from non-competition restrictions.	None.	Approved by all the attending committee members.
	(11) Discussion of the nomination of the Company's directors and independent director candidates.	None.	Approved by all the attending committee members.
	(12) Discussion of the remuneration and independence assessment on the CPA.	None.	Approved by all the attending committee members.
	(13) Discussion of the joint participation government-led urban renewal plan with	None.	Approved by all the attending committee members.

Date of meeting	Details of agenda	Contents of Independent Directors' Objections, Reservations or Major Proposals	Resolution Results of the Audit Committee and the Company's Treatment of the Audit Committee's Opinions
	Epoque Corp. and Chicony Electronics Co., Ltd. (14) Discussion of lending funds to subsidiaries.	None.	Approved by all the attending committee members.
14th meeting of the 1st Audit Committee on May 4, 2021	(1) To report the Company's consolidated financial statements for 2021 Q1.	None.	Approved by all the attending committee members.
	(2) Discussion of internal audit operation.	None.	Approved by all the attending committee members.
	(3) Discussion of the performance for engaging in derivatives transactions from Feb. 24, 2021 to Apr. 26, 2021.	None.	Approved by all the attending committee members.
	(4) Discussion of the proposal to amend the Company's "Regulations Governing Procedure for Board of Directors Meetings".	None.	Approved by all the attending committee members.
	(5) Discussion of the proposal to amend the Company's "Procedures for Ethical Management and Guidelines for Conduct".	None.	Approved by all the attending committee members.
	(6) Discussion of lending funds to subsidiaries.	None.	Approved by all the attending committee members.
15th meeting of the 1st Audit Committee on Aug. 5, 2021	(1) To report the Company's consolidated financial statements for 2021 Q2.	None.	Approved by all the attending committee members.
	(2) Discussion of internal audit operation.	None.	Approved by all the attending committee members.
	(3) Discussion of the performance for engaging in derivatives transactions from Apr. 27, 2021 to July 28, 2021.	None.	Approved by all the attending committee members.
	(4) Discussion of formulating the Company's "Risk Management Policies and Procedures".	None.	Approved by all the attending committee members.
	(5) Discussion of lending funds to subsidiaries.	None.	Approved by all the attending committee members.
1st meeting of the 2nd Audit Committee on Nov. 3, 2021	(1) To report the Company's consolidated financial statements for 2021 Q3.	None.	Approved by all the attending committee members.
	(2) Discussion of internal audit operation	None.	Approved by all the attending committee members.
	(3) Discussion of the performance for engaging in derivatives transactions from July 29, 2021 to Oct. 26, 2021.	None.	Approved by all the attending committee members.
	(4) Discussion of preparing the audit plan of the Company for 2022.	None.	Approved by all the attending committee members.
	(5) Discussion of the Company to apply for credit facility with the financial institution.	None.	Approved by all the attending committee members.
	(6) Discussion of the capital increase of Chicony Power Technology (Thailand) Co., Ltd.	None.	Approved by all the attending committee members.

(2) Participation of Supervisors in the Operation of Board Meetings

Not be applicable.

The Company has established an Audit Committee on Jun. 7, 2018.

3.4.3. Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Items	Implementation States			Difference from Corporate Governance
	Yes	No	Summary	Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
1. Dose the Company follow “the Corporate Governance Best Practice Principles” to establish and disclose its Corporate Governance Practice Principles?	✓		The Company established its “Corporate Governance Best Practice Principles” based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and subject to the Company’s actual operations, and disclosed the same on the MOPS and the Company’s website.	No difference
2. Equity structure and shareholders' rights				
(1)Dose the Company establish internal procedures for suggestions, questions, disputes and litigation from shareholders?	✓		(1) The Company appoints the professional shareholders service agent to process the shareholders service affairs on behalf of the Company. The Company has set up the positions of spokesperson and Deputy Spokesperson and also designates personnel of the Financial Center to be in charge of the dealing with shareholders, their suggestions and disputes.	(1) No difference
(2)Dose the Company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	✓		(2) Within two days after the shareholders’ meeting or the ex-right, ex-dividend days which stocks stopped to be transferred, the Company is able to obtain name list of the shareholders, through the stock affairs institution, from the Taiwan Depository and Clearing Corporation and have the information of major shareholders summarized to report to senior management of the Company.	(2) No difference
(3)Dose the Company establish and implement the risk control mechanism and firewall between the Company and its affiliates?	✓		(3) Besides stipulating the “Method to conduct business dealing with the related parties, the related enterprises and specific companies” and the “Operating method for monitoring the subsidiaries”, the Company also urges its important subsidiaries to establish their own internal control systems, in order to implement proper risk control mechanism and fire wall, and remains independent, in terms of manufacturing, sales, research and development, HR, and finance, with its related parties.	(3) No difference
(4) Whether the Company established internal regulations prohibiting insider trading against non-public information?	✓		(4) The Company has established the “Operating Procedures for Handling Internal Material Information and Preventing Insider Trading” to regulate the Company's directors, managers, employees, and persons who access the Company’s internal material information due to their identity, occupations or powers, prohibit any activities potentially involving insider trading, and engage in internal educational propagation throughout the Company in a timely manner.	(4) No difference
3. Composition and responsibilities of the Board of Directors				
(1) Dose the Board of Directors has formulated and implement the diversity policy and specific management objectives?	✓		(1) The Company has formulated the director diversity policy in the "Corporate Governance Best Practice Principles", and established specific management goals and implemented them in accordance with the policy. For the implementation, please refer to “Diversity and Independence of the Board of Directors” in this annual report. (page 15)	(1) No difference
(2) Dose the Company establish other functional committees other than a remuneration committee or audit committee required by laws?	✓		(2) The Company has established the Remuneration Committee and Audit Committee pursuant to laws, and also set up the Sustainability Development Committee with 5 members in total, of which the Chairman of Board acts the Committee Chairperson, the President acts as the Committee Deputy Chairperson, and three Independent Directors act as members. The Committee is responsible for formulating and reviewing the Company's sustainable development policies, systems or related management guidelines, and reporting the annual Sustainable development implementation results and the next year's work plan to the Board of Directors each year.	(2) No difference

Assessment Items	Implementation States			Difference from Corporate Governance
	Yes	No	Summary	Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
(3) Does the Company establish standards and method for evaluating the performance of the Board of Directors, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	✓		(3) The Company's Board of Directors has approved the establishment of the "Regulations Governing the Board of Directors and Functional Committee Performance Evaluation" to perform the evaluation once every year and submit the evaluation result to the Board of Directors. The scope of evaluation includes the entire Board of Directors, individual Board members, and the functional committee (the Audit Committee and the Remuneration Committee); the evaluation method includes the internal self-evaluation of the Board of Directors, Board members, and the functional committee members (the Audit and the Remuneration Committees); as for the evaluation procedure, the Financial Center collects the activity information of the Board of Directors, individual Board members, and the Audit and the Remuneration Committees to perform the internal self-evaluation of the Board of Directors based on the evaluation indexes of the method and distribute the self-evaluation questionnaire to the individual Board members and the Audit and the Remuneration Committees after the end of the year. The Financial Center collects the questionnaire and records the evaluation results; the evaluation results will serve as the reference for the candidate selection and nomination. The Company has completed the performance evaluation of the Board of Directors and Functional Committee in 2021 and submitted the summarized report to the Board of Directors on March 3, 2022. The evaluation results "surpassed the standard".	(3) No difference
(4) Does the Company regularly evaluate the independence of the certified public accountants?	✓		(4) The Audit Committee of the Company regularly conducts an assessment of the CPAs' independence accountants every year, and submit the assessment results to the Board of Directors for resolution. The assessment mechanism as follows: A. According to the "Checklist for Board of Directors' Assessment on Independence of CPAs and CPA Firms", the assessment criteria as follows: (A) The CPAs do not serve as a director or independent director of the Company or the Company's affiliated companies. (B) The CPAs are not a shareholder of the Company or the Company's affiliated companies. (C) The CPAs are not paid in the Company or the Company's affiliated companies. (D) The CPAs have provided auditing services to the Company for less than 7 years. (E) The CPAs have confirmed that their affiliated accounting firms have complied with the relevant independence norms. (F) The co-practicing CPA of the joint accounting firm to which the CPA belongs have not served as a director, manager of the Company, or have a significant impact on the audit case within one year after resignation. B. Identified in the "Letter for Communication with Corporate Governance Unit" issued by PricewaterhouseCoopers: Statement of Chief Accountants' Roles and Responsibilities, and Statement of CPA's Independence. Comprehensive assessment results: The independence between the CPAs and the Company comply with Certified Public Accountant Act of the R.O.C., the Norm of Professional Ethics for CPA, and other relevant regulations. The latest assessment was approved by the Audit Committee on March 3, 2022, and submitted to the Board of Directors for approval on March 3, 2022.	(4) No difference
4. Does the Company have a suitable number of competent corporate governance personnel and has appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to furnish information required for business execution by directors and	✓		The Company's unit dedicated to corporate governance refers to the Financial Center, which is responsible for corporate governance-related matters. The Board of Directors approved the appointment of Chen, Hsueh-Yi, the Financial Center Assistant VP, as the corporate governance officer on March 3, 2021. In addition to assisting in providing information required by directors to perform their duties, which main responsibilities also is responsible for assisting directors to follow laws and regulations, taking office and continuing education, collecting the related motions proposed at directors' meetings and shareholders' meetings, and organization of the meetings, preparation of board meeting and shareholders' meeting minutes, and completion of company registration and change registration and public announcement and filing of information in line with the resolutions made by the directors' meetings and shareholders' meetings, in order to enhance the	No difference

Assessment Items	Implementation States			Difference from Corporate Governance Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
supervisors, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings according to laws, produce minutes of board meetings and shareholders' meetings, etc.)?			<p>functions of the Board of Directors, upgrade the Company's information transparency, and protect shareholders' and stakeholders' interest and right.</p> <p>The corporate governance implementation of the Company in 2021 was as follows:</p> <p>(1) Propose and plan methods related to corporate governance and implement the compliance of laws and regulations.</p> <p>(2) Provide required information for directors to execute their business and assist them in legal compliance.</p> <p>(3) Inform the directors about the planning of the Board of Directors with sufficient meeting information at least 7 days prior to the meeting and give notice in advance for issues requiring avoidance of interest-conflicting; deliver the meeting minutes within 20 days after the meeting.</p> <p>(4) Register the date of the Shareholders Meeting in advance based on the laws, produce the meeting notice, Meeting Agenda Handbook and minutes within the statutory deadline and conduct amendment registration after amending the Company's Articles of Incorporation.</p> <p>(5) Assist the directors to complete the annual continuing education and maintain liability insurance for the directors and important employees.</p> <p>The corporate governance officer of the Company is newly appointment, and shall complete a minimum of 18 hours of education courses within 1 year from the date of the person's appointment to that position according to the law (before March 2, 2022). Up to the printing date of the annual report the Company, the information on education courses of the corporate governance officer, please refer to Table 1.</p>	
5. Does the Company establish communication channels and build a designated section on its websites for stakeholders (including but not limited to stakeholders, employees, customers, and suppliers), and properly response to stakeholders' concerns of corporate social responsibility?	✓		<p>(1) The Company appoints the spokesman and deputy spokesman, and, posts the contact No. on the Company's website, in order to communicate with the stakeholders directly and enable them to verify the Company's overview of operation.</p> <p>(2) The Company has established sustainable development and corporate governance sections in the website for the stakeholders to understand the implementation of the Company's sustainable development and corporate governance. The Company also has a communication channel for the stakeholders to understand the concerned issues of the stakeholders and respond properly. The Company reports to the Board of Directors about the implementation of sustainable development and the communication with the stakeholders every year.</p> <p>The implementation of corporate social responsibility and communication with the stakeholders in 2021 were submitted to the Board of Directors on Nov. 3, 2021.</p>	No difference
6. Dose the Company appointed a professional shareholder service agency for its Shareholders' Meetings?	✓		The Company appoints Shareholders Service Dept. of Hua Nan Securities to handle the shareholders service affairs on behalf of the Company.	No difference
7. Information disclosure				
(1) Dose the Company establish a corporate website to disclose information concerning financial affairs and corporate governance?	✓		(1) The Company established a website in Chinese and English (http://www.chiconypower.com.tw) where relevant information on financial operations business and corporate governance can be inquired.	(1) No difference
(2) Dose the Company has other information disclosure channels (e.g., setting up an English website, appointing personnel to gather and disclose information, properly implementing the spokesman system, and posting the meetings minutes with institutional investors on websites)?	✓		(2) The Company has set up positions for Spokesperson and Deputy Spokesperson, and through market observation post system, investor conference, newspapers and magazines to disclose the financial and business information of the Company to the investing public.	(2) No difference

Assessment Items	Implementation States			Difference from Corporate Governance
	Yes	No	Summary	Implementation and the Difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
(3) Does the Company announce and report annual financial statements within two months after the end of the each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		(3) The Company has publicly announced and filed the annual financial report, quarterly financial report and the operation status of each month according to relevant regulations: A. Within three months after the close of each fiscal year, the Company publicly announces and files the information of the annual financial report. B. Within 45 days after the end of the first, second, and third quarters of each fiscal year, the Company publicly announces and files the information of the quarterly financial report. C. The Company publicly announces and files the operating revenue of last month within the first 10 days of each month.	(3) No difference
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 maintenance of liability insurance for the Company's directors and supervisors, etc.)?	✓		(1) Employee rights: The Company establishes and implements the labor benefit and safety & health policies which satisfy the laws, in order to protect the employee rights. (2) Employee care: The Company establishes the Employee Welfare Committee, which is dedicated to handling the employee welfare matters, and holding the labor-management meetings from time to time, in order to build the communication channel and achieve the win-win situation. (3) Investor relations: The Company establishes the spokesman and deputy spokesman system dedicated to processing the suggestions, questions and dispute posed by shareholders. Meanwhile, the Company completes the public announcement and filing of information per the competent authority's requirements, and provides the information which might affect the investors' decision making. (4) Supplier relations: The Company maintains the complete information about suppliers and keeps the communication channel with suppliers uninterrupted, in order to maintain the fair relations. (5) Stakeholders' interests: The Company establishes the spokesman and deputy spokesman system, which is dedicated to communicating with the stakeholders directly, and respects and maintains the legal interest and right deserved by the stakeholders. (6) Circumstances of directors' training: 1. Please refer to Table 1 Circumstances of Directors' and Corporate Governance Officer's Training. 2. Disclosed in the Corporate Governance Area of MOPS. (7) Implementation of risk management policies and risk measurements: 1. According to various laws & regulations and internal control systems, the Company has formulated "Risk Management Policies and Procedures" to conduct various risk management and evaluation. 2. The implementation of risk management policies and procedures in 2021 were submitted to the Board of Directors on Nov. 3, 2021 (8) Implementation of customer policy: The Company keeps the communication channel with customers uninterrupted, and cooperates with the key customers permanently, in order to maintain the fair relationship between each other. (9) Maintenance of liability insurance for the Company's directors: The Company has maintained the liability insurance valuing US\$20 million for its directors and managers, and reported the same to the Board of Directors on Aug. 5, 2021.	No difference
9. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies: In 2021, the Company ranked in the top 5%~20% among the companies in the 8th annual Corporate Governance Evaluation. 1. The Board of Directors approved the appointment of the Company's the Financial Center Assistant VP as the corporate governance officer on March 3, 2021. 2. The Board of Directors has approved the establishment of "Risk Management Policy and Procedure". 3. The Board of Directors of the Company has established the Sustainability Development Committee, and more than half of the members are independent directors.				

Table 1. Circumstances of Directors' and Corporate Governance Officer's Training

Title	Name	Date	Host by	Course Name	Duration
Chairman	Lu, Chin-Chung	2021/10/15	CLEVO CO.	Analysis of the Latest Economic and Financial Situation	2
		2021/11/12	Corporate Operating and Sustainability Development Association	Discuss Taiwanese Business and M&A Strategy from the Perspective of Global Political and Economic Situation	4
Director	Huang, Yueh-Chao	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
		2021/10/20	Securities and Futures Institute	Seminar on Legal Compliance in Stock Trading for Insiders	3
		2021/11/05	Taiwan Corporation Governance Association	Enterprise Management and Crisis Response Management	6
Director	Tseng, Kuo-Hua	2021/11/05	Taiwan Corporation Governance Association	Enterprise Management and Crisis Response Management	6
Director	Lee, Tse-Ching	2021/11/05	Taiwan Corporation Governance Association	Enterprise Management and Crisis Response Management	6
Independent Director	Tsai, Duh-Kung	2021/11/05	Taiwan Corporation Governance Association	Enterprise Management and Crisis Response Management	6
Independent Director	Hong, Ching-Shan	2021/08/03	Taiwan Securities Association	Challenges and Countermeasures of Information Security	3
		2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
		2021/09/07	Taiwan Securities Association	Finance Innovation and Management	3
		2021/09/09	Accounting Research and Development Foundation	Application of “Business Judgment Rule” in Economic Crime Cases and Analysis of Legal Liability	3
		2021/09/17	Accounting Research and Development Foundation	Analysis of Important Policy Measures of the Latest “Corporate Governance 3.0 - Blueprint for Sustainable Development”	3
Independent Director	Sun, Chin-Feng	2021/08/17	Taiwan Corporation Governance Association	Talking about Money Laundering Prevention and Anti-financial Terrorism from Illegal Cases	3
		2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Corporate Governance Officer	Chen, Hsueh-Yi	2021/03/09	Taiwan Corporation Governance Association	Backstage driving force of corporate governance: the operational practices of corporate governance personnel	3
		2021/03/19	Taiwan Corporation Governance Association	Give or not give information? On Directors' Information Rights	3
		2022/02/18	Accounting Research and Development Foundation	Legal Liability and Case Analysis of the New “Commercial Case Adjudication Act”	3
		2022/02/22	Accounting Research and Development Foundation	How to Analyze the Key Financial Information of Enterprises and Strengthen the Ability of Crisis Early Warning	6
		2022/02/24	Accounting Research and Development Foundation	Practical Analysis of “Sustainability Report” under the Corporate Governance 3.0 Policy	3

3.4.4. Organization, Responsibilities and Operation Status of the Remuneration Committee

(1) Information about Remuneration Committee Members

Title	Qualifications Name	Professional Qualification and	Compliance of Independence	Number of Other Public Companies in which Concurrently Serves as Remuneration Committee Member
Convener Independent Director	Sun, Chin-Feng	Please refer to page 14 of this annual report, Disclosure of Professional Qualifications and Experience of Directors and Compliance of independence of Independent Directors.		3
Independent Director	Tsai, Duh-Kung			0
Independent Director	Hong, Ching-Shan			2

(2) Guidelines Governing Functions of Remuneration Committee

- A. The committee shall exercise the due care of a good administrator to faithfully perform the following duties, and to submit the suggestion for discussion to the Board of Directors.
- (A) Periodically review the organization rules of “Remuneration Committee” of the Company and propose amendments.
 - (B) Set up and periodically review the yearly and long-term performance goal of the Directors and managers of the Company, and the policy, system, standard and structure of the remuneration.
 - (C) Periodically review the performance of the Directors and managers and the goals achieved, and set up content and amounts of the individual remuneration.
- B. When the committee exercises the above duties, it shall follow the guidelines as per below:
- (A) Ensure the arrangement of the remuneration meets the requirement of relevant laws and regulations and is good enough to attract the best talent.
 - (B) The performance evaluation and remuneration of the Directors and managers shall refer to the ordinary level paid by peers of the same Industry, and taking into consideration factors such as the time devoted by the specific individual, the responsibility assumed, the goal achieved by the individual, the performance of the individual when assuming other position, the remuneration the Company paid to the same position in recent years, as well as the short term and long term business goal achieved by the Company, the financial position of the Company. All these shall be considered when evaluating the reasonableness and correlation of the individual’s performance, the Company’s performance, and the future risk.
 - (C) Directors and managers shall not to engage in behavior beyond the risk tolerance level of the Company for the purpose of pursuing remuneration.
 - (D) With respect to the time to distribute bonus in proportion with the short-term performance of Director and senior managers, or remuneration that is partially variable, the Company shall consider the characteristic of the Industry and the business nature to decide the proper time to pay.
 - (E) Members of the Committee shall not join the discussion and resolution of their own remuneration.

(3) Information Concerning the Remuneration Committee

A. The Company's Remuneration Committee consists of 3 members.

B. Member's term of office:

From Aug. 25, 2021 to Aug. 24, 2024; the committee held 3 (A) meetings during 2021 and the attendance of the committee members is summarized as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) [B/A]	Remarks
Convener	Fu, Yow-Shiuan	2	0	100%	Resigned on Aug. 25, 2021. Number in attendance should be: 2
Convener	Sun, Chin-Feng	1	0	100%	Newly elected on Aug. 25, 2021. Number in attendance should be: 1.
Member	Tsai, Duh-Kung	3	0	100%	Re-elected on Aug. 25, 2021. Number in attendance should be: 3
Member	Chiu, Te-Chen	2	0	100%	Resigned on Aug. 25, 2021. Number in attendance should be: 2
Member	Hong, Ching-Shan	1	0	100%	Newly elected on Aug. 25, 2021. Number in attendance should be: 1.
<p>Other matters required to be recorded:</p> <p>1. If the Board of Directors does not adopt, or amends the remuneration committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the remuneration committee's opinions: Please refer to Table 1.</p> <p>2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, and opinions of all members and the Company's handling of said opinions: None.</p>					

Table 1:

Date of Meeting	Details of Agenda	Opinions of All Remuneration Committee Members	Dealing with the Opinion from the Remuneration Committee
6th meeting of the 3rd Remuneration Committee on Mar. 3 2021	(1) Discussion of the 4th transfer of the treasury shares to managers.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of the distribution of the Company's 2020 remuneration to employees and directors.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
7th meeting of the 3rd Remuneration Committee on Aug. 5 2021	(1) Discussion of the payment of salary and remuneration to new managers.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of the managers fixed salary adjustment of 2021.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(3) Discussion of the target performance of directors and managers achieved, and evaluation on the actually distributed salary and remuneration in 2020.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
1st meeting of the 4th Remuneration Committee on Nov. 3 2021	(1) Discussion of the plan for distribution of year-end bonus to managers in 2021.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.
	(2) Discussion of the plan for distribution of employee remuneration to managers in 2021.	Approved by all the attending committee members	Approved by all the attending committee members. This issue is not applicable.

3.4.5. Organization, Responsibilities and Operation Status of the Nomination Committee:

The Company does not establish Nomination Committee.

3.4.6. Organization, Responsibilities and Operation Status of the Sustainability Development Committee:

(1) Composition of the Sustainability Development Committee

A. The Company's Sustainability Development Committee consists of 5 members.

B. Member's term of office:

From Aug. 25, 2021 to Aug. 24, 2024, the committee held 1 meetings during 2021. The main expertise and attendance of the committee members is summarized as follows:

Title	Name	Main Expertise	Attendance in Person	Attendance Rate in Person
Minister	Lu, Chin-Chung	Corporate Governance, Management Administration, Industrial Knowledge, Crisis Management	1	100%
Deputy Minister	Tseng, Kuo-Hua	Corporate Governance, Management Administration, Industrial Knowledge, Crisis Management	1	100%
Member (Independent Director)	Tsai, Duh-Kung	Corporate Governance, Management Administration, Industrial Knowledge, Crisis Management	1	100%
Member (Independent Director)	Hong, Ching-Shan	Corporate Governance, Finance and Audit	1	100%
Member (Independent Director)	Sun, Chin-Feng	Corporate Governance, Finance, Securities Finance	1	100%

(2) Guidelines Governing Functions of Sustainability Development Committee

A. Formulate corporate social responsibility, environmental protection and climate change issues, sustainable development direction and goals, as well as formulate relevant management policies and specific promotion plans.

B. Propagate and implement the Company's ethical and risk management.

C. Review of the ESG Report.

D. Regularly report to the Board of Directors on the implementation results of sustainable development.

E. Other matters resolved by the Board of Directors to be handled by the Committee.

(3) Operation Status Concerning the Sustainability Development Committee

Operation Status of This Year:

Date of Meeting	Details of Agenda	Resolution Results of the Committee	The Company's Treatment of the Committee's Opinions
1st meeting of the 1st Sustainability Development Committee on Nov. 3 2021	(1) Report on the implementation of the Company's "CSR", "ethical management", "communication with stakeholders" and "risk management policies and procedures".	NA	NA
	(2) Report on the Company's 2019~2020 CSR Report editing results and the 2021 CSR Report compilation plan.	NA	NA

3.4.7. The State of the Company's Promotion of Sustainable Development

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons														
	Yes	No	Summary															
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		<p>The Company has established the “The Corporate Sustainability Committee” in 2021, appointed the Chairman as the Committee Chairperson, the President as the Committee Deputy Chairperson, and three Independent Directors as members. There is an Executive Secretary under the Committee, who is held by the department head of the Administrative Management.</p> <p>The Committee is responsible for formulating and reviewing the Company's sustainable development policies, systems, or related management guidelines, and regularly reports to the Board of Directors on the implementation results of sustainable development in the current year and the work plan for the next year.</p> <p>The implementation in 2021 were submitted to the Board of Directors on Nov. 3, 2021.</p>	No difference														
2. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>The Company has established "Risk Management Policies and Procedures" approved by the Board of Directors. The President coordinates the promotion and operation of the risk management plan. The authority departments are responsible for promoting the risk management of each subordinate business and regularly assess the risks once a year and reports the operation to the Board of Directors.</p> <p>The Company evaluate risk related to important issues according to ESG Report materiality principle. Also the Company set relevant risk management policy according to risk evaluated as follow:</p> <table><tr><th>Important Issues</th><th>Issues in Risk Assessment</th><th>Risk Management Policy</th></tr><tr><td>Environment</td><td>Environmental Protection</td><td>The Company used best efforts to protect the environment and respond to green production. The Company promoted green products and reduces emissions of carbon in order to mitigate the impact posed to the environment. Meanwhile, the Company set forth the execution plan and program each year, and followed up and reviewed the progress of various targets to ensure achievement of the targets.</td></tr><tr><td rowspan="2">Society</td><td>Occupational Safety</td><td>The headquarter in Taipei and plants in China have obtained ISO 45001/OHSAS 18001 Occupational Health and Safety Management System Certification. The Company implemented various occupational safety tour inspection operations, and organized the fire safety training and drill each year to train employees' ability to respond to emergencies and manage their own safety.</td></tr><tr><td>Product Safety</td><td>The Company's products complied with the government's decrees and regulations and also satisfied the RoHS, free from any hazardous substance. In the meantime, the Company provided customers with stable product quality and maintained fair cooperative relations with customers through the strict quality management system, in order to lay the foundation for business sustainability.</td></tr><tr><td>Corporate Governance</td><td>Legal Compliance and Internal Control</td><td>The Company built the governance organization and practiced the internal control mechanism, in order to ensure that all of the Company's personnel and operations strictly comply with various laws and regulations.</td></tr></table>	Important Issues	Issues in Risk Assessment	Risk Management Policy	Environment	Environmental Protection	The Company used best efforts to protect the environment and respond to green production. The Company promoted green products and reduces emissions of carbon in order to mitigate the impact posed to the environment. Meanwhile, the Company set forth the execution plan and program each year, and followed up and reviewed the progress of various targets to ensure achievement of the targets.	Society	Occupational Safety	The headquarter in Taipei and plants in China have obtained ISO 45001/OHSAS 18001 Occupational Health and Safety Management System Certification. The Company implemented various occupational safety tour inspection operations, and organized the fire safety training and drill each year to train employees' ability to respond to emergencies and manage their own safety.	Product Safety	The Company's products complied with the government's decrees and regulations and also satisfied the RoHS, free from any hazardous substance. In the meantime, the Company provided customers with stable product quality and maintained fair cooperative relations with customers through the strict quality management system, in order to lay the foundation for business sustainability.	Corporate Governance	Legal Compliance and Internal Control	The Company built the governance organization and practiced the internal control mechanism, in order to ensure that all of the Company's personnel and operations strictly comply with various laws and regulations.	No difference
Important Issues	Issues in Risk Assessment	Risk Management Policy																
Environment	Environmental Protection	The Company used best efforts to protect the environment and respond to green production. The Company promoted green products and reduces emissions of carbon in order to mitigate the impact posed to the environment. Meanwhile, the Company set forth the execution plan and program each year, and followed up and reviewed the progress of various targets to ensure achievement of the targets.																
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	Product Safety	The Company's products complied with the government's decrees and regulations and also satisfied the RoHS, free from any hazardous substance. In the meantime, the Company provided customers with stable product quality and maintained fair cooperative relations with customers through the strict quality management system, in order to lay the foundation for business sustainability.																
Corporate Governance	Legal Compliance and Internal Control	The Company built the governance organization and practiced the internal control mechanism, in order to ensure that all of the Company's personnel and operations strictly comply with various laws and regulations.																

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
3. Environment Issues				
(1) Has the Company set an environmental management system designed to industry characteristics?	✓		(1)The Company establishes the applicable environmental management system subject to the industry characteristics. Each of its factories has acquired the ISO 1400 environmental management license and OHSAS 18001 occupational safety and health management license, and practices the ISO environmental management regulations strictly.	(1)No difference
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		(2)The Company commits itself to upgrading the efficient use of various resources and adopts the renewable materials posing low impact to the environment, including solar power generation, recycling of production line energy and classification and recycling of waste. The recyclable kitchen waste may be disposed of by professional service suppliers who hold the relevant license, while the other domestic waste may be disposed of by the local government’s environmental protection unit. By way of this, the Company expects to increase the efficient use of all resources and gradually reduce the burden the environment suffers.	(2)No difference
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		(3)The potential risks of climate change in which the Company encounters are mainly in the environmental and operational aspects, such as the lack of recourses, increase in raw material costs, instability of transportation requirement, and the threat to the safety of employees due to extreme weather. All of these may result in the direct/indirect impact on the business operation of the Company. In response to the impact posed by the emission of greenhouse gas to the global climate change and environment, the Company establishes the greenhouse gas management procedure and sets the greenhouse gas reduction target to keep improving the reduction of greenhouse gas emission and the management, recycling and reuse of the waste. Meanwhile, the Company checks the greenhouse gas emission and performs the verification by a third party each year. In the second half of 2020, the Company implemented the TCFD (Task Force on Climate-related Financial Disclosures) project to assess the potential risk and opportunity posed by the climate transformation to the Company now and in the future, and disclosed the risk and opportunity in the corporate social responsibility report. Further, the Company has installed massive solar power generation systems on the roofs of factory premises, warehouses and dormitory, and implemented installation of heat recovery devices in the burn-in room. For the Company's major climate risk and opportunity assessment result and countermeasures in 2021, please refer to Table 1.	(3)No difference
(4) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		(4)To fulfill the responsibility as a global citizen and the corporate social responsibility, the Company gathers statistics of the greenhouse gas emission, water consumption and the gross weight of the waste every year and establishes policies and targets to save energy and reduce carbon, greenhouse gas emission and water consumption. The Company continues to promote the environment management affairs, including the enhancement of environment management by promotions, education training, energy saving measures, audits, and follow-up on improvements made. The Company asks all colleagues to save energy and reduce carbon, including water, electricity and paper consumption, in order to avoid any unnecessary waste, and also include the results of energy saving and carbon reduction into the semi-annual performance evaluation indicators. In 2021, the headquarters in Taipei emitted the greenhouse gas totaling 1,595.37 t-co2e, decreasing by 9.7 t-co2e from 1,605.07 t-co2e in 2020, namely the decrease by 0.60%. In 2022, the Company will continue to promote electricity saving, high power consumption equipment and timers. The greenhouse gas emission goal is 1,579.42 t-co2e, namely the reduction by 1% from the previous year.	(4)No difference

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>In 2021, the water consumption is 8,756.4 tons, which is 2,023.1 tons, or 23.1% more than 6,733.3 tons in 2020. Mainly due to the impact of the COVID-19, the Company strengthened the cleaning of the working environment, strengthened the health education of employees, and developed the habit of washing hands frequently for epidemic prevention.</p> <p>In 2022, the Company will continue to promote water conservation. The water consumption is estimated to be 8,493.71 tons, with an estimated reduction of 3%.</p> <p>In 2021, the total amount of waste is 48.79 tons, which is 12.08 tons or about 24.75% more than 36.71 tons in 2020. Mainly due to the increase in the number of employees in the Company and the impact of the COVID-19, resulting in the increase in wastes for epidemic prevention (such as masks, wet wipes and other cleaning supplies).</p> <p>In 2022, the Company will promote the classified recycling of waste, and use personal reusable cups and reusable bags to reduce the use of cups and plastic bags. The total amount of waste is estimated to be 47.33 tons, with an estimated reduction of 3%.</p>	
4. Social Issues				
(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		(1) Fully comply with relevant labor laws and regulations to ensure the employees' legitimate rights and interests in terms of salaries, benefits, health and safety are well protected. In accordance with the requirements of the RBA (Responsible Business Alliance), we will promote various sustainable development operations and continue to improve.	(1) No difference
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	✓		(2) The Company establishes employee welfare measures in accordance with the Labor Standards Act and relevant regulations and provides competitive salaries with additional bonuses and employee bonus to share the earnings with the employees.	(2) No difference
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		(3) To ensure a safe and healthy working environment for employees, the Company has passed the certification of ISO 45001 the Occupational Safety and Health Management System. On a yearly basis, the Company engages qualified testing institution, to perform hazardous factors test on the indoor working environment as required by laws and regulations, and hold training on fire control and first aid for at least once every six month.	(3) No difference
(4) Has the Company established effective career development training programs for employees?	✓		(4) The Company constructs the educational training system based on the core competence required by its operations, including leadership management training, professional technology training and various seminars, and sets the annual educational plan each year and organizes the educational training programs for employees periodically to train the employees' ability.	(4) No difference

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(5) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		(5) All the Company's products pass the international safety certification to protect consumers' safety, and the international standard certification, e.g., ISO 9001. The Company also practices the certification strictly to ensure that its products satisfy international standards. The Company pays attention to the opinion of the customer by providing product communication contact person and email address on the Company website in addition to the business contacts. Also, the Company establishes the “Stakeholder” section as a channel for customer inquiry, suggestions, and complaints. By upholding the principle of good faith, the Company manages and gives feedbacks to the customer properly to protect the right of the customer.	(5) No difference
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		(6) Prior to engaging in commercial dealings with the supplier, the Company will assess whether there is any record of a supplier's impact on the environment and occupational safety and health, complete the supplier's social responsibility self-assessment list, and conduct the audit and counseling on the supplier pursuant to RBA. The audit of social responsibility of the supplier is to enhance their social responsibility. Currently most suppliers of the materials have completed the social responsibility self-evaluation forms. Currently, the orders of the Company and the supplier both require the supplier to comply with the RBA requirements concerning issues of the environmental protection, occupational safety and health or labor rights. The Company also audits the social responsibility norms of the main suppliers. Supplier management policy: Establish a supply chain that values social responsibility, environmental protection, labor rights, safety, health and sustainable development. Supplier assessment and audit: In order to be in line with international standards, suppliers are required to comply with the "RBA Code of Conduct", including labor rights, safety and health, environmental protection, integrity and ethics, and management systems. Formulate the "Supplier Audit Management Regulation", and conduct annual RBA standard audits of major suppliers. Suppliers whose scores are not up to the standard (70/100) will be provided with supplier RBA standard guidance. In 2021, a total of 43 suppliers undergoing RBA standard audits, and all suppliers have reached the audit scoring standards.	(6) No difference
5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?	✓		The Company continues to pay attention to the disclosure of information with respect to the sustainable development. Besides publishing the sustainable development policy on the website, the Company also prepares the sustainable report and discloses the implementation on the Company website for the general public. The 2019/2020 CSR Report has been verified by the third party organization, and has been issued and published on the Company's website in June 2021.	No difference
6. If the Company has adopted its own sustainable development best practice principles based on the “ Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies “, please describe any deviation from the principles in the Company's operations: The Company has established the “Sustainable Development Best Practice Principles” to promote the implementation of each sustainable development. The actual implementation status is consistent with the principles of the Company.				

Items	Implementation States			Difference from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
7. Other important information to facilitate better understanding of the Company’s promotion of sustainable development: (1)The Company's website provides the “Sustainable Development” section dedicated to disclosing the information about the Company's sustainable development policies and reports. Website: http://www.chiconypower.com.tw/ . (2)Participate in Public welfare activities in 2021: A. Carry out an industry-academy cooperation project with National Taipei University of Technology, with a total annual funding of NTD 5,000,000 to jointly develop R&D technical strength, cultivate industry-academy R&D talents, and enhance the Company's product development capabilities. B. Donated NTD 1,800,000 to the National Taipei University of Technology to provide Chicony R&D Rookie Award scholarships to cultivate Taiwanese high-tech talents. C. The Company offers specific quota of trainees the internship opportunity each year. In 2021, it provided 9 trainees from the Department of Electrical Engineering of National Taipei University of Technology and 1 trainees from the Department of Electrical Engineering of National Yunlin University of Science and Technology, in order to enable the students to know about the R&D practices, mitigate the skills and educational mismatch, and benefit their career development. D. The Company participated in the GOLF (Gap of Learning & Field), organized multiple digital courses and facilitated the connection with talents needed by school education and industries. E. The "Charitable Blood Donation Activity" was carried out in March. The total number of blood donation was 145 bags. The Company also ordered the charity bakery lunch boxes from Gofe Workshop and distributed them to the blood donors. F. In September, launched a love subscription for "Autism Kenner Parents Association" Kenner Bakery pastries, with a total amount of NTD 28,180. G. Launched the "Year-end Love Red Envelope and Gift Box Activity" in December, with a total subscription amount of NTD 40,051. H. The Company retained the visually impaired workers to provide massage service for the Company’s staff each week, in order to improve the staff’s physical and mental health and also provide the visually impaired workers with job opportunities.				

Table 1 :

Climate Risk	Issue Description	Term	Impact Pathway	Response Strategies
Transformation risk-Changes in customer behavior	With the changes in climate or the increasing awareness of climate changes, customers change their preferences for products/services, for example, the use of eco-friendly materials and renewable energy.	Short	Increased operating costs (Raw materials and R&D)	<ul style="list-style-type: none"> ✓ Increase R&D investment ✓ Change product design ✓ Develop eco-friendly materials
Transformation risk-Shifts of consumers /customers /investors preferences	In recent years, ESG performance has become one of the important considerations when investors make investing decisions. Matters of high concern such as sustainability ratings, ESG-related performance and communication may affect investors' intentions.	Medium	Reputation and image damage (decline in stock price)	<ul style="list-style-type: none"> ✓ Introduce sustainability projects such as TCFD, SBT and ICP (Internal Carbon Pricing). ✓ Set up a TCFD working group to develop climate response strategies
Transformation risk-Requirements and supervision of existing products and services	Increasing awareness of climate change triggers changes in government policies for the places where production bases are located, for example, requirements for energy efficiency, water consumption efficiency or compliance of controlled substances.	Short	Decreased revenue (order value decrease)	<ul style="list-style-type: none"> ✓ Adjust supplier management/procurement strategy ✓ Strengthen customer partnership ✓ Adjust product pricing strategies

Climate Opportunity	Issue Description	Term	Impact Pathway	Response Strategies
Market-Entering new markets	Research and develop product lines associated with climate change mitigation, and expand new applications of existing products to meet the needs of new markets and new customers in response to climate policies.	Medium	Increased revenue (order value increase)	<ul style="list-style-type: none"> ✓ Increase R&D investment ✓ Pay attention to market trends ✓ Obtain low-carbon certification
Resource utilization efficiency-Adopting more efficient production and distribution procedures	Employ automation and applications of intelligence and new technologies to improve yield and reduce material consumption and waste generation, thereby reducing operating costs and increasing productivity	Medium	Increased revenue (order value increase)	<ul style="list-style-type: none"> ✓ Increase investment in automation equipment ✓ Set automation goals ✓ Develop quality control plans
Resource efficiency-Switching to buildings with better energy efficiency	Adopt green building design in new buildings to reduce energy/resource consumption and pollutant emission/discharge, thereby reducing operating costs and increasing the value of assets	Medium	Reduced operating costs (energy)	<ul style="list-style-type: none"> ✓ Increase R&D investment ✓ Expand the application of intelligent control technology ✓ Gradually introduce intelligent control system

3.4.8. Status of Implementation of the Ethical Corporate Management

Assessment Items	Implementation States			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
1. Enactment of ethical management policy and program				
(1) Whether the Company formulates the ethical management policy approved by the board of directors and has the ethical business policy expressed explicitly in the Company's regulations and external documents, as well as the active implementation committed by the board of directors and management.	✓		(1)The Company has stipulated the "Ethical Corporate Management Best Practice Principles" approved by the Board of Directors and upholds the philosophy of being honest, incorruptible, transparent, and responsible to operate its business. Complying with the Company Act, Securities and Exchange Act, the Business Entity Accounting Act, and other laws and regulations related to TWSE and TPEX; the Company continues to implement the integrity-based policy. When performing their duties, the Board members and the senior management take the responsibility of supervision based on the integrity principle to create a business environment for sustainable development	(1)No difference
(2) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article7 Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(2) The Company establishes the "Procedures for Ethical Management and Guidelines for Conduct" to engage in commercial activities following the principles of fairness, honesty, faithfulness, and transparency. The Procedures specifies the prohibition of unethical conduct, including bribery, offer or acceptance of improper benefits, providing or promising of facilitation fee, providing of illegal political donations, engagement in unfair competitive practices, improper charity donation or sponsoring, disclosure of trade secrets and damaging the rights of the stakeholders. The Company has implemented prevention measures and proceeded promotions to implement the ethical corporate management and prevent unethical conduct.	(2)No difference
(3) Does the Company specify the operating procedures, behavior guidelines, discipline of violation and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regular review and modify the program mentioned above?	✓		(3) The Company engages in commercial activities based on the principles of honest and transparency. For operating activities within the scope of operations and with high risk of being conducted unethically, the Company has established effective accounting and internal control systems and has designated auditor to conduct regular review on the compliance of the relevant system. In addition, the Company has established the "Whistle-blowing Management Regulations" with whistle-blowing mailbox, email address and hotline as the whistle-blowing channels for unethical conduct. The Company has established various reporting channels and strictly keeps confidential the identity of the informers and content of the report. If an employee is reported to be involved with unethical behavior, the Company will immediately check on relevant facts. If violation of laws or of the ethical management policy and regulations is confirmed, the Company will immediately request the person conducting the unethical behavior to stop such behavior, and per significance of the issue, to proceed with the proper punishment. The Company will also review and modify the implementation results of the practices mentioned above.	(3)No difference

Assessment Items	Implementation States			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
2. Implementation of ethical business				
(1) Evaluation of individuals that have a record of unethical behavior and regulation of the ethical code of conduct in the business contract.	✓		(1) To implement the ethical corporate management system, before establishing business relationship with others, except for evaluating the legitimacy and ethical management policy of suppliers, customers or other business parties it deals with, the Company also demand to sign "Letter of Commitment to Incorruption" with suppliers, clearly indicating that all parties in the transactions shall adhere strictly to the rules of the Company with respect to Incorruption management and shall not receive rebates, commission, inappropriate gifts or any other illegal benefit.	(1) No difference
(2) Does the Company establish a specific unit subject to Board of Directors to promote corporate ethical business and regularly (at least once a year) report the ethical management policy, prevention program of unethical conduct and implementation status of supervision to Board of Directors?	✓		(2) To achieve sound ethical corporate management, an ethical corporate management team consisting of the Administrative Division, Financial Center and Audit Office were established to take responsibility of establishing and supervising the implementation of the ethical corporate management policies and prevention programs and report to the Board of Directors every year. The Company has established the "Whistle-blowing Management Regulations" and the whistle-blowing mailbox, email address, and hotline. The Company also promotes the ethical management and practices the whistle-blowing mechanism at the management meeting. Various factories also organize multiple meetings to promote the ethical management and whistle-blowing mechanism. The implementation status of ethical corporate management in 2021 has been submitted to the Board of Directors on Nov. 3, 2021.	(2) No difference
(3) The implementation of the Company's prevention of interest conflict policy and the appropriate reporting channel	✓		(3) The Company has established the conflict of interest policy requiring that the Company's employees sign the service contract when they are hired, and providing the whistle-blowing and complaining channels to help whistleblowers and complainants with their accusation and complaint.	(3) No difference
(4) Does the Company establish effective accounting system and internal control system to implement ethical business and draft relevant audit plans by the internal audit unit based on the risk assessment results of the unethical conduct? Does the compliance of prevention program for the unethical conduct audited accordingly by the audit office or committed accountants?	✓		(4) To implement the ethical corporate management policy, the Company has established effective accounting systems and internal control systems, and has the internal auditor conduct regular reviews of each unit for its compliance to the system.	(4) No difference
(5) Periodic education and training of ethical business	✓		(5) The Company establishes the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct." Besides the disclosure on the "Corporate Governance" section on the Company website, the Company also performs the ethical management promotion at the management meeting and conducts education training for new employee.	(5) No difference

Assessment Items	Implementation States			Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
3. The operation of reporting system (1) Specific reporting and reward systems, reporter friendly channels and representative assigned to deal with the reporting issues	✓		(1) The Company has established its “Whistle-blowing Management Regulations” to provide the whistle-blowing channels, including: A. “Whistle-blowing mailbox” B. “Whistle-blowing email address” Hotline@chiconypower.com. The Administration supervisor is responsible for receiving and processing the mails, and strictly keeps confidential the identity of the informers and content of the report. If an employee is reported to be involved with unethical behavior, the Company will immediately check on relevant facts. If confirmed there is violation of laws or of the ethical management policy and regulations, the Company will immediately requested the person conducting the unethical behavior to stop such behavior, and per significance of the issue, to proceed with the investigation. And if necessary, the Company will claim damage through legal procedures to protect the reputation, rights and interest of the Company, Meanwhile, the Company establishes the specific reward system for whistle-blowing. For the reward criteria, please refer to the “Employee Reward & Punishment Regulations”.	(1) No difference
(2) Dose the company establish standard procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation?	✓		(2) The Company has established the “Whistle-blowing Management Regulations” to expressly state the standard operating procedure for investigation on accepted whistle-blowing cases. The Administration supervisor is responsible for processing, investigating and responding to the cases, and keeps confidential the identity of the informers and content of the report strictly.	(2) No difference
(3) Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.	✓		(3) The Company has established the measures for protecting whistle-blowers. The Company will keep the whistle-blower’s identity and contents of report in confidence and prevent the whistle-blower from inappropriate disciplinary actions due to their whistle-blowing.	(3) No difference
4. Enhancing Information Disclosure Disclosure of ethical business principals and implementation results on its website or TWSE “MOPS”.	✓		The Company establishes a website to disclose relevant information The Company has disclosed information and conditions related to ethical management. Website: http://www.chiconypower.com.tw/ .	No difference
5. If the Company has established its own ethical business principles based on “Ethical Business Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: The Company has established the “Ethical Corporate Management Best Practice Principles” to create a corporate culture with ethical management and sound development. The actual implementation status is consistent with the principles of the Company.				
6. Other information material to the understanding of ethical business operation: None.				

3.4.9. For those have the Corporate Governance Rules and Relevant Regulations Stipulated, the Inquiry Method of the Corporate Governance Rules and Relevant Regulations

For inquiry, please visit the “Investor Events” on the Company’s website.

3.4.10. Other Important Information to Increase the Understanding of Corporate Governance

The Company’s website provides the “Investor Events” to provide the information about corporate governance, finance and shareholders service.

3.4.11. Implementation of the Internal Control System

(1) Statement of Internal Control System

Chicony Power Technology Co., Ltd.
Statement on Internal Control System

Date: March 3, 2022

The following declaration had been made based on the 2021 self-assessment of the Company's internal control system:

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of the Directors and managers, and that such a system has been implemented within 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, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether the existing system continues to be effective. Criteria introduced by "The Governing Principles" 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; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.
4. The Company has adopted the aforementioned criteria to validate the effectiveness of its internal control system 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 concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. The Statement was passed unanimously without objection by all 7 directors present at the directors' meeting dated March 3, 2022.

Chicony Power Technology Co., Ltd.

Chairman: Lu, Chin-Chung

President: Tseng, Kuo-Hua

(2) Auditor's Report on Special Audit of Internal Control System: N/A.

3.4.12. The Most Recent Year and Up to the Printing Date of this Annual Report, the Punishment Inflicted on the Company or Its Internal Personnel, or Any Disciplinary Penalty by the Company Against Its Internal Personnel for Violation of the Internal Control System, Where the Result of Such Penalty Could Have a Material Effect on Shareholder Equity or Securities Prices, the Main Shortcomings, and Condition of Improvement: None.

3.4.13. Shareholder's Meeting and Significant Board Resolutions in the Most Recent Year and Up to the Date of Publication

(1) Shareholders' Meeting

Date	Important resolutions	Implementation status
Aug. 25, 2021, Regular Shareholders Meeting of 2021	(1) Acknowledgement on the Business Report, Financial Statements and Distribution of Earnings of the Company for the 2020 fiscal year.	To be disclosed on the MOPS as required, upon resolution by a general shareholders' meeting.
	(2) Discussion of proposal to amend the Company's "Rules of Procedure for Shareholders Meeting".	Completed according to the amended procedures.
	(3) Discussion of proposal to amend the Company's "Procedures for Lending Funds".	Completed according to the amended procedures.
	(4) Discussion of proposal to amend the Company's "Regulations Governing the Acquisition and Disposal of Assets".	Completed according to the amended procedures.

(2) Board of Directors

Date	Important resolutions
Mar. 3, 2021 15th meeting of the 5th Board of Directors	<p>(1) Report on the Company's Board of Directors and Functional Committees performance evaluation in 2020.</p> <p>(2) It is resolved to approve the Company's 2020 business report and consolidated and individual financial statements.</p> <p>(3) It is resolved to prepare the business operating plan of the Company for 2021.</p> <p>(4) It is resolved to issue the Company's 2020 Statement on Internal Control System.</p> <p>(5) It is resolved to complete the 4th transfer of treasury shares to employees.</p> <p>(6) It is resolved to the distribution of remuneration to employees and directors for the 2020 fiscal year.</p> <p>(7) It is resolved to approve the distribution of earnings of the Company for the 2020 fiscal year.</p> <p>(8) It is resolved to approve the amendments to the Company's "Rules of Procedure for Shareholders Meetings".</p> <p>(9) It is resolved to approve the amendments to the Company's "Procedures for Lending Funds".</p> <p>(10) It is resolved to approve the amendments to the Company's "Regulations Governing the Acquisition and Disposal of Assets".</p> <p>(11) It is resolved to re-elect the Company's 6th term of Directors.</p> <p>(12) It is resolved to release the newly elected directors and their representative from non-competition restrictions.</p> <p>(13) It is resolved to approve the nomination of the Company's directors and independent director candidates.</p> <p>(14) It is resolved to organize the Company's 2021 Regular Shareholders' Meeting.</p> <p>(15) It is resolved to approve the compensation of CPA and the evaluation on the CPAs' independence.</p> <p>(16) It is resolved to approve the change of the Company's spokesperson and acting spokesperson.</p> <p>(17) It is resolved to approve the establishment of the Company's corporate governance officer</p> <p>(18) It is resolved to participate government-led urban renewal plan with Epoque Corp. and</p>

Date	Important resolutions
	<p>Chicony Electronics Co., Ltd.</p> <p>(19) It is resolved to approve the Company's fund lending to the subsidiary.</p> <p>(20) It is resolved to approve the 4th transfer the treasury shares to managers and the distribution plan for remuneration to employees and directors at the 6th meeting of the 3rd Remuneration Committee.</p>
May 4, 2021 16th meeting of the 5th Board of Directors	<p>(1) Report on the Company's consolidated financial statements of 2021 Q1.</p> <p>(2) It is resolved to approve the amendments to the Company's "Rules of Procedure for Board of Directors Meetings".</p> <p>(3) It is resolved to approve the amendments to the Company's "Procedures for Ethical Management and Guidelines for Conduct".</p> <p>(4) It is resolved to approve the Company's fund lending to the subsidiary.</p>
Aug. 5, 2021 17th meeting of the 5th Board of Directors	<p>(1) Report on the Company's consolidated financial statements of 2021 Q2.</p> <p>(2) It is resolved to approve the postponement of the date and place of the 2021 Annual General Shareholders Meeting.</p> <p>(3) It is resolved to prepare the Company's "Risk Management Policies and Procedures".</p> <p>(4) It is resolved to prepare the Company's "The Sustainability Development Committee Charter".</p> <p>(5) It is resolved to approve the Company's fund lending to the subsidiary.</p> <p>(6) It is resolved to approve the appointment of the Company's managers.</p> <p>(7) It is resolved to approve the payment of salary and remuneration to new managers, and the managers fixed salary adjustment of 2021 at the 7th meeting of the 3rd Remuneration Committee.</p>
Aug. 25, 2021 1st meeting of the 6th Board of Directors	<p>(1) To elect the chairman of the Company.</p> <p>(2) It is resolved to the appointment of the Company's 4th Remuneration Committee members.</p> <p>(3) To elect the convener of the Company's 2nd Audit Committee.</p> <p>(4) It is resolved to the appointment of the Company's 1st Corporate Sustainability Development Committee members.</p>
Nov. 3, 2021 2nd meeting of the 6th Board of Directors	<p>(1) Report on the Company's consolidated financial statements of 2021 Q3.</p> <p>(2) Report on the intellectual property management plan and implementation status in 2021.</p> <p>(3) Report on the status of the Company's corporate social responsibility, ethical management, interested parties communication and risk management policies and procedures in 2021.</p> <p>(4) It is resolved to prepare the audit plan of the Company for 2022.</p> <p>(5) It is resolved to approve the Company's application for credit facility with the financial institution.</p> <p>(6) It is resolved to approve the capital increase of Chicony Power Technology (Thailand) Co., Ltd.</p> <p>(7) It is resolved to approve the Company's fund lending to the subsidiary.</p> <p>(8) It is resolved to approve the distribution of year-end bonus and employee remuneration to managers as proposed at the 1st meeting of 4th Remuneration Committee.</p>
Mar. 3, 2022 3rd meeting of the 6th Board of Directors	<p>(1) Report on the Company's Board of Directors and Functional Committees performance evaluation in 2021.</p> <p>(2) It is resolved to approve the Company's 2021 business report and consolidated and individual financial statements.</p> <p>(3) It is resolved to prepare the business operating plan of the Company for 2022.</p> <p>(4) It is resolved to issue the Company's 2021 Statement on Internal Control System.</p> <p>(5) It is resolved to the distribution of remuneration to employees and directors for the 2021 fiscal year.</p> <p>(6) It is resolved to approve the distribution of earnings of the Company for the 2021 fiscal year.</p> <p>(7) It is resolved to approve the amendments to the Company's "Articles of Incorporation".</p> <p>(8) It is resolved to approve the amendments to the Company's "Procedures for Lending Funds".</p> <p>(9) It is resolved to approve the amendments to the Company's "Regulations Governing the Acquisition and Disposal of Assets".</p> <p>(10) It is resolved to approve the amendments to the Company's "Corporate Governance Best Practice Principles".</p> <p>(11) It is resolved to approve the amendments to the Company's "Corporate Social Responsibility Best Practice Principles".</p> <p>(12) It is resolved to approve the compensation of CPA and the evaluation on the CPAs' independence.</p> <p>(13) It is resolved to organize the Company's 2022 Regular Shareholders' Meeting.</p> <p>(14) It is resolved to approve the capital increase of Chicony Power Technology (Thailand) Co.,</p>

Date	Important resolutions
	Ltd. (15) It is resolved to approve the Company's fund lending to the subsidiary. (16) It is resolved to approve the distribution plan for remuneration to employees and directors, and the managers fixed salary adjustment of 2022 at the 2nd meeting of the 4th Remuneration Committee.
May 4, 2022 4th meeting of the 6th Board of Directors	(1) It is resolved to approve the Company's consolidated financial statements of 2022 Q1. (2) It is resolved to approve the amendments to the Company's "Management Procedures for Handling Material Inside Information and Preventing Insider Trading". (3) It is resolved to approve the Company's application for credit facility with the financial institution. (4) Ratification of the Company's acquisition of private equity funds. (5) It is resolved to approve the Company's fund lending to the subsidiary.

3.4.14. The Most Recent Year and Up to The Printing Date of this Annual Report, the Main Contents of Important Resolutions Passed by the Board of Directors Regarding in which Directors or Supervisors have Voiced Differing Opinions on the Record or in Writing: None.

3.4.15. The Most Recent Year and Up to The Printing Date of this Annual Report, Summary of Resignation or Dismissal of Personnel (including the Chairman of Board, President, Financial Manager, Accounting Manager, Internal Audit Manager and R&D Manager, etc.,) Who are involved with the Company's Financial Statements:

May 5, 2022

Title	Name	Date of Appointment	Date Discharged	Reasons for Resignation or Discharge
Advanced Technology Center, Chief Technology Officer and Senior Deputy GM	Huang, Chung-Ming	Feb. 1, 2013	Sep. 30, 2021	Resignation

3.5. Information on CPA Professional Fees

3.5.1. Information on CPA Professional Fees

Unit: NTD 1,000

Accounting Firm Name	Name of CPA	CPA Audit Period	Audit Fee	Non-audit Fee	Subtotal	Remarks
PricewaterhouseCoopers Taiwan	Chen, Chin-Chang	2021/01/01 ~ 2021/12/31	3,130	1,492	4,622	Note
	Weng, Shih-Jung					

Note: The non-audit fees include SBT project of NTD 902 thousand, the transfer pricing report of NTD 500 thousand, and employee remuneration to capital increase and cancellation treasury shares of 90 thousand.

3.5.2. When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

3.5.3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 % or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

3.6. Information on the Replacement of CPA

Whether the Company changed its CPA firms in the recent two year and up to the printing date of this Annual Report:

3.6.1. Information Relating to the Former CPA

	2019			2020			For 2021 and up to the Date of Publication		
Date of the Change	N/A			N/A			N/A		
Reason for the Replacement and Explanation	N/A			N/A			N/A		
Explain Whether the Appointor Terminates or CPA Refuse to Accept Appointment	Contracting Parties Condition	CPA	Appointor	Contracting Parties Condition	CPA	Appointor	Contracting Parties Condition	CPA	Appointor
	Appointment Terminated Automatically	N/A	N/A	Appointment Terminated Automatically	N/A	N/A	Appointment Terminated Automatically	N/A	N/A
	appointment rejected (Discontinued)	N/A	N/A	appointment rejected (Discontinued)	N/A	N/A	appointment rejected (Discontinued)	N/A	N/A
Suggestions and Reasons for Issuing Audit Reports other than Unqualified Opinions in the Recent Two Years	None			None			None		
Different Opinions With the Issuer	Yes	Accounting Principles or Practices	Yes	Accounting Principles or Practices	Yes	Accounting Principles or Practices	Yes	Accounting Principles or Practices	Yes
		Financial Report Disclosure		Financial Report Disclosure		Financial Report Disclosure		Financial Report Disclosure	
		Audit Scope or Process		Audit Scope or Process		Audit Scope or Process		Audit Scope or Process	
		Others		Others		Others		Others	
	No	V	No	V	No	V	No	V	No
	Descriptions: N/A			Descriptions: N/A			Descriptions: N/A		
Other Disclosures (Disclosures Specified in Article 10.6.1.4~7 of the Standard)	None			None			None		

3.6.2. Information Relating to the Succeeding CPA

	2019	2020	For 2021 and up to the Date of Publication
Name of CPA Firm	N/A	N/A	N/A
Name of CPA	N/A	N/A	N/A
Date of Reappointment	N/A	N/A	N/A
Prior to Appointment, Accounting Treatments or Accounting Principles for Specific Transactions, and Possible Advisory Issues and Results for Financial Reports	N/A	N/A	N/A
The Written Opinion of the Different Opinions Between the Succeeding CPA and the Preceding CPA	N/A	N/A	N/A

3.6.3. The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

3.7. The Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee of the Accounting Firm, or Its Affiliates over the Past Year: None.

3.8. Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Shareholders with 10% Shareholdings or More of the Company

3.8.1. Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Shareholders with 10% Shareholdings or More of the Company:

Title	Name	2021		Ending Apr. 10 of 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Directors and Major Shareholders	Chicony Electronics Co., Ltd.	6,239,000	-	-	-
Chairman (Representative)	Lu, Chin-Chung	-	-	-	-
Director (Representative)	Huang, Yueh-Chao (Note 3)	-	-	-	-
Director and President	Tseng, Kuo-Hua (Note 1)	152,800	(750,000)	216,895	-
Director and Advanced Technology Center, Chief Technology Officer and Senior Deputy GM	Huang, Chung-Ming (Note 1, Note 4)	44,096	-	-	-
Director	Lee, Tse-Ching	21,271,194	-	-	-
Independent Director	Tsai, Duh-Kung	-	-	-	-
Independent Director	Fu, Yow-Shiuan (Note 2)	-	-	-	-
Independent Director	Chiu, Te-Chen (Note 2)	-	-	-	-
Independent Director	Hong, Ching-Shan (Note 3)	-	-	-	-
Independent Director	Sun, Chin-Feng (Note 3)	-	-	-	-
MP Business Unit, President	Huang, Chien-Yu (Note 1)	(279,095)	-	48,789	-
SH Business Unit, President	Ku, Ming-Hui (Note 1)	69,429	-	69,903	-
Guang Sheng Factory, Senior VP	Li, Tsu-Yu (Note 1)	2,680	-	(37,544)	-
MAG Business Unit, VP	Lin, Che-Shih (Note 1)	(12,102)	-	28,257	-
SH Business Unit, Operations VP	Huang, Shu-Fan (Note 1)	26,348	-	12,858	-
MP R&D Center, VP	Wang, Yang (Note 1)	29,286	-	17,132	-
Special Assistant to President and Procurement Chief	Huang, Ming-Hui (Note 1)	19,203	-	60,367	-
MAG Business Unit, Assistant VP	Huang, Ming-Ssu (Note 1, Note 4)	-	-	(10,788)	-
SH Business Unit, Assistant VP	Huang, Tsui-Ling (Note 1)	18,720	50,000	18,259	-
MP Business Unit, Assistant VP	Pan, Sin-Jian (Note 1)	(23)	-	26,236	-
MP Department of Quality Assurance, Assistant VP	Chen, Chun-Jheng (Note 1)	(2,000)	-	12,996	-
Financial Center, Assistant VP	Chen, Hsueh-Yi (Note 1)	(5,860)	-	19,451	-
SH High Power R&D Division, Assistant VP	Hsiao, Yung-Him (Note 1, Note 4)	-	-	28,051	-
Audit Office, Manager	Yu, Wen-Feng (Note 1)	6,531	-	4,963	-

Note 1: Shares held include shares in trust the grantor retain the power to decide the allocation.

Note 2: Resigned after re-election of directors on Aug. 25, 2021, so the number of increase or decrease in its shareholding listed above is from Jan. 1, 2021 to Aug. 25, 2021.

Note 3: Newly elected after re-election of directors on Aug. 25, 2021, so the number of increase or decrease in its shareholding listed above is from Aug. 25, 2021 to Apr. 10, 2022.

Note 4: Huang, Chung-Ming resigned on Sep. 30, 2021, so the number of increase or decrease in its shareholding listed above is from Jan. 1, 2021 to Sep. 30, 2021. Huang, Ming-Ssu and Hsiao, Yung-Him were inaugurated incumbent position on May 1, 2021, so the number of increase or decrease in its shareholding listed above is from May 1, 2021 to Apr. 10, 2022.

3.8.2. Information on the Counterparts of the Share Transferred, if the Counterparts are Related Party

Name	Reason of Transfer	Date of Transaction	Counterpart	Relationship Between the Counterpart and the Company, and Directors, Supervisors and Shareholders with more than 10% Ownership Interest	Shares	Transaction Price
Lee, Tse-Ching	Inheritance	Jan. 5, 2021	Lin, Mao-Kuei	Spouse	21,271,194	NA
Huang, Chien-Yu	Bestowment	Mar.8, 2021	Chen, Si-Ru	Spouse	200,000	NA
		Mar.8, 2021	Huang, Yu-Min	Father and Son	31,000	NA
		Mar.15, 2021	Chen, Si-Ru	Spouse	200,000	NA
		Mar. 9, 2022	Huang, Yu-Min	Father and Son	31,688	NA
Tseng, Kuo-Hua	Bestowment	Oct. 12, 2021	Li, Shu-Qing	Spouse	200,000	NA
Huang, Ming-Ssu	Bestowment	Mar. 8, 2022	Huang, Jing-Yang	Father and Son	25,000	NA

3.8.3. Information on the Counterparts of the Shares Pledged, if the Counterparts are Related Parties:
None.

3.9. Information on Relation Among Top 10 Shareholders and Their Relationship

April 10, 2022 ; Unit: shares, %

Name	One Shareholding		Shareholdings of Spouse and Underage Children		Total Shareholding in Other's Name		Relationship Characterized as Spouse or Relative of Second Degree or Closer Among the Top 10 Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Chicony Electronics Co., Ltd. Representative: Hsu, Kun-Tai	206,706,594	52.28	-	-	-	-	None	None	-
	-	-	-	-	-	-	None	None	-
Lee, Tse-Ching	24,362,547	6.16	-	-	-	-	Lin, Yen-Li	Mother and daughter	-
							Lin, Yi-Ching	Mother and daughter	-
Standard Chartered Bank Entrusted with Swedbank Robur Globalfond	10,725,000	2.71	-	-	-	-	None	None	-
Standard Chartered Bank Sales Department Entrusted with PineBridge Global Funds - PineBridge Asia Ex Japan Small Cap Equity Fund	8,225,181	2.08	-	-	-	-	None	None	-
Lin, Yen-Li	7,890,315	2.00	-	-	-	-	Taishin International Bank Entrusted with Trust Property Account - Lin, Yen-Li	Trust Account that the shareholder retains the power to decide the allocation.	-
							Lee, Tse-Ching	Mother and daughter	-
							Lin, Yi-Ching	Sister	-
Lin, Yi-Ching	7,883,324	1.99	-	-	-	-	Taishin International Bank Entrusted with Trust Property Account - Lin, Yi-Ching	Trust Account that the shareholder retains the power to decide the allocation.	-
							Lee, Tse-Ching	Mother and daughter	-
							Lin, Yen-Li	Sister	-
Taishin International Bank Entrusted with Trust Property Account - Lin, Yen-Li	5,000,000	1.26	-	-	-	-	Lin, Yen-Li	Trust Account that the shareholder retains the power to decide the allocation.	-
Taishin International Bank Entrusted with Trust Property Account - Lin, Yi-Ching	5,000,000	1.26	-	-	-	-	Lin, Yi-Ching	Trust Account that the shareholder retains the power to decide the allocation.	-
Di-Jia Investment Co., Ltd. Responsible Person: Huang, Yueh- Chao	4,105,273	1.04	-	-	-	-	None	None	-
	1,639,669	0.41	-	-	-	-	None	None	-
Tseng, Kuo-Hua	3,987,229	1.01	-	-	-	-	None	None	-

Note 1: The above table includes shares in trust the grantor and his spouse retain the power to decide the allocation.

Note 2: The Shareholding Ratio (%) is the shares held divided by the 395,388,390 shares of the Company.

3.10. Quantity of Shareholdings of the Same Investee by the Company and Its Directors, Supervisors, Managers Directly or Indirectly controlled, and the Combined Shareholdings

Mar. 31, 2022 ; Unit: shares, %

Invested Enterprise	Invested by the Company		Held by Directors, Supervisors, Managers, and Directly or Indirectly Controlled Enterprises		Total Investment	
	Shares	%	Shares	%	Shares	%
Chicony Power Holdings Inc.	10,000,000	100.00	-	-	10,000,000	100.00
Chicony Power Technology (Thailand) Co., Ltd.	98,999,997	100.00	3	-	99,000,000	100.00

4. Capital Overview

4.1. Capital and Shares

4.1.1. Sources of Capital

(1) Capital Increase in Recent Years

Unit: NTD, shares

Month / Year	Issue price	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital Sources	Offset by any property other than cash	Others
Dec. 2008	10	100,000	1,000,000	100,000	1,000,000	Paid-in Capital to start the Company	-	Ministry of Economic Affairs, Dec. 24, 2008, Jing-Shou-Zhong-Zi No. 09734238930
Feb. 2009	10	250,000,000	2,500,000,000	8,100,000	81,000,000	Relevant business assigned from the spinoff of the Power Supply Business Unit from Hipro Electronics (Taiwan) Co., Ltd.	Note 1	Ministry of Economic Affairs, Feb. 20, 2009, Jing-Shou-Zhong-Zi No. 09831746550
Apr. 2009	11	250,000,000	2,500,000,000	208,100,000	2,081,000,000	Capital increase in cash 2 billion by cash	-	Ministry of Economic Affairs, Apr. 8, 2009, Jing-Shou-Shang-Zi No. 09801067810
Aug. 2010	10	250,000,000	2,500,000,000	241,586,832	2,415,868,320	Capital increase for 203,765,320 by earnings Capital increase for 131,103,000 by capital reserve	-	Ministry of Economic Affairs, Aug. 9, 2010, Jing-Shou-Shang-Zi No. 09901180110
Dec. 2011	10	350,000,000	3,500,000,000	276,183,942	2,761,839,420	Capital increase for 345,971,100 by earnings	-	Ministry of Economic Affairs, Dec. 20, 2011, Jing-Shou-Shang-Zi No. 10001283310
Oct. 2012	10	350,000,000	3,500,000,000	325,796,934	3,257,969,340	Capital increase for 496,129,920 by earnings	-	Ministry of Economic Affairs, Oct. 8, 2012, Jing-Shou-Shang-Zi No. 10101207240
Aug. 2013	10	350,000,000	3,500,000,000	329,378,645	3,293,786,450	Capital increase for 35,817,110 by earnings	-	Ministry of Economic Affairs, Aug. 19, 2013, Jing-Shou-Shang-Zi No. 10201169370
Nov. 2013	41.6	400,000,000	4,000,000,000	353,378,645	3,533,786,450	Capital increase in cash 240,000,000 by cash	-	Ministry of Economic Affairs, Nov. 16, 2013, Jing-Shou-Shang-Zi No. 10201240200
Aug. 2014	10	400,000,000	4,000,000,000	358,853,349	3,588,533,490	Capital increase for 54,747,040 by earnings	-	Ministry of Economic Affairs, Aug. 12, 2014, Jing-Shou-Shang-Zi No. 10301161680
Aug. 2015	10	400,000,000	4,000,000,000	364,311,133	3,643,111,330	Capital increase for 54,577,840 by earnings	-	Ministry of Economic Affairs, Aug. 19, 2015, Jing-Shou-Shang-Zi No. 10401172760
Sep. 2015	10	400,000,000	4,000,000,000	368,319,103	3,683,191,030	Issuance of new restricted employee shares 40,079,700	-	Ministry of Economic Affairs, Sep. 21, 2015, Jing-Shou-Shang-Zi No. 10401197910
Mar. 2016	10	400,000,000	4,000,000,000	370,059,873	3,700,598,730	Issuance and revocation of new restricted employee shares 17,407,700	-	Ministry of Economic Affairs, Mar. 30, 2016, Jing-Shou-Shang-Zi No. 10501059290
Jun. 2016	10	400,000,000	4,000,000,000	370,026,535	3,700,265,350	Revocation of new restricted employee shares 333,380	-	Ministry of Economic Affairs, Jun. 30, 2016, Jing-Shou-Shang-Zi No. 1050114137
Aug. 2016	10	400,000,000	4,000,000,000	375,769,640	3,757,696,400	Capital increase for 57,431,050 by earnings and employees remuneration	-	Ministry of Economic Affairs, Aug. 18, 2016, Jing-Shou-Shang-Zi No. 10501206540
Sep. 2016	10	400,000,000	4,000,000,000	375,748,880	3,757,488,800	Revocation of new restricted employee shares 207,600	-	Ministry of Economic Affairs, Sep. 9, 2016, Jing-Shou-Shang-Zi No. 10501223000
Nov. 2016	10	400,000,000	4,000,000,000	375,744,620	3,757,446,200	Revocation of new restricted employee shares 42,600	-	Ministry of Economic Affairs, Nov. 24, 2016, Jing-Shou-Shang-Zi No. 10501273340
Apr. 2017	10	400,000,000	4,000,000,000	375,740,072	3,757,400,720	Revocation of new restricted employee shares 45,480	-	Ministry of Economic Affairs, Apr. 26, 2017, Jing-Shou-Shang-Zi No. 10601048690
May 2017	10	400,000,000	4,000,000,000	380,461,721	3,804,617,210	Capital increase by employees remuneration 47,216,490	-	Ministry of Economic Affairs, May 3, 2017, Jing-Shou-Shang-Zi No. 10601052900
Jun. 2017	10	400,000,000	4,000,000,000	380,431,133	3,804,311,330	Revocation of new restricted employee shares 305,880	-	Ministry of Economic Affairs, June 1, 2017, Jing-Shou-Shang-Zi No. 10601069520
Aug. 2017	10	400,000,000	4,000,000,000	382,289,947	3,822,899,470	Capital increase by earnings 18,588,140	-	Ministry of Economic Affairs, Aug. 7, 2017, Jing-Shou-Shang-Zi No. 10601109550

Month / Year	Issue price	Authorized Capital Stock		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital Sources	Offset by any property other than cash	Others
Aug. 2017	10	400,000,000	4,000,000,000	382,277,554	3,822,775,540	Revocation of new restricted employee shares 123,930	-	Ministry of Economic Affairs, Aug. 25, 2017, Jing-Shou-Shang-Zi No. 10601120510
Nov. 2017	10	400,000,000	4,000,000,000	382,272,271	3,822,722,710	Revocation of new restricted employee shares 52,830	-	Ministry of Economic Affairs, Nov. 29, 2017, Jing-Shou-Shang-Zi No. 10601159690
May 2018	10	400,000,000	4,000,000,000	386,695,410	3,866,954,100	Capital increase by employees remuneration 44,231,390	-	Ministry of Economic Affairs, May 1, 2018, Jing-Shou-Shang-Zi No. 10701043870
Jul. 2018	10	400,000,000	4,000,000,000	385,986,588	3,859,865,880	Revocation of treasury stock and new restricted employee shares 7,088,220	-	Ministry of Economic Affairs, Jul. 31, 2018, Jing-Shou-Shang-Zi No. 10701093100
Aug. 2018	10	400,000,000	4,000,000,000	387,880,301	3,878,803,010	Capital increase for 18,937,130 by earnings	-	Ministry of Economic Affairs, Aug. 16, 2018, Jing-Shou-Shang-Zi No. 10701101820
Nov. 2018	10	400,000,000	4,000,000,000	383,141,301	3,831,413,010	Revocation of treasury stock 47,390,000	-	Ministry of Economic Affairs, Nov. 26, 2018, Jing-Shou-Shang-Zi No. 10701143780
Apr., 2019	10	400,000,000	4,000,000,000	386,715,375	3,867,153,750	Capital increase by employees remuneration 35,740,740	-	Ministry of Economic Affairs, Apr. 25, 2019, Jing-Shou-Shang-Zi No. 10801046920
Apr., 2020	10	500,000,000	5,000,000,000	384,200,375	3,842,003,750	Revocation of treasury stock 25,150,000	-	Ministry of Economic Affairs, Apr. 22, 2020, Jing-Shou-Shang-Zi No. 10901058150
May 2020	10	500,000,000	5,000,000,000	388,751,037	3,887,510,370	Capital increase by employees remuneration 45,506,620	-	Ministry of Economic Affairs, May 4, 2020, Jing-Shou-Shang-Zi No. 10901063430
Apr. 2021	10	500,000,000	5,000,000,000	392,147,184	3,921,471,840	Capital increase by employees remuneration 33,961,470	-	Ministry of Economic Affairs, Apr. 20, 2021, Jing-Shou-Shang-Zi No. 11001064980
Apr. 2022	10	500,000,000	5,000,000,000	395,388,390	3,953,883,900	Capital increase by employees remuneration 32,412,060	-	Ministry of Economic Affairs, Apr. 25, 2022, Jing-Shou-Shang-Zi No. 11101062400

Note 1: According to the relevant laws and regulations of “Business Mergers and Acquisitions Act” and “Company Act”, the net value from being assigned the operations, assets and liabilities of Power Supply Business Unit of Hipro Electronics (Taiwan) Co., Ltd., from a spin off as a way to increase capital is NTD 80,000 thousand.

(2) The Types of Shares Issued as the Date the Annual Report is Published

Unit: shares

Type of Share	Authorized Capital Stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	395,388,390	104,611,610	500,000,000	Listed Company Shares

(3) Information about Offering and Issuance of Securities: None.

4.1.2. Composition of Shareholders

April 10, 2022 ; Unit: persons, shares, %

Composition of Shareholders Quantity	Government Agencies	Financial Institutions	Other Corporate Entities	Individuals	Foreign Institutions and Individuals	Treasury Stock	Total
Number of Shareholders	1	16	62	7,337	193	0	7,609
Shareholding	710,980	2,668,582	235,329,429	101,160,274	55,519,125	0	395,388,390
Percentage	0.18	0.67	59.52	25.59	14.04	0	100.00

Note: A TWSE/TPEx primary listed company and emerging stock company shall disclose the shareholdings by Mainland China investment of it. The Mainland China investment refers to the people, corporation, group or any other organization of the Mainland Area or the company invested by the Mainland China investment in a third territory defined under Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area: N/A.

4.1.3. Distribution Profile of Share Ownership

April 10, 2022

Range of Shares	Number of Shareholders	Shares Held	Shareholding Percentage
1 to 999	2,781	240,397	0.06%
1,000 to 5,000	3,554	6,567,148	1.66%
5,001 to 10,000	488	3,608,997	0.91%
10,001 to 15,000	188	2,280,926	0.58%
15,001 to 20,000	99	1,765,474	0.45%
20,001 to 30,000	96	2,386,309	0.60%
30,001 to 40,000	58	2,010,147	0.51%
40,001 to 50,000	36	1,614,455	0.41%
50,001 to 100,000	108	7,725,925	1.95%
100,001 to 200,000	76	10,985,430	2.78%
200,001 to 400,000	53	15,134,579	3.83%
400,001 to 600,000	28	13,746,893	3.48%
600,001 to 800,000	10	7,242,826	1.83%
800,001 to 1,000,000	5	4,483,341	1.13%
Over 1,000,001	29	315,595,543	79.82%
Total	7,609	395,388,390	100.00%

4.1.4. Major Shareholders

Shares held equal to or more than 5% of total shares issued or with equity ownership among the top 10 shareholders

April 10, 2022

Major Shareholder	Shares	Shares Held	Shareholding Percentage
Chicony Electronics Co., Ltd.		206,706,594	52.28%
Lee, Tse-Ching		24,362,547	6.16%
Standard Chartered Bank Entrusted with Swedbank Robur Globalfond		10,725,000	2.71%
Standard Chartered Bank Sales Department Entrusted with PineBridge Global Funds - PineBridge Asia Ex Japan Small Cap Equity Fund		8,225,181	2.08%
Lin, Yen-Li		7,890,315	2.00%
Lin, Yi-Ching		7,883,324	1.99%
Taishin International Bank Entrusted with Trust Property Account - Lin, Yi-Ching		5,000,000	1.26%
Taishin International Bank Entrusted with Trust Property Account - Lin, Yen-Li		5,000,000	1.26%
Di-Jia Investment Co., Ltd.		4,105,273	1.04%
Tseng, Kuo-Hua		3,987,229	1.01%

Note: Not including share in trust the grantor retains the power to decide the allocation.

4.1.5. Information on Market Price, Net Worth, Earnings, Dividends Per Share & Relevant Information

Unit: NTD, 1,000 shares

Item		Year	2020	2021	As of May 5 2022 (Note 5)
Market Price Per Share	High		78.40	87.10	87.80
	Low		42.00	64.80	68.00
	Average		64.55	72.67	80.31
Net worth Per Share	Before dividend		24.53	28.34	25.70
	After dividend		20.53	23.14	25.70
Earnings Per Share	Weighted Average Shares		386,916	391,424	393,192
	Earnings Per Share	Originally Reported	5.52	7.22	1.93
		Retrospective Adjustment	5.52	7.22	1.93
Dividend Per Share	Cash Dividends		4.00	5.20	-
	Stock dividends	Out of earnings	-	-	-
		Stock dividend from paid-in capital	-	-	-
	Accumulated undistributed dividends (Note 1)		-	-	-
ROI Analysis	P/E Ratio (Note 2)		11.69	10.07	-
	P/D Ratio (Note 3)		16.14	13.98	-
	Cash Dividend Yield (Note 4)		6.2%	7.16%	-

Note 1: For securities issued with terms that entitle the holder to accumulate the unpaid dividend during the Current year, for receiving in an earning-generating fiscal year, the accumulated unpaid amount shall also be disclosed.

Note 2: P/E ratio = Average closing price per share for the year/earnings per share.

Note 3: P/D ratio = average closing price per share during the current fiscal year/cash dividend per share.

Note 4: Cash dividend yield = Cash dividend per share/average closing price per share for the current year.

Note 5: For net worth per share and earnings per share, data from the first quarter of 2022 that has been reviewed by CPA should be filled. For other fields in this column, data from the current fiscal year as of the publication date of this annual report should be filled.

4.1.6. Dividend Policy and Execution Status and Distribution of Dividends by this Shareholders' Meeting

(1) Dividend Policy by Articles of Incorporation

In order to fulfill long-term financial planning needs and operate as a sustainable business, the Company has in Article 25 of its Articles of Incorporation clearly stated its future dividend policy:

The Company is still in the development stage of the electronic industry, and shall consider the capital needs for new products and the addition of items for return on investment of the shareholders in the determination of its dividend policy. Accordingly, the distribution of stock dividends to shareholders shall not exceed 90% of the total income attributable to shareholders and cash dividends shall not fall below 10% of the stock dividends to shareholders for each fiscal year.

If the total income attributable to shareholders falls below NTD 0.5 per share, the aforementioned restrictions shall not be applicable.

The Company authorizes the Board of Director with the participation of directors representing two-thirds of the aggregate total of director seats and the consent by one-half majority of the participating directors, the Company may allocate dividends, bonus, legal reserve or capital reserve either in whole or in part in cash. Such issues shall be reported to the shareholders' meeting. In the case of issuing new shares, it shall be distributed after the resolution of the shareholders' meeting.

(2) Allocation of Dividends Proposed at the Shareholders' Meeting

A. Cash Dividend :

The resolution passed by the 3rd meeting of the 6th Board of Directors on March 3, 2022, the cash dividends was allocated amounting to NT\$2,056,019,628, to shareholders at NT\$5.2 per share, and reported to the shareholders meeting. The ex-dividend date is April 14, 2022, and the cash dividend issue date is May 11, 2022.

B. Stock Dividend : The Company did not distribute stock dividends for the 2021 fiscal year.

(3) Expected Material Changes in Dividend Policy: N/A.

4.1.7. Impact on the Company's Business Performance and EPS by the Proposed Distribution of Shares

The shareholders' meeting convened in the present event contains no issue with the Company's capital to be increased with earnings. This issue is not applicable.

4.1.8. Remuneration of Employees, Directors and Supervisors

(1) Percentage or scope of remuneration to employees and directors as stated in the Article 24 of the Company's Articles of Incorporation

Current pre-tax benefits before deducting employee remuneration and director's remuneration of the Company in the year, a minimum sum 10% shall be appropriated as remuneration to the employees and appropriate 1% maximum as remuneration to directors. Where the Company continues outstanding losses in accumulation (including adjustment of unappropriated retained earnings), the sum to make good the loss shall be first withheld before the sum to be allocated as remuneration to employees and to the directors at the aforementioned ratios.

Aforementioned employee remuneration can be allocated in either stocks or cash, which including the employees under the control or subsidiary firms of the Company who consistent with the certain conditions; aforementioned directors' remuneration can only be allocated in cash.

(2) The basis of estimating the amount of the remuneration of employees and directors for the current period, the basis for calculating the quantity of stock dividends to be allocated, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure thereof

- A. The basis of estimating the amount of the remuneration of employees and directors for the current period: The percentage and scope from the earnings made by the Company for the year is estimated as stated in the Articles of Incorporation.
- B. The basis for calculating the quantity of stock to be allocated: It is calculated with the closing price one day before the board of directors decided to issue new shares. Employee divided of less than one share shall be distributed in cash.
- C. The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure thereof: When the discrepancy exists between the actual distributed amount and the estimated figure, it will be as profit or loss in the next year.

(3) Information about allocation of remuneration resolved by the Board of Directors

A. The resolution by the Company's Board of Directors on March 3, 2022 for the allocation of remuneration to employees and directors

(A) The remuneration distributed to employee in cash: NTD 197,259,170.

(B) The remuneration distributed to employee in stocks: NTD 261,889,482. The shares issued for remunerations to employees shall be calculated based on the Company's closing price of NTD 80.8 on the previous day when the board of directors decided to issue new shares, to issue a total of 3,241,206 new shares. The fraction of remunerations to employees of less than one share shall be allocated in cash at NTD 37.

(C) The remuneration distributed to directors: NTD 39,076,480. It shall be paid off in cash.

(D) The aggregate total of NTD 498,225,132 has no discrepancy between the estimated amounts recognized in the year of the expenses incurred.

- B. The amount of any employee remuneration distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration

As officially resolved in the 3rd meeting of the 6th Board of Directors on March 3, 2022, an amount of 459,148,652 shall be the remunerations to the employees with NTD 261,889,482 distributed in stocks. If the fraction of remunerations to employees of less than one share after deducting employee remuneration in stocks, it shall be allocated in cash at NTD 37. The actual amount of employee remuneration distributed in stocks is NTD 261,889,445, accounting for 9.26% of the income after tax, NTD 2,827,206,825, and 57.04% of the total remuneration to employees, as referred to in the 2021 entity financial statement.

- (4) The actual allocation of the remuneration to employee and directors in the previous year (including the number, amount and stock price of allocated shares), the deviation between the actual allocation and the estimated figures, if any, and cause and treatment
- A. The actual amount distributed to employee in cash: NTD 52,411,822.
- B. The actual remuneration distributed to employee in stocks: NTD 265,578,695. The shares issued for remunerations to employees shall be calculated based on the Company's closing price of NTD 78.2 on the previous day of March 3, 2021 when the board of directors decided to issue new shares, to issue a total of 3,396,147 new shares.
- C. The actual remuneration distributed to directors: NTD 28,664,712. It shall be paid off in cash.
- D. The aggregate total of actual remuneration allocated to employees and directors comes to NTD 346,665,229 exactly same as the amount anticipated in the Financial Statements 2020.

4.1.9. Repurchase of the Company's Shares

- (1) Implemented : None.
- (2) Under implementation : None.

4.2. Issuance of Corporate Bonds: None.

4.3. Issuance of Preferred Shares: None.

4.4. Issuance of Overseas Depositary Receipts: None.

4.5. Issuance of Employee Stock Option Certificates: None.

4.6. Issuance of New Restricted Employee Shares: None.

4.7. Merger & Acquisition or Assigned Shares from Other Companies to Issue New Shares: None.

4.8. Implementation of Capital Utilization Plan:

- 4.8.1. The Company has Plans for Private Placement of Securities but Uncompleted or Completed within the Most Recent Three Years but with no Realized Benefit: None.
- 4.8.2. For the Implementation of Capital Utilization Plan, Analyze the Implementation Status and Compared with the Estimated Benefit of the Original Plan: None.

5. Overview of Operations

5.1. Business Activities

5.1.1. Scope of Business

(1) Main businesses of the Company include

The main business of the Company and subsidiaries includes switching power supplies, various other electronic components and equipment, R&D, manufacturing and trading of lighting and illumination equipment and Smart Building System.

(2) Business Breakdown

Unit: NTD 1,000

Product Category \ Year	2021	
	Operating Revenue	Percentage (%)
Electronic Components Products	32,745,796	81.13
Consumer Electronic Products and Other Electronic Products	6,958,037	17.24
Others	660,145	1.63
Total	40,363,978	100.00

(3) Current Products and Service Items of the Company

- A. Power supply for desktop PCs and workstation: Multiple and single output power supplies that comply with international power-saving, relevant safety regulations, different characteristics, and different Form Factor needs, and provide flat and miniaturized power supplies for use in All in One personal computer systems.
- B. Power supply for gaming PCs: Built-in, Plus Gold 150W~850W.
- C. Power supply for game consoles: Provides internal power supplies for new generation game consoles, and supports the power supply of game console accessories for three-dimensional VR.
- D. Power supply for notebook PCs: 30W to 200W power supply for various size notebook PCs, (from 10-inch to 15-inch standard notebook PCs) and power supplies for gaming notebook PCs.
- E. Power supply for set-top-boxes: Internet power supply for Internet service or program providers.
- F. Power systems for cloud servers: 500W to 4000W power systems.
 - (A) Power supply for communication: Provide small power supplies for routers, network and HUBs to hundreds of watts of enterprise-type power supplies for central networks.
 - (B) Power supply with the server modular design: Provide 500W/800W/1,000W/1,200W/1,600W/2,000W/2,400W/2,700W/3,200W CRPS standard power module with the ultra-high power density modular design, as well as 3,000W/4,000W high-end AI servers and hyper-scale cloud data center (N+M) redundant power system that comply with OCP (Open Compute Project) specifications.
 - (C) Power supply for storage devices: Highly reliable (N+M) redundant power supply.
- G. Power supply for laser printers: Provides power supply for laser printers and laser engine drivers, including 110W to 400W power modules, etc.
- H. Power supply for inkjet printer: Provides the internal power supply ranging from 10W to 60W.
- I. Internet of Things (IoT): Power supply includes the accessory unit.
- J. Battery charging device: Power supply and charger for machine tools, drones, and mobile devices.
- K. Power supply for smart household devices: 5W to 60W power adapters and open frame are used for smart speaker, smart doorbell, smart temperature controller, smoke detector, smart

monitoring system, security system, smart switch and socket, smart makeup mirror, BBQ grills and power supplies for indoor sports/fitness equipment (treadmills, bicycles, etc.).

- L. Intranet PoE Power supply : 50W to 1,000W system internal power.
- M. Cooperate with the customer's early development, and provide various customized backlight module design and mass production.
- N. Provided the backlight module that has high brightness, high uniformity, ultra-thin. Widely used in optical components for keyboards, touchpads and notebook appearance.
- O. LED automobile lighting and module: Provide the design and product development services for a variety of automobile interior and exterior lighting of automobile manufacturers. We will design and produce various LED adaptive driving beam modules.
- P. Smart building system: Provide the smart building integration management platform and host, smart computing logic controller, wireless control module, wireless gateway, ambient sensor, and mobile device App.
- Q. Environmental control monitoring system: Provide the environmental monitoring system and host, wireless control module, human radar detector, ambient sensor, wireless gateway, and mobile device APP.
- R. Lighting control system: Provide the lighting control system and host, lighting control gateway, dimming and lighting switch controller, wall control switch, and mobile device App.
- S. Energy management system: Provide the energy management system and host, wired/wireless smart meter, and mobile device App.
- T. Image recognition system: Provide image recognition software for face recognition, people tracking, zone warning, and license plate recognition.
- U. Smart HVAC system: Provide smart AHU solution, smart AHU controller, various types of sensors for air-conditioning systems and mobile device App.
- V. Engineer consultation, planning, design, system integration, purchase, construction, and maintenance operations provided for mechanical, light-current, and smart building systems.
- W. Property management system: Provide the property management system and host, integrate building property data, residential (tenant) service management and Internet of Things information integration, as well as provide users with multi-channel interaction methods such as mobile terminal APP.
- X. Facility management system: Provide the facility management system and host, unify the life cycle management of building facilities, as well as provide multi-channel interaction methods such as user mobile terminal APP.
- Y. Carbon emission monitoring and management system: Monitor the carbon emission status of buildings and provide effective equipment control strategies to help buildings continuously optimize carbon reduction.

(4) New Products and Services Planned for Development

- A. Power supply for desktop PCs and workstation: Continuously provide platinum high-efficiency and miniaturized high-efficiency All in One power supplies. At the same time, in response to the new ErP directive, we developed titanium high-efficient power supply models.
- B. Power supply for gaming consoles: Develop high power density 300W miniaturized power supply and handheld game consoles/VR headsets portable charger for new generation gaming console products.
- C. Power supply for notebook PCs: Power supply with ultra-low standby power consumption (approximately 20mW), thin design. They use the state-of-the-art topology and components. (ACF+GaN) The new USB Type C PD adapter with a variable output for more than 100W.
- D. 5G uses the telecom IT infrastructure power system: 500 ~ 1,300W Series provide support for OTII (Open Telecom IT Infrastructure) high-temperature and high-humidity server room power system.
- E. High-end AI servers and hyper-scale cloud data center power system: The 3,000 ~ 4,400W high power density modular design power module provides support for high-end AI servers and hyper-scale cloud data center (N+M) redundant power supply system.
- F. Power supply for IoT devices.
- G. Various battery charging devices for high-end drone charging stations, chargers for electric motorcycles, and electric bicycle charger.
- H. Embedded power supply for industrial panel PC: Provide the Industry 4.0 automatic panel PC

system with 50W~800W power available for edge computing.

- I. Power supply for personal gaming computer: ATX 80 PLUS internal power supply which has platinum efficiency high power density and full digitalization.
- J. Standard power supply rack and power module for the Open Compute Project of the information center: 18KW to 36KW power supply rack embedded with N+1 redundant power supply system.
- K. High efficiency fanless PoE power supply with natural cooling.
- L. Mini LED backlight modules, backlight modules that can independently switch color-changing icons, and 3D curved ambient light modules.
- M. Development of the LED adaptive driving beam module and laser high beam module.
- N. Intelligent integration of electromechanical and light-current equipment: We integrated the electromechanical and light-current equipment as well as smart sensor, and improved the operation efficiency of the building using data analysis and AI technology to achieve the sustainable goals of energy saving and carbon reduction.

5.1.2. Industry Overview

The main products of the Company include various types of power supplies; the following is the analysis overview of the Company's main products in the industry:

(1) Industry status and development

The Power Supply Unit (PSU) can stabilize and convert unstable external power into stable power required within electronic products. The operations of most electronic products require direct current (DC), but due to the physical restrictions of generating and transmitting electricity, the power provided by the electrical company can only use high voltage alternating current (AC); therefore, electronic products require power supply devices to convert AC to DC and also adjust the voltage to within the range for product operation so that the product can operate smoothly. Also, as modern electronic components become more and more precise, they can get damaged more easily by unstable current; therefore, having a stable power supply unit not only is the key of whether the product can operate normally, but also affects the usage life of the product. The PSU can be described as the heart of electronic products.

PSUs are categorized by the amount of power supplied and their basic structures; they are mainly divided into Linear Power Supply (LPS), Switch Power Supply (SPS) and Uninterruptible Power Systems (UPS), in which the SPS is the mainstream for current products; the following introduction to the PSU industry is mostly about SPS.

If PSUs are categorized according to input/output features, they can be divided into AC/DC (alternating current to direct current), DC/DC (direct current to direct current), AC/AC (alternating current to alternating current) and DC/AC (direct current to alternating current) etc.; the designs of the PSU varies according to the need of the electronic product or instrument. The AC/DC PSU is the most common type; it is mainly used to convert the main power into direct current that complies with the voltage for product operation. AC/DC PSU products include SPS and adapters etc. that are applied on PC, NB, electronic, appliances and network equipment etc. The DC/DC conversion PSUs are mainly used for communication, ultra-low voltage and ultra-high current needs; they covert the directly current already converted by the AC/DC power device into various special voltages, usually used on instruments and equipments that require extremely stable power or special operating voltages, such as computer chips etc. AC/AC is mainly applied on UPS (uninterruptible power system) and DC/AC is used on solar power conversion etc. Please refer to the following table for details on the categorization and usages of PSUs.

Main Category of PSU

Input/Output Current Type	Categories	Usage
AC/DC	PSU for PC	The most common PSU type; it is highly efficient and protected with iron casing. Its power is between 50W~2,000W.
AC/DC	Open Frame	Built-in PSU for network communication products, industrial computers, industrial machineries and monitors etc. It is not protected with iron casing and allows more freedom for design; it can be custom-made according to space and power needs.
AC/DC	Adapter	A common external PSU; covered with plastic casing and mostly applied on notebook computers and various consumer electronic products.
DC/DC	Converter	Increases or decreases the voltage of the DC converted by the AC/DC device; mostly applied on electronic products that require precise voltages.
AC/AC	UPS	UPS is the abbreviation of uninterruptible power system; usually it is connected to the city main AC for charging so that it can provide AC power to electronic products such as computers when there's power outage.

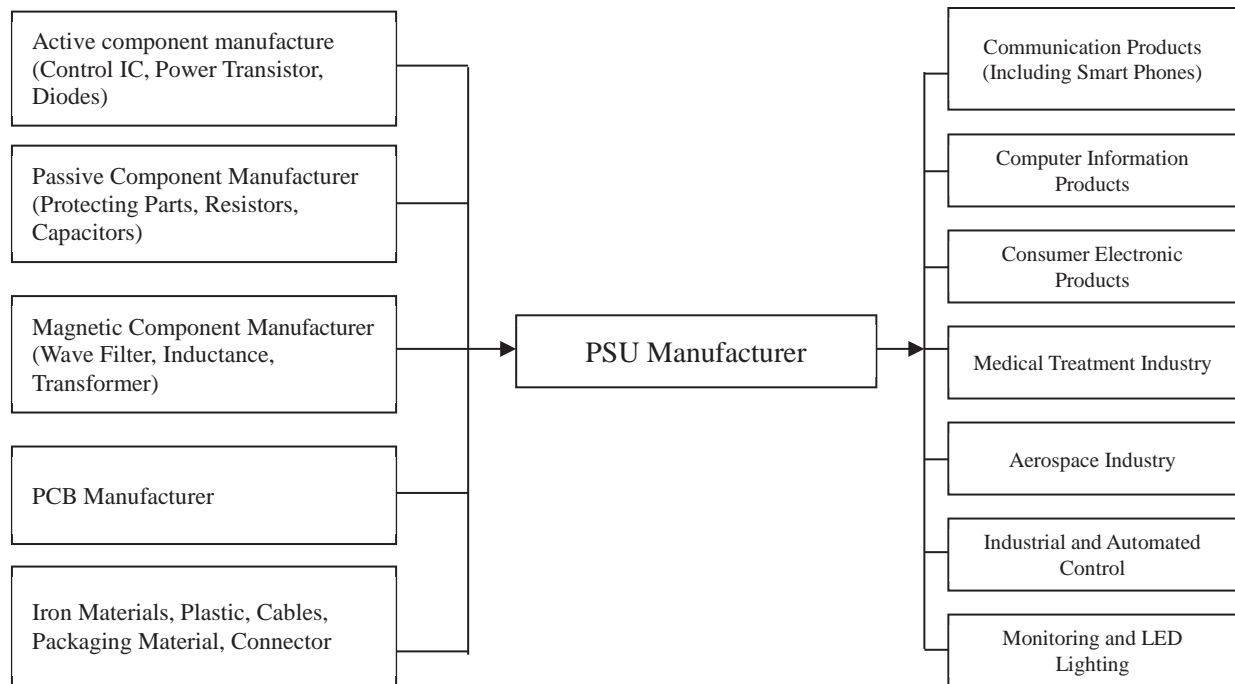
In addition, as people are becoming aware of concepts including environmental protection, energy-saving and carbon-reduction in recent years, how to increase the conversion efficiency and reduce the power consumption during standby of PSUs while complying with the energy-saving specifications and environmental protection laws of each country is becoming the focus of development for manufacturers. The power supply required for the energy-saving products, such as LCD TVs and LED lamps has become the new market of this industry; in order to develop revenue sources, manufacturers have already used their advantages in power technology to gradually cut onto other products requiring high power converters.

The power supply of USB TYPE C's identifiable system has become the one for the new-generation PC and mobile phone. The USB TYPE C connector may also become part of the phone standardization.

(2) Correlation between the upstream, midstream and downstream parts of the industry

PSU is usually formed by various active components (able to amplify, oscillate, and compute electrical signals; such as control IC, power transistors and diodes), passive components (will not change the basic characteristics of electrical signals; such as capacitors, resistors and protective components) and magnetic components (volatile filtering or increase/decrease voltage; such as transformers, inductance and wave filter); the components described above are assembled manually or automatically by machinery and fixed on a printed circuit board (PCB). If this PSU is not an Open Frame product, then a metal casing will be added for protection and electromagnetic shielding; finally, they are connected with external cables then packed and shipped. PSU can be sold individually or as a component for other electronic products; it has a wide range of uses. Taiwan manufacturers mainly produce PSUs required for communication products, computer information products and consumer electronic products. The correlation between the upstream, midstream and downstream parts of the overall PSU manufacturing industry is shown in the figure below.

**Correlation Figure between the Upstream, Midstream
and Downstream Parts of the PSU Manufacturing Industry**



Most manufacturers in Taiwan focus on the AC/DC and DC/DC products in the PSU market; generally speaking, AC/DC products have a wider application range and DC/DC products are used as internal components of electronic products, and also applied by many high-end industrial power supplies, so it has a high product technology level. When we look at the structure of the upstream, midstream and downstream parts of the PSU industry, Taiwan companies have self-supply capabilities for most of the “upstream raw material” components for control IC (components), except a small part which are imported from foreign countries. As for the “downstream application industry”, the development of Taiwan’s information industry is very mature and the industrial chain is complete, so they have high competitiveness on the assorting of PC related products, consumer electronics, network communication and industrial machineries.

(3) Various product development trends

A. Products are developing towards miniaturized and beautified

PSU is a key component of electronic products, and its function requirements are closely related to the features of the application product. As the development of electronic products gradually is trending toward becoming smaller, prettier, lighter, stackable and have lower power consumptions, the development and design of PSUs must be aimed at reducing the size of the module, be more artistic and have increased power conversion efficiency.

B. Product quality and technology upgrades

As standard PSU products become more and more mature, most of the main products of domestic manufacturers are for supporting information applications; plus with the rapid increase in competing companies, price competitions have become fierce. With the profit of downstream application products becoming lesser and lesser, not only do PSU manufacturers need to increase their own technology, quality, control cost and expand their own industrial economy scale, they must also enhance their development and designs for products with high added-values in order to strive for new application markets (High frequency and high density, using third-generation semiconductor (GaN, SiC)).

C. Safety specifications are becoming stricter and stricter

Consumer awareness for environment protection has been increasing as the prices of power increases; power-saving, environmental-friendly products have become the development trend for the future. Also, safety requirements for electronic products are stricter and stricter in various countries. In order to protect the safety of the users and also comply with the energy-saving specifications set by the government of different countries, products and manufacturers that can provide solutions for the technical designs will have competitive advantages and market opportunities.

D. Product line and automated production of key components as well as parts

In response to labor shortage and increased wage, the automated production can solve the issues of delayed delivery and increased overall costs caused by labor shortage, while maintaining the consistency of the product quality to reduce the quality problems caused by human errors.

(4) Product competitions

There are higher barriers to enter the PSU industry because the PSU industry requires economies of scale or production technologies, some high-end or environmentally-friendly PSUs require patent rights or certifications, plus the R&D cost is high because the technology level of high-end products is high; therefore the trend of larger manufactures getting larger is becoming more and more obvious.

Taiwan is a main production country for global information products; and because of the drive of downstream companies, the shipping amount of PSUs from Taiwan has always been among the top. This is why competitors in the PSU industry, mostly manufacturers from Taiwan, all have their own advantages, since the application range of PSUs is very wide and most manufacturers focus only on specific power ranges or application fields. This is also why very few mid-sized companies and above have died out and they are able to find a position in the market.

5.1.3. Technology and R&D Overview

(1) R&D Expenses of the Most Recent Year up to the Date of Publication of the Annual Report

Unit: NTD 1,000

Year	2020	2021	2022Q1
R&D Expenses	1,964,482	1,792,787	413,024
Net Sales	34,863,027	40,363,978	10,493,426
Proportion of Net Sales (%)	5.63	4.44	3.94

(2) Successively Developed Technology or Product of the Most Recent Year up to the Date of Publication of the Annual Report

R&D Outcomes	Developed Technology
• Built-in PSU for PC, 150W~850W	• LLC Technology
• External PSU for notebooks, 30W~ 330W	• Flyback • Half-bridge LLC architecture
• High-power smart DC power module for communications	• Half-bridge resonant • Digital monitoring design • Support for the redundancy function
• Miniaturized 30/40/60 W adapter with wall-mount design	• Active clamp Flyback + GaNFET
• New charging platform of Tablet/ Smart Phone	• Type C PD, PPS & QC
• Power supply for multi-function 300W/400W Laser printers	• LLC+AC Module
• New 700~2500W server PSU	• Full digital control LLC architecture
• USB Type C PD adapter with multiple outputs, 26W / 30W /45W /65W/90W and the latest 140W~240W high power products complying with PD3.1 specification	• Designed in accordance with the USB PD Spec and ASIC • Development of new architecture such as AHB/Totem Pole
• Large and small charging device for lithium batteries, up to 1200W	• LLC+ charging circuit
• IoT-related PSU 7W~30W	• Flyback+networked, and low-end product power consumption design
• PSU platform for gaming consoles, 50W~850W	• Flyback + high-frequency LLC architecture
• PSU for inkjet printers, 15 W~50W	• Flyback architecture and plastic casing
• Direct AC lighting module and Smart Lighting module, 10 W~150W	• AC directly controlled LED light source • Zigbee network architecture
• External high efficiency PSU for gaming PCs, 120W~330W	• LLC architecture
• Parallel module for drone charging stations, 10,000W~30,000W	• LLC architecture + charging auto control system
• Desktop gaming PSU, 550W~850W	• LLC architecture + Flyback + Buck
• Industrial Tablet PC embedded power supply, 50W~350W	• Active Clamp Forward • APFC • LLC architecture
• LED daylight and positioning lamp module • LED low beam module • LED high beam module • LED high/low beam module • LED fog lamp module • LED daylight and turn signal lamp module • LED combination tail lamp module • LED high mounted stop lamp module • LED interior lamp module	• Optical design for the LED high/low beam module • Light-guide type LED daylight and turn signal lamp design • Thick-wall type LED daylight and turn signal lamp design • Temperature protection design • Optical design for the LED low beam module
• Mini LED backlight module of high brightness and energy saving • The backlight module of the color-changing icon that can be switched on and off independently. • 3D curved ambient light module	• Development of new generation of light source Mini LED with five-sided lighting to improve optical performance • Development of barrier optical structures • Development of emission type light guide plate

(3) Future Annual Research and Development Plan

The development directions for the company's future products are as follows:

A. PSU Products for Office Automation and Personal Computers

Although the overall market scale of personal computers has declined due to the increasing number of tablet computers, all computers related products operate on power; the only difference is function requirements. Therefore, the overall power supply market still shows a growing trend.

In recent years, energy-saving, carbon-reduction and green power have become requirement demands for the industry; all power supply products have future performance demands defined by related international organizations, similar to the 80Plus standard for power supply units, and especially with the titanium gold brand where the efficiencies of the 10%, 20%, 50% and 100% loads are 90%, 94%, 96% and 91% respectively, the development of PSU products must march towards higher efficiency under this trend. By focusing on the future efficiency trend and upholding the innovation principle, the Company invested human and material resources to strive on developing PSU products that surpass the platinum brand. We focused on the standby and overall output efficiency for the development of notebook adapters and followed the design concept for the appearance of the system to create lightweight and compact adapters. In response to the promotion of NB manufacturers in enterprise customers, we are committed to the development of adapters with higher power than consumer NBs. As for tablet PC products, although they have small output power, the appearance must be novel, lightweight and have regional plug switching functions, achieving generic PSU without boundaries.

The wireless network is a required function for the overall computer industry, and the power supply required for the equipment plays a very important role. Among the output devices of these equipments, printer related equipment is the most important. Therefore, the power supply requirements differ according to the different printing engines, and new technologies must be grasped in order to meet customer needs and extends to multi-function copiers in offices. In addition to the laser printer, we have also entered the market of the inkjet printer and become the one of the key suppliers for a large printer manufacturer.

B. Input Devices for Entertainment Purpose

With the coming of the cloud era, traditional playback mediums such as hardware DVD, Blue ray players and game consoles etc. have been gradually replaced by broadband network streaming. In addition to the update of digital content software, the mainstream trend of new hardware input devices will be various Set-Top Boxes, such as: Apple TV, Google TV, MOD, etc. The standardized thin external power adapter also works on a small amount of diverse products, and the integrated power supplies can be customized to meet the models that focus on the style of the appearance.

In addition to the gaming console, the gaming module developed by video game developers also provides a convenient and easy-to-operate arcade game console. The gaming PC has also becomes one of the mainstream gaming consoles.

C. Smart Building System

Continue to develop the intelligent system with the networking, computing, control, and learning capabilities has provided a comprehensive intelligent solution for lighting, air conditioning, energy, security, carbon emission detection, and human-computer interaction, which will be used in the residential buildings, office buildings, shopping malls, campus, and cities. It will be the heart of the integration management system for the future smart city.

D. PSU Products for Cloud Information Equipment and Data Center

Cloud service and mobile networking have become the mainstream in the market. Not only do system developers import smart software and hardware architectures and strengthen their resilience. They also pay a lot of attention to the energy-saving demands for the PSUs of equipments. The power supply capabilities and insufficient spaces of most data centers limit business owners from expanding their equipment capacities. Therefore, the design of PSUs must further reduce the size and increase conversion efficiency, and further reduce the operating cost of the data centers. Also, related energy-saving regulations of Europe and the U.S. forces the equipment PSUs to achieve a certain standard for light loads and conversion performance. On the other hand, the new container-based cloud data centers can significantly reduce the space and cost. All of the IDC equipments can fit into a 20-foot container and has the advantage of flexibility for usage for enterprise users.

The Company is actively laying out PSUs for cloud equipment; not only for use by servers and storage systems, but also invested in the development of network communication PSUs. We have acquired many patents related to power management by working with related domestic and international companies, and has lead the industry in proposing various solutions for improving the power efficacy of equipments. For example using bridgeless AC/DC circuit architecture with lossless switching technology, and applying SiC components and integrated magnetic components etc. to effectively improve the efficiency of entire machines and increase power density, challenging various types of high performance and high power models. We also applied simulated software to analyze circuits, 3D models and thermal regime during the development and designing stage in order to effectively shorten development time.

For the design and development of future cloud equipment PSUs, we will focus more on software design and simulation applications, especially on the smart PSU monitoring and management units and digital PSU controls such as home security monitor system; they will be development priorities. In response to the demands for cloud service technology, the Company will create new innovative solutions for power management to face the many challenges for future PSU designs.

E. Chargers for Hand Tools and Garden Equipment

The machine tools with the digital intelligence have driven the growth of the machine tool industry. For garden equipment, petroleum and diesel are mainly now. For the environmental protection and convenient use, more and more people want electric-powered equipment, which drives the demands of medium-power charging devices.

F. In response to the rising trend of power demand for mobile device chargers, the latest high-frequency technology and third-generation semiconductor high-speed switches are used to develop 30-65W high-density miniaturized chargers.

G. Power Supply Products for Image Display

Provide power supply products with customized design to meet the demand of high resolution for the high-end 4K and 8K OLED image displays and support the demand of the acoustic multi-audio processing.

H. LED Backlight Module

Notebooks and other electronic products contain physical keys and touch panels. As portable electronic products have become thinner in their development, the available space on the unit is reduced. There may be no numeric keypad on a light and thin notebook and a luminous virtual numeric keypad is designed on the touch panel as a replacement; it returns to a regular touch pad when the light goes out. This module that can only show a single display (e.g. numeric keypad for calculator) is called a single-layer touch backlight module.

Currently, the notebooks on the market only have a single-layer luminous effect. The current technology is not able to give any support to users who need to define multi-mode inputs such as phone call icon or dialing keypad connection, and no companies in the industry

have provided the products with these functions. The dual-layer or even multi-layer design allows the users to have an application situation that is not singular anymore. It will have a diversified functional performance that is totally different from the traditional products.

I. Automobile LED Headlights

Automobile LED adaptive headlight module: In response to the development of the automobile electronics, the use of LED headlights is a natural trend. To improve the driving safety and driver's comfort, the Company continues to perform the development of the LED adaptive driving beam (ADB) module. The ADB is designed to change the lighting pattern by detecting the external surroundings, to reduce glare coming from the opposite direction and change the lighting pattern based on the road conditions.

Laser high beam module: A more compact high beam module can be designed by using the laser alignment. This also gives the automobile manufacturers more flexibility to design cars. Moreover, the laser can meet the projection of 400~600m, which gives the driver enough time to respond for better safety.

5.1.4. Long-term and Short-term Business Development Plans

(1) Short-term Business Development Plans

A. Product Marketing

(A) Upgrade the sale proportion of high value-added power supply products to increase the Company's earnings.

B. Production Management

(A) Utilize the inter-group co-procurement and actively expand cooperation with suppliers in Mainland China to effectively reduce the procurement cost of raw materials.

(B) Continuously increase automated production ratio, improve production efficiency and strengthen product quality to mitigate the pressure produced by increase in labor cost.

C. Development Strategies

(A) Continue to focus on research & development in innovation and technology of products to upgrade the Company's position levels in the markets and in the know-how.

(B) Comprehensively promote the automated production and continuously develop new manufacturing processes to boost product efficiency and quality.

(C) Speed up quality certification of various products, domestic and overseas, to upgrade competitiveness of the products in international markets.

(D) Continue to recruit excellent human resources and enhance employees' professional training to upgrade the Company's strength in R&D.

D. Human Resources

(A) Work with colleges and universities and provide scholarships and fellowships to excellent students to recruit professional human resources.

(B) Effectively utilize the system targets of all sorts of human resources to help all business divisions accomplish annual targets in profits.

E. Financial Management

(A) Make maximum possible use of the derivative financial instruments and diversified, comprehensive, and multifaceted instruments in the capital markets to minimize potential fluctuations in foreign exchange and the risks in rising prices of raw materials.

(B) Continuously strengthen control over accounts receivable, boost the turnover rate of a variety of assets to effectively control budgeting and implementation process.

(2) Long-term Business Development Plans

A. Product Marketing

- (A) Actively develop the business for products related to cloud smart, power supply of e-sports computers, and power supply for data center servers, etc., in response to the industrial development trend.
- (B) Actively continue to expand the market share of power supply products and develop customers for new products.
- (C) Take firm trends of market development and boost customer service efficiency, with continuous profound cultivation of and contacts with customers to provide customers with services in the best real-time.

B. Production Management

- (A) Continue to research, develop and improve the production process to upgrade the production efficiency and product quality.
- (B) Continuously boost the ratio of automated production and continue to develop new manufacturing processes to minimize production costs, enhance production efficiency and quality.
- (C) Preparing to expand the plant and plan the construction of the new Thailand factory to disperse the risk over production bases.

C. Development Strategies

- (A) Continuously cooperate with heavyweight manufacturers, customers and suppliers throughout the world, make use of advanced key technology and development trends in the markets to create a technology advantage.
- (B) Take the firm trends of market development and boost research and development of power supply products for new domains of application to increase product items and help the Company gain added profits.
- (C) Continue to develop smart home power supply products and smart building integrated management platform to be in line with the global smart energy saving trend.
- (D) Augment the power supply solution projects for server and huge information centers to develop upward to high-end products.
- (E) Continue to research and develop high-power supply products related to advanced server and gaming computers.

D. Human Resources

- (A) Look into and make sure of the trends in human resources relevant policies at home and abroad, and regularly review the relevant practices and systems of the Company, to win over maximum possible benefits common for both labor and management.
- (B) Fulfill corporate social responsibility, practice corporate governance and value care for employees to achieve the enterprise's objectives for sustainable operations.

E. Financial Management

- (A) Devise and work out optimum taxation planning for the Company and the subsidiaries pursuant to the requirements of taxation laws of the countries concerned.
- (B) Continuously minimize liability ratios.

5.2. Market and Sales Overview

5.2.1. Market Analysis

(1) Sales Regions for the Main Products of the Company

Unit: NTD 1,000, %

Sales Region		2020		2021	
		Amount	Ratio (%)	Amount	Ratio (%)
Domestic Sales		330,307	0.95	556,977	1.38
Exports	Asia	32,820,582	94.14	34,010,839	84.26
	America	1,308,925	3.75	3,496,396	8.66
	Europe	375,914	1.08	453,212	1.12
	Others	27,299	0.08	1,846,554	4.58
	Subtotal	34,532,720	99.05	39,807,001	98.62
Total		34,863,027	100.00	40,363,978	100.00

(2) Market Share of Our Products

According to the research data of MTC, U.S.A., the Company ranked in the top 10 among the top 15 PSU manufacturer market share ranking, and is one of the leading manufacturers in the market. We also are ranked top 3 in global PSU OEM and communication market.

(3) Future Supply, Demand and Growth in the Market

The PSU is an indispensable key component for power electronics, and its application range is quite wide and can be applied on information, communication, industrial/measurement, national defense/aerospace and other types products. The Company also has diverse operation and the main applications of our products include notebook computers, desktop computers, game consoles, servers and smart home, etc. Therefore, the future supply of the PSU industry is closely related. The following is the analysis and description of the future supply, demand and growth for the application of the main products of the Company:

A. Notebook Computer and Desktop Computer Markets

After a year of material shortages and shipping logistics challenges, the output volume of the global PC market was 348.8 million units in 2021, an increase of 14.8% over 2020 and a new high since 2012. After two consecutive years of strong growth, the PC market is expected to start to slow in 2022. Industrial institutions predict that the PC market will grow at a five-year compound annual growth rate of 3.3% through 2025, with most of the growth coming from NBs.

B. Cloud and Server Markets

In 2021, server shipments affected by shortage of the global IC and component. The annual shipments were 17 million units, an increase of 4.6%. Looking forward to 2022, if the pandemic is controlled successfully and the international logistics services and materials are restored to their normal situation or even become better than ever, the strong demand of the large cloud data centers and the planned introduction of the new Intel and AMD CPU processors in the second half of the year will expectedly drive the global shipment volume of servers and the growth rate will be increased up to nearly a double digit.

C. Game Console Market

Basically, gaming hardware is divided into the video game console, arcade game console, single-player gaming, and hand-held game mobile device.

The release of new game consoles in 2021 and deferred demand due to material shortage in 2020, resulted in the growth of game console sales in the first half of 2021. However, due to negative factors such as transportation and COVID-19 in the second half of 2021, the sales of game consoles were not as expected. Game console sales raised to 51.257 million units in

2021. As the COVID-19 slows down in 2022, the impact of transportation and material shortages will gradually ease. Global game console sales are expected to grow by 13% to 57.94 million units.

D. Smart Home Markets

A smart home is an ecological system built by connecting the household appliances, and a safe and comfortable living environment is the long-term goal of every resident. With the development of the AI, IoT and 5G technologies, the smart home will substantially change the lifestyle of the people. As expected by research institutions, the smart home industry will create a business opportunity of US\$178 billion by 2025.

E. LED Car Headlights Industry

The penetration of the LED headlamps on the global market was more than 60% in 2021 and the penetration in the new energy vehicle field was more than 90%. With the support of the increased vehicle shipments and higher LED penetration rate on the automobile market, the production value on the global automobile LED market was about US\$3.51 billion in 2021 with a growth rate of 31.8%. As the tight supply of the automotive chips was mitigated in 2022, a substantially increased percentage in the automobile field is expected. The market scale of the electric vehicles in 2030 will expectedly grow to 30 million in quantity and, thus, drive the demand for the LED headlamps.

In summary, it is estimated that the market demand for power supply has been still being increased in 2022.

(4) The Company's Competitive Niche and the Favorable Factors, Unfavorable Factors and Countermeasures That Will Affect the Development Vision of the Company

A. Competitive Niche

(A) Strong Management Team

The Company has a strong professional management team with rich experience; the macro perspective and excellent entrepreneurship formed by combining its strong industrial base and contacts have lead the continual innovation and changes of the Company, the continual increase of market share of our products, and the successful experience of expanding new businesses. In addition, we acquired the newest market information and mastered the market trends by cooperating fully and closely with our customers, continued to develop new products that meet the requirements by the customers, and won the appraisal of famous international customers again and again. The Company has accumulated capabilities to develop excellent world-class customers because the main sales customers of the Company are all famous major international manufacturers, and our strong management team described above also allowed the Company to become important partners that work closely with various major manufacturers when developing new products.

(B) Global Strategic Layout

The Company uses Taiwan as the center of operation for the Group, planning business strategies, operation plans, customer development and sales orders of the entire Group; it is also responsible for the planning, design and development of new products and new technologies. The Company uses regional resources effectively to deploy global marketing, logistics, production and technical service locations; Taiwan is the main development and sales center, China and Thailand is responsible for the division of labor of the production and to provide nearby services to the customers in order to become closer to the market, and global real-time supply warehouses (such as Asia, the U.S.A. and Europe etc.) are established in order to shorten product shipping time and to provide a steady and fast source of goods for the customers, allowing customers to have minimum stock, reduce funding backlog and satisfying customer's demand for quality, price,

delivery and location, providing customers with the best logistical support service and technology.

(C) Strong Development and Innovation Capabilities

The Company has development teams with rich experience and great qualifications, and most of our customers are large international first-class manufacturers; our long-term cooperation has already allowed us to develop great technical depth and customization capabilities, and we are the capability to develop software/hardware HMI. Not only can we actively help customers improve the product's design interface, we can actively develop standardized platform as well and make limited changes under the original design basis to speed up the development time for various new products in response to the rapid changes of the market. In addition, the Company has been dedicated to the production and technical development of PSU products, and we have accumulated rich experiences in technical contents, power electronics, cooling and material analysis etc. The development and innovative capabilities described above are great niches for the Company's future development in PSU businesses.

(D) Automated Management and Production Capacities

Not only does the Company focus on our own core competitiveness and enhancing our product development capabilities, we also continue to simplify and rationalize the production process of our products through product designs in order to reduce loss of material. In recent years, we continued to develop automated production and production line detection equipments and actively imported modular automated production, testing equipment and production processes in order to increase production efficiency and quality and also reducing labor cost.

In addition, the Company has accumulated self-design, development and improvement capabilities for the automated machinery equipments used for production by the Company; there are precision models set up at each production unit, and dedicated personnel stationed for the designs, production and importing of automated assembling equipments for mass production. We also develop and design automated machinery equipment with the equipment manufacturer according to the product structures, features and quality demands in order to master the production process and control the quality of the products; and we try to increase the production process technology and yield of the production line through continuous development and improvement. Particularly, the automated production of transformers is a great help to reducing the labor costs with more stable quality.

(E) Product layout for both long term and short term growth momentum and one stop shopping service.

The Company is a professional designer and manufacturer for PSU products; we are equipped with diverse PSU product lines and the power and application range of our products is wide, ranging across 3C and home appliance. The Chicony Group that the Company belongs to is also a leading brand in fields including computer keyboards, computer cameras, built-in camera modules for notebook computers and digital imaging products; therefore the Company has the advantage of diverse products and professional capabilities for global marketing and technical service, allowing us to provide one stop shopping service for our world's leading major manufacturer customers; we are equipped with the benefits of horizontal integration which also allowed the Company to have an important position in our industry.

B. Favorable, Unfavorable Factors and Countermeasures for Our Development Vision

(A) Favorable Conditions

- a. Our management team has rich industrial experience and has high level of mastery on product features

PSU products are highly relevant to downstream electronic products; they have wide application ranges and are indispensable components for various major information electronics and consumer home appliances. The development of emerging PSU application field industries including IoT, AI smart home and other different fields. The high-end PSU for servers that has higher gross profits are benefited from the increased establishment of cloud database IDCs; business opportunities can be expected for some companies. The related PSU shipment amount for the emerging application field industries described above will be able to grow steadily. The management team of the Company has rich experience in the production and development of related products, and has a high level of mastery for product features; therefore, they are able to quickly provide solutions that can satisfy customer demands.

b. Complies with multiple international certifications, product qualities praised

The Company upholds the principle of “No Quality, No Sales” and customers first, and the designs of our PSU products comply with multiple safety certifications including UL, CAS, NEMKO, FIMKO, DEMKO, SEMKO, PSE of Japan and TUV of Europe, and also comply with the FCC Class B/CISPR requirements of the U.S.A. They have also passed ISO 9001/ISO 14001/OHSAS 18001 certifications. We have products that support personal computers, notebook computers, game consoles, laser printers, LCD TV, servers and telecommunication equipments etc.; we are a professional PSU manufacturer that complies with international standards and our products and sold to major international brands in Hong Kong, Singapore, Japan, Korea, the U.S.A., England and Europe. The qualities of our products are deeply praised.

c. Maintain great and steady relationships with upstream and downstream manufacturers

The Company has already created stable supplier relationships with our main suppliers for raw materials; our sources are stable and have great qualities, and allow us to grasp the delivery date and price. The materials unit also controls the delivery date of raw materials strictly according to order conditions in order to lower inventory cost. We have sales channels in major markets in Asia, Europe and America, allowing us to actively collect market trends to design and develop products according to customer demands. We also maintain great long-term cooperating relations with our customers by having concentrated technical exchanges with our downstream customers, which allows us to further accumulate our development and manufacturing strengths.

(B) Unfavorable Conditions

a. Life cycle of products are shortened

The alternation of information, communication and consumer electronics are rapid, causing the life cycle of products to be shortened. We must work with the development speed of our customers for new products and shorten delivery dates, causing the time for product development, design and mass production to be shortened, which challenges the professional skills and management capabilities of the Company.

Countermeasure:

Not only will the Company actively develop new technologies, train development talent and improve production efficiency and yield, we will also actively develop standardized platforms to make limited changes on the original design basis, and speed up the development schedule of various new products in order to shorten the product development cycle and simplify material usage in response to the rapid changes of the market and reduce the risk of inventory in stock.

The Company has already created great long-term partnership with many renowned major domestic and international manufacturers, and we use exchange cooperation with our customers during product development to fully understand

customer demands and market trends, allowing us to quickly develop and mass-produce products that meet the market demands. We also have rigorous control for raw materials with special specifications, and we are actively reducing our inventory in order to reduce the loss from idle products; this can effectively lower cost and increase market competitiveness.

b. The fierce competition of product prices compresses profit margins

As the development of 3C products flourished in recent years, it brought about market demands of related components for products such as computer peripherals, consumer electronics; it also caused the market competition to become fiercer and the pressure of product prices has increased, causing a low-priced trend to be generated for electronic products, compressing and profit margins for manufacturers.

Countermeasure:

The Company continues to focus on increasing our operating capacities and core competitiveness, including product development capabilities, material analysis capabilities, raw material bargaining capabilities, automated production capabilities and production efficiency and quality; also continue to expand high-end products with higher gross profit margins in order to seek product differentiation, increase added-value for the products and strengthen the profitability of the company. Also, continue strengthen our partnership with existing customers and try to continually expand our footprint and market share under existing basis.

c. Lack of workers in China and labor cost

The labor department of the provinces in China has started increasing the wages in recent years to protect labor rights, plus the economic development is very rapid in China, causing the willingness of workers to stay in the coastal areas to become lower; therefore, there is a lack of labor and the cost of labor is growing continually and has caused an increase in operation costs for many companies.

Countermeasure:

- a. The Company will continue to make the production process standardized, simplified, and rationalized, and make production automated or semi-automated in order to increase production efficiency and quality and lower labor costs.
- b. Reduce the parts used during product production and the cost for materials through the Company's core technologies including optics/mechanics/power/thermal management, material analysis and excellent integration capabilities, and grasp the fluctuations in raw materials at all times in order to maintain the overall gross profit margin for the Company's products.

5.2.2. Important Usages and Production of Main Products

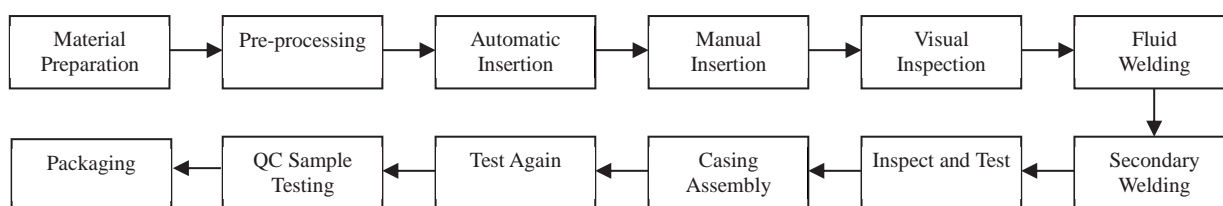
(1) Important Usages of Products

Product	Function	Usage
PSU for desktop PCs (Desktop PC Power)	AC is a full-range 90 ~ 265VAC voltage, converted into single or multiple sets of output, the main power outputs include 180 W, 200 W, 250 W, 300 W, 350W, 550W, 650W, 750W and 850W.	Used for desktop personal computers.
PSU for notebook computer (Adapter and PSU for gaming PC)	AC is full-range 90~265VAC voltage, main output is 19V, 20V and greater than 75W. It includes power factor correction circuit and the output ranges from 30W to 400W etc.	Used on general notebook computers and AIO PC; those with output greater than 150W are used for notebook workstations.
PSU for game consoles	AC is full-range 90~265VAC voltage, main output is 12V. It includes power factor correction circuit and the output ranges from 100W to 500W etc.	Mainly used for game consoles.
PSU for set-top-box	Divided into built-in and external (Adapter) forms; to make it easier for repairs, they have gradually changed to the external (Adapter) in recent years. The AC is full range or 115 ranges, and the output is made according to the requirement of the set-top-box; usually under 60W.	Used on various set-top-boxes.
PSU for LED drive	1. AC is between 85VAC to 265VAC, or between 180VAC to 265VAC. It also provides constant power to work with the demands of numbers and brightness of LED. 2. The new technology that AC directly drives the LED module.	Provided for use with large amounts of indoor light bulbs, linear light, ceiling light, spot lamps and outdoor streetlights and patio lights.
Inkjet printer and laser printer power system	AC is between 85 VAC to 135VAC or 180 VAC to 265VAC; all outputs are made according to printer requirements and they all have laser engine drivers.	Used for large laser printers with different functions.
Cloud server power system and data power system	Ultra-high power density full digital control (N+M) redundant power system. It can be used for monitoring of input AC/output DC, which is the output of 500W~several KW. Communication PSU generally has a 48V output whereas storage/AI servers usually have 12V or 54.5V single/multiple sets of output monitoring systems.	Used for communication systems, storage devices and servers.
Charging device IOT PSU USB Type C power adapter	Charges lithium compound batteries.	Used to charge various tablet computers. Drone charging stations and charging devices for electric cars.
Industrial Tablet PC embedded power supply	AC is the full-range 85~265VAC voltage or DC is 18~32VDC voltage, the main output is 12V, 24V isolated power supply. The output power varies from 50W to 450W.	Provide various sizes of industrial touch panel computers.

(2) Production Process

Switching PSU:

a. Production Process



b. Testing process



5.2.3. Apply Status of Main Materials

The main products of the Company include PSU; the main raw materials for PSU include power cables, capacitors, fans, heat sinks, semiconductors, transformer, plastic casing, PCB, insulation film and socket. In order to lower production cost, the raw materials procurement price for production for the Company's subsidiaries, Chicony Power Technology (Dongguan) Co., Ltd., Chicony Power Technology (Suzhou) Co., Ltd., Chicony Power Technology (Chong Qing) Co., Ltd. and Chicony Power Technology (Thailand) Co., Ltd. is agreed by the Procurement Center of the Company and then each subsidiary will take orders on their own for procurement. There should be no supply shortage of interruptions that will affect the operation of the Company because we have two or more suppliers for most of the raw materials, and we have already created a stable supplier relationship with our suppliers so the source and quality of our raw materials are stable.

5.2.4. Names of Suppliers (Customer) with Purchase (Sales) Amount Over 10% of the Total Purchase (Sales) Amount and Their Purchase (Sales) Amount and Percentage.

(1) Information on Main Suppliers

(Net purchase amount reached over 10% of net purchases in the last two year)

The company's main suppliers in the last two years have not reached more than 10% of the net purchase value. In addition, the investee companies in China and Thailand maintained two or more suppliers for the procurement of most of the raw materials, and there are one-month inventories for all of the important materials. The estimated purchase amount for the next three months is provided to the supplier and we also requested the suppliers to have two or more production bases for risk diversification. The Company has great long-term exchange and interactions with our suppliers and there are no worries for unstable sources of supply.

(2) Information on Main Customers

(Net sales amount reached over 10% of net sales in the last two years)

Unit: NTD 1,000

Item	2020				2021				2022 Q1			
	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer	Name	Amount	%	Relationship with the issuer
1	Company A	4,016,518	11.52	None	Company A	4,666,908	11.56	None	Company A	1,033,741	9.85	None
2	Company B	3,368,652	9.66	None	Company B	4,482,011	11.10	None	Company B	1,128,194	10.75	None
3	Company C	4,782,671	13.72	None	Company C	3,373,106	8.36	None	Company C	-	-	—
4	Company D	62,529	0.18	None	Company D	1,822,870	4.52	None	Company D	1,310,725	12.49	None
5	Others	22,632,657	64.92	—	Others	26,019,083	64.46	—	Others	7,020,766	66.91	—
	Net sales	34,863,027	100.00	—	Net sales	40,363,978	100.00	—	Net sales	10,493,426	100.00	—

Explanation of the reason of the changes for trade debtors:

When compared to those of 2021 and 2020, the net sales ratio for Company B increased, mainly due to the increase in sales of some products of Company B in the market. The net sales ratio for Company C decreased, mainly due to the fact that the Company originally sold goods to Company C, and then Company C notified to change the transaction entity and sold goods to its affiliated enterprises Company D. When compared to those of 2022 Q1 and 2021, the net sales ratio for Company A decreased, mainly due to the delayed production plan of Company A. The net sales ratio for Company C and Company D are roughly equal to those of 2021.

5.2.5. Production Values Table

Unit: NTD 1,000, 1,000 sets

Production Value \ Year	2020			2021		
	Capacity	Quantity	Output Value	Capacity	Quantity	Output Value
Main Products						
Electronic Components Products	164,953	142,112	23,294,210	197,125	155,606	27,811,187
Consumer Electronic Products and Other electronic Products	43,003	29,607	4,974,366	60,682	28,810	5,047,972
Others	1	0	134,756	2	1	181,411
Total	207,957	171,719	28,403,332	257,809	184,417	33,040,570

5.2.6. Sales Values Table

Unit: NTD 1,000, 1,000 sets

Production Value \ Year	2020				2021			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main products								
Electronic Components Products	518	284,653	138,475	27,423,376	772	505,182	157,226	32,243,204
Consumer Electronic Products and Other electronic Products	44	3,200	36,682	6,697,352	1	1,334	28,486	6,954,112
Others	11	42,454	8	411,992	6	50,461	58	609,685
Total	573	330,307	175,165	34,532,720	779	556,977	185,770	39,807,001

5.3. Number of Employees, Average Length of Service, Average Age and Education Background Distribution Rate

Number of practitioner employees in the last two years up until March 31, 2021

Unit: person

Year		2020	2021	As of Mar. 31, 2022
Number of Employees	Directly	12,132	11,070	10,440
	Indirectly	2,346	2,287	2,318
	Total	14,478	13,357	12,758
Average Age (year)		34.04	37.1	37.8
Average Years of Service (Note)		4.06	5.4	5.6
Academic Background (%)	Doctorate	0.07	7	7
	Master Degree	2.45	371	383
	University/College	11.15	1,696	1,633
	Senior High School	56.41	6,692	6,345
	Below Senior High School	29.92	4,591	4,390

Note: Calculated since Feb. 1, 2009 when Chicony Power Technology Co., Ltd. undertook the spin-off PSU business of Hipro Electronics (Taiwan) Co., Ltd.

5.4. Information on Environmental Protection Expenditure

In the most recent year and up to the date of publication, the total amount for losses due to environmental pollution incidents (including compensation, including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

5.5. Labor Relationship

5.5.1. Lists the Various Employee Welfare Measures, Advanced Studies, Training, Retirement Systems and Their Implementation Status, and the Agreement and Various Measures for Preserving the Interests of Employees Between the Employers and Employees

(1) Employee Welfare Measures

The Company provides labor insurance and health insurance, labor pension provision, group insurance, regular health checks for employees, subsidy for catering, subsidy for parking, subsidy for business trips, subsidy for gasoline used on private cars for official business, subsidy for employee travel, on-site medical consultation, massage services, year-end bonus and banquet, bonuses, employee bonus, birthday gifts, Labor Day gift certificates, Dragon Boat Festival gift certificates, Mid-Autumn Festival gift certificates, implementation of employee stocks according to the law, and has subsidies for wedding, funeral, hospitalization and giving birth in order to take care of the living of our employees. Meanwhile, the Company also provides the childbirth stipend in order to encourage childbirth.

(2) Advanced Studies and Training for Employees

The Company has formulated "Training Management Measures" to train the professional knowledge and skills for employees so that they can carry out their functions, increase work efficiency and ensure work quality in order to achieve the goal of sustainable operation and development. Not only is there educational training for new employees to allow them to quickly blend into the organization team, the department heads and employees can also hold training courses and seminars etc. for the entire company or department according to the project requirements for the internal and external environmental trends of the enterprise. At the same time, the Company has formulated the "On-the-job Training Management Measures" to provide employees with on-the-job training subsidies in order to increase the professional capabilities and core competitiveness of the employees and strengthen the integrity for the training and advance study channels of the employees.

(3) Retirement System and Implementation Status

The Company follows the regulations of the "Labor Standards Act" and pays 4% of the employee's monthly salary to the retirement account set up at the Bank of Taiwan for the employee's retirement fund. Further, in order to be adapted to the Labor Pension Act (new system), the seniority of the employees who were supposed to apply the old retirement system but chose the new system or the employees who are hired after enforcement of the new system shall be subject to the defined contribution system. Under the defined contribution system, the Company will contribute no less than 6% of the employee's monthly salary to the exclusive personal retirement account at the Bureau of Labor Insurance according to the Labor Pension Act.

(4) Agreement Between Employer And Employee

The regulations of the Company follow the guidelines according to the Labor Standards Act; employees can communicate problems with the Company such as concerning the various systems of the Company and the working environment etc. through the labor conferences, welfare committee, and employee meetings in order to maintain excellent interactions between the employers and employees. Up to the date of publication, the relations between our employers and employees are harmonious, and no labor disputes have occurred.

(5) Various Measures for Preserving the Interests of Employees

The Company has related management approaches and systems set that clearly states the rights, obligations and welfare items for the employees; these approaches and systems are reviewed on a regular basis in order to preserve the interests of all employees.

5.5.2. In the Most Recent Year and up to the Date of Publication, Losses Suffered by the Company

Due to Labor Disputes (Including Any Violations of the Labor Standards Act Found in Labor Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, the Substance of the Legal Violations, and the Content of the Dispositions), and Disclosing An Estimate of Possible Expenses That Could Be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, An Explanation of the Facts of Why It Cannot be Made Shall be Provided:

In the most recent year and up to the date of publication, there was a labor dispute involving a former employee, which is currently under review. The estimated amount that may occur in the future is less than NT\$600,000, which has no impact on the Company. As a whole, relations between labor and capital are harmonious.

5.6. Cyber Security Management

5.6.1. Describe the Cyber Security Risk Management Framework, Cyber Security Policies, Concrete Management Programs, and Investments in Resources for Cyber Security Management.

(1) Cyber Security Risk Management Framework

- A. The head of the Company's MIS Division organized and formed an information security management team. The MIS Division is responsible for the leading and planning affairs and other related departments are responsible for the implementation pursuant to the plan to ensure the effective operation of the Company's information security management.
- B. The team is responsible for the formulation of the information security management policies and shall review and amend them on a regular basis.
- C. The Team shall hold regular meetings to review the implementation status, and shall report it and the result of the review to the President on a regular basis.

(2) Cyber Security Policies

- A. Assure the continuous operation of the Company's business and ensure a stable use of the information service that the Company provides.
- B. Assure the confidentiality, integrity and availability of the information assets in the custody of the Company and protect the privacy of the personal data.
- C. Establish a sustainable operation plan for the information matters and implement information activities in compliance with the requirements of the laws and regulations.

(3) Concrete Management Programs

- A. All the employees, suppliers and subcontractors of the Company shall sign the non-disclosure declaration to ensure that the person using the information of the Company to provide information services or implement relevant information matters takes the responsibility and fulfills the obligation to protect the acquired or used information assets of the Company to avoid unauthorized access, alteration, damage or disclosure.
- B. The Company disseminates cyber security on a quarterly basis to strengthen the Company's employees' awareness of cyber security publicity. The new employees must sign an information confidentiality agreement.
- C. The account, password and permit for individual employees of the Company shall be put under custody and used appropriately, and shall be changed on a regular basis. An SOP shall be established for response to and reporting of information security incidents to ensure they are addressed appropriately and instantly.
- D. The employees of the Company shall observe legal requirements and information security policies. The managerial officers shall supervise the implementation of the information

security compliance system and enhance the awareness of the information security and legal compliance among the employees.

- E. Establish an information assets inventory and check it on a regular basis, conduct risk management based on the information security risk assessment, and implement control measures properly.
- F. Suitable backup or monitoring mechanisms shall be set up for important information systems or facilities. Exercises shall be conducted regularly to maintain the availability of these mechanisms.
- G. All employees of the Company must install antivirus software on their computers and update of virus patterns regularly. They are not allowed to install unauthorized software.
- H. It is forbidden to bring personal computers to use in the Company's intranet to prevent improper influence of the Company caused by private activity.
- I. The hardware replacement and software installation shall be handled by MIS division to avoid cyber security concerns.

(4) Investments in Resources for Cyber Security Management

- A. The Company has established external and internal firewalls and hired a third party to monitor network exception logs every day in a real-time manner. Abnormalities, if any, will be reported and addressed immediately.
- B. The ATP function has been introduced to the email system of the Company. Emails are processed on the cloud first to avoid harmful inbound emails reaching the system of the Company.
- C. The Company disseminates cyber security on a quarterly basis.
- D. Considering the risk and uncertainty of cyber security, it is expected to introduce ISO27001 (Information Security Management Systems) this year.

5.6.2. List Any Losses Suffered By the Company in the Most Recent Year and Up to the Date of Publication Due to Significant Cyber Security Incidents, the Possible Impacts Therefrom, and Measures Being or to Be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why it Cannot be Made Shall be Provided.

In the recent year and up to the date of publication, the Company had no major cyber security incident.

5.7. Important Contracts

Significant contingent liabilities and unrecognized contractual commitments have been disclosed in the consolidated financial statements of 2021.

Contract Type	Counterparty	Contract Beginning and Ending Date	Chief Contents	Restricted Clause
Sales Contract	Company A	The Contract was effective for the Company as of Feb. 22, 2012.	The requirements and details about procurement of the Company's products were provided in the Contract per se and attachments thereto.	Contract content kept confidential according to contract
Sales Contract	Company B	The Contract was effective for the Company as of Apr. 1, 2008.	The requirements and details about procurement of the Company's products were provided in the Contract per se and attachments thereto.	Contract content kept confidential according to contract
Sales Contract	Company C 、D	The Contract was effective for the Company as of Jun. 1, 2009. If one party fails to notify the other party to terminate the Contract in writing within 90 days prior to the proposed date, the Contract shall be renewed automatically.	The requirements and details about procurement of the Company's products were provided in the Contract per se and attachments thereto.	Contract content kept confidential according to contract
Construction Contract	China State Construction Engineering (Thailand) Co., Ltd.	Feb. 11, 2022 Upon termination of the warranty liability	The Company contracted the “New Factory Premises Construction Project in Bang Pakong District, Chachoengsao Province, Thailand” to China State Construction Engineering (Thailand) Co., Ltd., and signed the Contract governing the right and obligation related to the Project.	-
Construction Contract	Suzhou Weiye Group Construction & Development Co., Ltd.	Dec. 28, 2018 Upon termination of the warranty liability	The Company contracted the “New Factory Premises Construction Project in Wujiang Economic Development Zone, Suzhou City, Jiangsu Province” to Suzhou Weiye Group Co., Ltd., and signed the Contract governing the right and obligation related to the Project.	-

6. Financial Status

6.1. Five-Year Financial Summary

6.1.1. Condensed Balance Sheets and Statement Comprehensive Income

(1) Condensed Balance Sheet and Statement of Comprehensive Income -IFRS (Consolidated Financial Statement)

A. Condensed Balance Sheet

Unit: NTD 1,000

Item \ Year		Financial Information for the Most Recent 5 Years					Financial Information of Current Year Ending March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current Assets		16,560,484	17,955,003	17,201,000	18,701,568	23,111,816	23,724,753
Property, Plant, and Equipment		2,377,050	2,499,500	3,129,044	4,551,521	5,108,165	5,289,013
Intangible Assets		205,587	194,445	112,635	67,936	82,823	78,627
Other Assets		589,225	605,768	661,132	1,066,572	874,524	888,905
Total Assets		20,409,651	21,875,718	21,773,024	25,171,091	30,012,548	30,858,700
Current Liabilities	Before Distribution	12,679,961	14,440,152	13,141,403	15,347,884	18,638,214	20,508,428
	After Distribution	13,854,062	15,204,825	14,382,475	16,916,473	20,694,234	20,508,428
Non-current Liabilities		183,209	95,722	314,209	292,576	260,874	270,860
Total Liabilities	Before Distribution	12,863,170	14,535,874	13,455,612	15,640,460	18,899,088	20,779,288
	After Distribution	14,037,271	15,300,547	14,696,684	17,209,049	20,955,108	20,779,288
Equity Attributable to Shareholders of the Parent		7,500,400	7,301,708	8,283,693	9,513,805	11,113,460	10,079,412
Capital Stock		3,822,723	3,831,413	3,867,154	3,887,510	3,921,472	3,921,472
Capital Reserve		1,696,317	1,860,279	2,007,888	2,218,073	2,484,753	2,484,753
Retained Earnings	Before Distribution	3,390,433	3,421,505	3,914,944	4,677,616	5,892,383	4,591,104
	After Distribution	2,197,395	2,656,832	2,673,872	3,109,027	3,836,363	4,591,104
Other Equity Items		(1,043,408)	(1,611,685)	(1,306,489)	(1,232,204)	(1,185,148)	(917,917)
Treasury Stocks		(365,665)	(199,804)	(199,804)	(37,190)	-	-
Non-controlling Equity		46,081	38,136	33,719	16,826	-	-
Total Equity	Before Distribution	7,546,481	7,339,844	8,317,412	9,530,631	11,113,460	10,079,412
	After Distribution	6,372,380	6,575,171	7,076,340	7,962,042	9,057,440	10,079,412

Note 1: The financial information of 2017 to 2021 are audited by the CPA. The current year information as of Mar. 31 is reviewed by the CPA.

B. Condensed Statement of Comprehensive Income

Unit: NTD 1,000

Item \ Year	Financial Information for the Most Recent 5 Years					Financial Information of Current Year Ending March 31, 2022 (Note 1)
	2017	2018	2019	2020	2021	
Sales Revenue	27,874,928	31,292,361	34,415,370	34,863,027	40,363,978	10,493,426
Gross Profit	4,790,390	4,383,681	5,634,388	6,419,353	7,138,512	1,742,440
Operating Income (Loss)	1,633,641	1,422,343	2,200,169	2,825,919	3,451,006	908,163
Non-operating Income and Expenses	301,050	(87,677)	19,638	(104,462)	128,659	30,944
Income Before Tax	1,934,691	1,334,666	2,219,807	2,721,457	3,579,665	939,107
Net Income from Continuing Operations	1,562,238	1,023,400	1,717,890	2,127,220	2,828,475	757,066
Loss from Discontinuing Operations	-	-	-	-	-	-
Net Income (Loss)	1,562,238	1,023,400	1,717,890	2,127,220	2,828,475	757,066
Other Comprehensive Income, Net of Income Tax	(567,359)	(267,987)	(158,999)	10,693	14,310	264,906
Total Comprehensive Income	994,879	755,413	1,558,891	2,137,913	2,842,785	1,021,972
Net Income Attributable to Shareholders of the Parent	1,561,602	1,030,209	1,720,487	2,136,627	2,827,207	757,066
Net Income Attributable to Non-controlling Shareholders	636	(6,809)	(2,597)	(9,407)	1,268	-
Comprehensive Income Attributable to Shareholders of the Parent	995,335	763,358	1,563,308	2,146,851	2,842,097	1,021,972
Comprehensive Income Attributable to Non-controlling Shareholders	(456)	(7,945)	(4,417)	(8,938)	688	-
Earnings Per Share (Dollars)	4.19	2.72	4.51	5.52	7.22	1.93

Note 1: The financial information of 2017 to 2021 are audited by the CPA. The current year information as of Mar. 31 is reviewed by the CPA.

(2) Condensed Balance Sheet and Statement of Comprehensive Income - IFRSs (Individual Financial Statements)

A. Condensed Balance Sheet

Unit: NTD 1,000

Year Item		Financial Information for the Most Recent 5 Years				
		2017	2018	2019	2020	2021
Current Assets		10,498,687	11,919,249	14,478,778	14,733,819	17,036,125
Property, Plant, and Equipment		126,775	165,437	173,530	165,562	92,564
Intangible Assets		50,989	45,102	44,527	37,698	33,233
Other Assets		37,446	91,572	91,471	83,306	196,614
Total Assets		15,354,525	17,048,700	20,669,991	21,969,496	24,744,347
Current Liabilities	Before Distribution	7,700,695	9,680,526	12,132,950	12,281,836	13,450,742
	After Distribution	8,874,796	10,445,199	13,374,022	13,850,425	15,506,762
Non-current Liabilities		153,430	66,466	253,348	173,855	180,145
Total Liabilities	Before Distribution	7,854,125	9,746,992	12,386,298	12,455,691	13,630,887
	After Distribution	9,028,226	10,511,665	13,627,370	14,024,280	15,686,907
Equity Attributable to Shareholders of the Parent		7,500,400	7,301,708	8,283,693	9,513,805	11,113,460
Capital Stock		3,822,723	3,831,413	3,867,154	3,887,510	3,921,472
Capital Reserve		1,696,317	1,860,279	2,007,888	2,218,073	2,484,753
Retained Earnings	Before Distribution	3,390,433	3,421,505	3,914,944	4,677,616	5,892,383
	After Distribution	2,197,395	2,656,832	2,673,872	3,109,027	3,836,363
Other Equity Items		(1,043,408)	(1,611,685)	(1,306,489)	(1,232,204)	(1,185,148)
Treasury Stocks		(365,665)	(199,804)	(199,804)	(37,190)	-
Non-controlling Equity		-	-	-	-	-
Total Equity	Before Distribution	7,500,400	7,301,708	8,283,693	9,513,805	11,113,460
	After Distribution	6,326,299	6,537,035	7,042,621	7,945,216	9,057,440

Note 1: The financial information of 2017 to 2021 are audited by the CPA.

B. Condensed Statement of Comprehensive Income

Unit: NTD 1,000

Item \ Year	Financial Information for the Most Recent 5 Years				
	2017	2018	2019	2020	2021
Sales Revenue	24,936,066	28,013,917	31,841,716	33,067,413	38,191,921
Gross Profit	2,793,462	2,533,338	2,932,560	4,219,290	5,268,826
Operating Income (Loss)	860,106	827,994	595,135	1,609,509	2,727,931
Non-operating Income and Expenses	859,796	302,976	1,344,353	910,307	681,492
Income Before Tax	1,719,902	1,130,970	1,939,488	2,519,816	3,409,423
Net Income from Continuing Operations	1,561,602	1,030,209	1,720,487	2,136,627	2,827,207
Loss from Discontinuing Operations	-	-	-	-	-
Net Income (Loss)	1,561,602	1,030,209	1,720,487	2,136,627	2,827,207
Other Comprehensive Income, Net of Income Tax	(566,267)	(266,851)	(157,179)	10,224	14,890
Total Comprehensive Income	995,335	763,358	1,563,308	2,146,851	2,842,097
Net income Attributable to Shareholders of the Parent	1,561,602	1,030,209	1,720,487	2,136,627	2,827,207
Net Income Attributable to Non-controlling Shareholders	-	-	-	-	-
Comprehensive Income Attributable to Shareholders of the Parent	995,335	763,358	1,563,308	2,146,851	2,842,097
Comprehensive Income Attributable to Non-controlling Shareholders	-	-	-	-	-
Earnings Per Share (Dollars)	4.19	2.72	4.51	5.52	7.22

Note 1: The financial information of 2017 to 2021 are audited by the CPA.

6.1.2. CPA Auditing Opinions

(1) Independent Auditors Over the Past Five Years and Their Audit Opinions

Year	Accounting Firm	CPA	Audit Opinion
2017	PricewaterhouseCoopers Taiwan	Lin, Chun Yaw Weng, Shih-Jung	Unqualified opinion
2018	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion
2019	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Chen, Chin-Chang, Weng, Shih-Jung	Unqualified opinion

(2) Reason for Changing CPA in recent five years:

To deal with the internal reorganization of PricewaterhouseCoopers Taiwan, Certified Public Accountants of the Company's Financial Statements 2018 were changed from Lin, Chun Yaw, CPA and Weng, Shih-Jung, CPA to Chen, Chin-Chang, CPA, Weng, Shih-Jung, CPA.

6.2. Financial Analysis for the Most Recent 5 years

6.2.1. Financial Ratio Analysis

(1) Financial Analysis - IFRSs (Consolidated Financial Statements)

Item \ Year		Financial Analysis for the Most Recent 5 Years					Financial Information of Current Year Ending March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Financial Structure	Debt Assets Ratio (%)	63.02	66.45	61.80	62.14	62.97	67.34
	Long-term Capital to Property, Plants and Equipment (%)	325.18	297.48	275.85	215.82	222.67	195.69
Solvency Ability	Current Ratio (%)	130.60	124.34	130.89	121.85	124.00	115.68
	Quick Ratio (%)	82.97	71.08	83.86	75.34	72.54	67.30
	Interest Coverage	52.24	25.00	45.14	85.35	104.37	101.45
Operating Ability	Accounts Receivable Turnover Ratio(Times)	3.43	4.02	4.17	3.82	3.68	3.54
	Account Receivable Turnover Days	106	91	88	96	99	103
	Inventory Turnover Ratio (Times)	4.84	4.20	4.35	4.54	4.22	3.78
	Account Payable Turnover Ratio(Times)	2.40	2.70	2.83	2.68	2.80	2.76
	Sales Turnover Days	75	87	84	80	86	97
	Net Property, Plant and Equipment Turnover (Times)	11.83	12.83	12.23	9.08	8.36	8.07
	Total Asset Turnover Ratio (Times)	1.40	1.48	1.58	1.49	1.46	1.38
Profitability	Return on Assets (%)	7.99	5.08	8.07	9.21	10.35	10.05
	Return on Equity (%)	21.38	13.92	22.08	24.01	27.41	28.58
	Profit Before Tax to Pay-in Capital (%)	50.61	34.83	57.40	70.01	91.28	95.79
	Net Profit Margin (%)	5.60	3.29	5.00	6.13	7.00	7.21
	Earnings Per Share (dollars)	4.19	2.72	4.51	5.52	7.22	1.93
Cash Flow	Cash Flow Ratio (%)	19.45	4.02	27.26	20.11	7.58	7.24
	Cash Flow Adequacy Ratio (%)	114.62	79.90	87.12	77.57	58.78	62.36
	Cash Reinvestment Ratio (%)	12.80	(5.20)	22.16	12.88	(0.96)	9.46
Leverage	Operating Leverage	3.64	4.43	3.22	2.97	2.76	2.68
	Financial Leverage	1.02	1.04	1.02	1.01	1.01	1.01
Explanation of analysis of changes for the most recent two years (variations exceeded 20%): (1) The increase of Interest Coverage, Profit Before Tax to Pay-in Capital Ratio, and Earnings Per Share : Mainly from the increase of profit in 2021. (2) The decrease of Cash Flow Ratio: Mainly from the increase in the inventory of strategic materials, so that decrease of net cash flow from operating activities in 2021. (3) The decrease of Cash Flow Adequacy Ratio: Mainly from the increase of inventory and the increase of capital expenditure invested in production lines in 2021. (4) The decrease of Cash Reinvestment Ratio: Mainly from the decrease of net cash flow from operating activities in 2021, the increase of cash dividends and expansion of capital expenditure, so that increase in the gross amount of real estate, plant and equipment.							

Note 1: The financial information of 2016 to 2021 are audited by the CPA. The current year information as of March 31 is reviewed by the CPA.

1. Financial structure
 - (1) Ratio of liabilities to assets = total liabilities / total assets.
 - (2) Long-term liabilities to net property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency ability
 - (1) Current ratio = current assets / current liability.
 - (2) Quick ratio = (current assets - inventory – prepaid expenses) / current liabilities.
 - (3) Interest protection = net income before income tax and interest expense / interest expense.
3. Operating ability
 - (1) Account receivable (including account receivable and notes receivable from operation) turnover = net sales / average of account receivable (including account receivable and notes receivable from operation) balance.
 - (2) Average account receivable day = 365 / account receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average of inventory.
 - (4) Account payable (including account payable and notes payable from operation) turnover = cost of goods sold / average of account payable (including account payable and notes payable from operation) balance.
 - (5) Average inventory turnover days = 365 / inventory turnover.
 - (6) Net property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total assets turnover = net sales / average total assets.
4. Profitability
 - (1) Return on assets = [after-tax income (loss) + interest expense × (1- tax rate)] / average total assets.
 - (2) Return on equity = after-tax income (loss) / average equity.
 - (3) Net profit margin = after-tax income (loss) / net sales.
 - (4) EPS = (income (loss) attributable to owners of parent - dividend from prefer stock) / weighted average outstanding shares.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liability.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities during the most recent five years / the most recent five years (capital spending + inventory additions + cash dividends).
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (net property, plant and equipment gross + long-term investment + other non-current assets + working capital).
6. Leverage
 - (1) Operating leverage = (net revenue - variable cost of goods sold and operating expense) / operating income.
 - (2) Financial leverage = operating income / (operating income - interest expenses).

(2) Financial Analysis - IFRSs (Individual Financial Statements)

Item \ Year		Financial analysis for the last 5 years				
		2017	2018	2019	2020	2021
Financial Structure	Debt Assets Ratio (%)	51.15	57.17	59.92	56.70	55.09
	Long-term Capital to Property, Plants and Equipment (%)	6,037.33	4,453.76	4,919.63	5,851.38	12,200.86
Solvency Ability	Current Ratio (%)	136.33	123.13	119.33	119.96	126.66
	Quick Ratio (%)	105.57	87.44	90.90	95.68	103.49
	Interest Coverage	46.70	21.47	42.87	118.58	156.55
Operating Ability	Accounts Receivable Turnover Ratio(Times)	3.67	4.33	4.32	3.90	3.73
	Account Receivable Turnover Days	100	84	84	94	98
	Inventory Turnover Ratio (Times)	10.96	9.04	8.64	9.28	11.21
	Account Payable Turnover Ratio(Times)	3.46	3.78	3.29	3.08	4.05
	Sales Turnover Days	33	40	42	39	33
	Net Property, Plant and Equipment Turnover (Times)	233.66	191.74	187.88	195.04	295.92
	Total Asset Turnover Ratio (Times)	1.64	1.73	1.69	1.55	1.64
Profitability	Return on Assets (%)	10.47	6.63	9.32	10.10	12.18
	Return on Equity (%)	21.38	13.92	22.08	24.01	27.41
	Profit Before Tax to Pay-in Capital (%)	44.99	29.52	50.15	64.82	86.94
	Net Profit Margin (%)	6.26	3.68	5.40	6.46	7.40
	Earnings Per Share (dollars)	4.19	2.72	4.51	5.52	7.22
Cash Flow	Cash Flow Ratio (%)	20.42	(0.24)	25.94	10.93	2.27
	Cash Flow Adequacy Ratio (%)	123.13	93.49	113.02	100.44	79.82
	Cash Reinvestment Ratio (%)	6.99	(15.79)	27.12	1.01	(10.89)
Leverage	Operating Leverage	2.07	2.12	3.08	1.93	1.45
	Financial Leverage	1.05	1.07	1.08	1.01	1.01

Explanation of analysis of changes for the most recent two years (variations exceeded 20%):

- (1) The increase of Interest Coverage, Return on Assets Ratio, Profit Before Tax to Pay-in Capital Ratio, and Earnings Per Share:
Mainly from the increase of profit in 2021.
- (2) The increase of Inventory Turnover Ratio, and Account Payable Turnover Ratio:
Mainly from the decrease of average inventory and average accounts payable in 2021.
- (3) The increase of Net Property, Plant and Equipment Turnover Ratio:
Mainly from the decrease of Net Property, Plant and Equipment in 2021.
- (4) The decrease of Cash Flow Ratio, Cash Flow Adequacy Ratio, and Cash Reinvestment Ratio:
Mainly from the decrease of net cash flow from operating activities in 2021.
- (5) The decrease of Operating Leverage:
Mainly from the increase of operating profit in 2021.

Note 1: The financial information are audited by the CPA.

1. Financial structure
 - (1) Ratio of liabilities to assets = total liabilities / total assets.
 - (2) Long-term liabilities to net property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency ability
 - (1) Current ratio = current assets / current liability.
 - (2) Quick ratio = (current assets - inventory – prepaid expenses) / current liabilities.
 - (3) Interest protection = net income before income tax and interest expense / interest expense.
3. Operating ability
 - (1) Account receivable (including account receivable and notes receivable from operation) turnover = net sales / average of account receivable (including account receivable and notes receivable from operation) balance.
 - (2) Average account receivable day = 365 / account receivable turnover.
 - (3) Inventory turnover = cost of goods sold / average of inventory.
 - (4) Account payable (including account payable and notes payable from operation) turnover = cost of goods sold / average of account payable (including account payable and notes payable from operation) balance.
 - (5) Average inventory turnover days = 365 / inventory turnover.
 - (6) Net property, plant and equipment turnover = net sales / average net property, plant and equipment.
 - (7) Total assets turnover = net sales / average total assets.
4. Profitability
 - (1) Return on assets = [after-tax income (loss) + interest expense × (1 - tax rate)] / average total assets.
 - (2) Return on equity = after-tax income (loss) / average equity.
 - (3) Net profit margin = after-tax income (loss) / net sales.
 - (4) EPS = (income (loss) attributable to owners of parent - dividend from prefer stock) / weighted average outstanding shares.
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liability.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities during the most recent five years / the most recent five years (capital spending + inventory additions + cash dividends).
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (net property, plant and equipment gross + long-term investment + other non-current assets + working capital).
6. Leverage
 - (1) Operating leverage = (net revenue - variable cost of goods sold and operating expense) / operating income.
 - (2) Financial leverage = operating income / (operating income - interest expenses).

Chicony Power Technology Co., Ltd.
Audit Report of the Audit Committee

This is to certify that:

We, the Audit Committee of the company, hereby acknowledge that the Board of Directors has worked out and submitted hereto the Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings of Chicony Power Technology Co., Ltd. for 2021 and that among them, the Financial Statements have been duly audited by PricewaterhouseCoopers Taiwan as duly delegated by the Board of Directors which already issued the Audit Report.

We hereby further declare and confirm that the aforementioned Business Report, Consolidated Financial Statements, Individual Financial Statements and Proposed Allocation of Earnings have been further duly audited by us, the Audit Committee, and we hereby declare and confirm that all those documents prove satisfactory to the laws and ordinances concerned. We hereby issue this Report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereby declare and submit the same for your verification.

Please review the report accordingly.

Attn.

Regular Shareholders Meeting of Year 2022

Chicony Power Technology Co., Ltd.

Convener of the Audit Committee: Hong, Ching-Shan

March 4, 2022

6.4. Consolidated Financial Statements in 2021 Audited by the CPA

Please refer to Attachment 1 of the annual report.

6.5. Individual Financial Statements in 2021 Audited by the CPA

Please refer to Attachment 2 of the annual report.

6.6. Financial Difficulties of the Company and Its Affiliated Companies and the Impact to the Company: None.

7. Review and Analysis of Financial Status and Financial Performance and Risk Matters

7.1. Financial Status

7.1.1. Analysis of change in the Company's assets, liabilities, and equity during the most recent two fiscal years

Explain the main reasons for any material change in the Company's assets, liabilities, and equity during the most recent two fiscal years (variations exceeded 20% between these two periods and for amount more than NTD 10 million). Where the effect is of material significance, describe the measures to be taken in response:

Unit: NTD 1,000, %				
Item \ Year	2021	2020	Difference	
			Amount	%
Current Assets	23,111,816	18,701,568	4,410,248	23.58
Investment	655,927	588,782	67,145	11.40
Property, Plant, and Equipment	5,108,165	4,551,521	556,644	12.23
Intangible Assets	82,823	67,936	14,887	21.91
Other Assets	874,524	1,066,572	(192,048)	(18.01)
Total Assets	30,012,548	25,171,091	4,841,457	19.23
Current Liabilities	18,638,214	15,347,884	3,290,330	21.44
Non-current Liabilities	260,874	292,576	(31,702)	(10.84)
Total Liabilities	18,899,088	15,640,460	3,258,628	20.83
Capital Stock	3,921,472	3,887,510	33,962	0.87
Capital Reserve	2,484,753	2,218,073	266,680	12.02
Retained Earnings	5,892,383	4,677,616	1,214,767	25.97
Total Equity	11,113,460	9,530,631	1,582,829	16.61
Explanation of changes of significant items (variations exceeded 20% between these two periods and for amount more than NTD 10 million):				
(1) The increase of Current Assets:				
Mainly from the increase in accounts receivable accompanied by the growth of revenue and the increase in inventory strategy preparation in 2021.				
(2) The increase of Intangible Assets:				
Mainly from the additional purchase of computer software in 2021.				
(3) The increase of Current Liabilities and Total Liabilities				
Mainly from the increase in short-term loan, accounts payable and current tax liabilities in 2021.				
(4) The increase of Capital Reserve:				
Mainly from the continuous profit growth, so that increase of unappropriated retained earnings in 2021.				
The above variances are from Company's overall revenue growth or changes due to regular business activities. There is no significant effect on the financial condition of the Company.				

7.2. Financial Performance

7.2.1. Analysis of Financial Performance

The material change in sales revenues, operating income, and income before tax during the most recent two fiscal years, provide a sales volume forecast and the basis therefore, and describe the effect upon the Company's financial operations as well as measures to be taken in response:

(1) Analysis of the Result of Operation for the Most Recent Two Fiscal Years

Unit: NTD 1,000, %

Item \ Year	2021	2020	Increase (Decrease) in Amount	Change in Percentage (%)
Net Sales Revenue	40,363,978	34,863,027	5,500,951	15.78
Costs of Goods Sold	33,225,466	28,443,674	4,781,792	16.81
Gross Profit	7,138,512	6,419,353	719,159	11.20
Operating Expenses	3,687,506	3,593,434	94,072	2.62
Operating Income (Loss)	3,451,006	2,825,919	625,087	22.12
Non-operating Income and Expenses	128,659	(104,462)	233,121	(223.16)
Income Before Tax	3,579,665	2,721,457	858,208	31.53
Income Tax Expense	751,190	594,237	156,953	26.41
Net Income	2,828,475	2,127,220	701,255	32.97
Explanation of changes of significant items (variations exceeded 20% between these two periods and for amount more than NTD 10 million):				
(1) The increase of Operating Income (Loss), Income Before Tax, Income Tax Expense and Net Income: Mainly from the Company's revenue growth, the optimization of the product portfolio and the improvement of operating efficiency, so that the profits increased in 2021.				
(2) The increase of Non-operating Income and Expenses: Mainly from written off of overdue payables and transferred to other income in 2021.				

(2) Sales Volume Forecast and the Basis Therefore, and the Effect upon the Company's Financial Operations as well as Measures to be Taken In Response

A. Sales volume forecast of next year and the basis

Except for referencing the market analysis of main research institutions, when setting up annual sales volume the Company also used demand forecast from customers, its own capacity planning and the past financial performance as basis for the estimate.

B. The effect upon the Company's financial operations as well as measures to be taken in response: None.

7.3. Cash Flow

7.3.1. Analysis of Cash Flow in the Previous Two Years

Unit: NTD 1,000

Item \ Year	2021	2020	Increase (Decrease) in Amount	Change in Percentage (%)
Cash Flow from Operating Activities	1,412,478	3,086,269	(1,673,791)	(54.23)
Cash Flow from Investment Activities	(1,485,098)	(1,980,943)	495,845	(25.03)
Cash Flow from Financing Activities	(238,130)	(1,472,823)	1,234,693	(83.83)
Main reason for change of cash flow in the most recent year:				
(1) The decrease of cash flow from operating activities: Mainly from the decrease in net cash inflows from accounts receivables and inventories in 2021.				
(2) The increase of cash inflow from investment activities: Mainly from the increase in the expansion of the factory and production lines in 2020 compared with 2021.				
(3) The increase of net cash inflow from financing activities: Mainly from the increase in short-term bank loans in 2021.				

7.3.2. Improvement plan for lack of liquidity: N/A.

7.3.3. Analysis of liquidity in the Following year (2022)

Unit: NTD 1,000

Cash Balance, Beginning of Year (1)	Net Cash Flow from Operating Activities for the Year (2)	Net Cash Flow from Investing Activities for the Year (3)	Net Cash Flow from Financing Activities for the Year (4)	Remaining (Insufficient) Cash Balance	Cash Overage or Shortage and Countermeasures	
				(1)+(2)+(3)+(4)	Investment plans	Financing Plans
709,047	3,000,000	(2,700,000)	483,000	1,492,047	-	-

Analysis of cash flow in the coming year:

1. Analysis of cash flow in the recent years:

(1) Operating Activities: Mainly from the increase of operating income in the current period accompanied with the growth of operating revenues.

(2) Investing Activities: Mainly from the increase of capital expenditures, and investment in the current period.

(3) Financing activities: Mainly from the increase of bank loans and the payment of cash dividends in the current period.

2. Remedial measures if cash is estimated to be insufficient and the liquidity analysis: Not applicable as there is no such estimate of insufficient cash.

7.4. The Effect upon Financial Operations of Any Major Capital Expenditures During the Most Recent Year: None.

7.5. The Investment Policy in the Most Recent Year, Main Reasons for Profits or Losses, Improvement Plans and Investment Plans for the Following Year

7.5.1. Investment Policy

The Company designates certain division to carry out investment activities, assess the invested companies' past and future prospects, market condition and quality of management team in compliance with the "investment cycle" of internal control system and the "procedures of acquiring or disposing assets", as a basis for decision makers to derive conclusion from such investments.

7.5.2. Main reason for profit or loss from investment in the most recent year; the improvement plan and the investment plan for following year: None.

7.6. Analysis and Assessment of Risk Matters

For 2021 and up to the date of publication, the following matters should be analyzed and assessed:

7.6.1. Impact of Interest and Exchange Rate Changes and Inflation on Company's, Profits (Losses) and the Countermeasures:

(1) Changes of Interest Rate

The net of interest income/expenses of the Company and its subsidiaries for 2021 and 2022 Q1 are (NTD14,114) thousand and (NTD 5,049) thousand, accounting for profit before tax are (0.39)% and (0.54)%. With the bank borrowing balance of the Company is NTD 1,530,943 thousand as of Dec. 31, 2021, if the interest rate increases or decreases for 0.25%, the impact to the annual interest expenses and profit before tax of the Company would be NTD 3,827 thousand, merely 0.01% to the profit before tax for 2021. Therefore the change of interest rate has limited impact on the Company's profit or loss.

The Company periodically assesses the interest rate of the bank borrowings, maintain good relation with the banks to obtain preferential interest rate and reduce the interest expenditure. The Company also observes the fluctuation of interest rate in the financial market and its impact on the fund source of the Company, in order to take flexible measures. Therefore, the fluctuation

of interest rate should not have significant impact on the Company's profit or loss.

(2) Changes in the exchange rate

The Company has foreign currency positions due to purchases and sales, which are mainly USD/NTD and USD/RMB positions. Sales of the Company and its subsidiaries are quoted in US Dollars. Payments of major raw materials are also made by US Dollars. Therefore, the fluctuation of exchange rate has little impact on the gross margin. Also to reduce the impact the fluctuation of exchange rate on profit (loss) the Company manages the net US Dollar asset position, derived from offsetting US Dollar denominated Accounts Receivable and Payable from purchase and sales with US Dollar loans, by undertaking foreign exchange hedging. The fluctuation and hedging of the foreign exchange rate and foreign exchange (loss) gain for the 2021 and 2022 Q1 are NTD (73,351) thousand and NTD 23,275 thousand respectively.

The Company's future sales and major raw material procurement will still mainly be conducted in US Dollars. Considering the fluctuation of the exchange rate in recent years is volatile and to reduce impact of the exchange rate movements on profit or loss, the Company will continue to observe overall economic situation for the exchange rate, borrow US Dollar denominated loan, and undertake forward foreign exchange hedging for its US Dollars net asset position and potential cash flow.

(3) Inflation

Most products of the Company and subsidiaries are for export; therefore, the domestic inflation should not have significant impact on the Company's profit or loss. However, if inflation takes place in the global market, it will affect the consumer purchasing power and willingness, reduce demand for the products, and have negative impact on the Company's overall revenue and profit and loss. The influence of global inflation is comprehensive and does not impact only on individual company; however, governments of each country should be able to cope with it. The Company is constantly on the alert and monitors the changes of global political and economic situation and the fluctuation of market price, keep good relationship with suppliers and customers, and adjust procurement and sales strategies as needed. Therefore up to the date of publication, the Company is not impacted by any immediate risk resulted from the above stated inflation or deflation.

The Company constantly monitors the changes of the upstream raw material prices and keeps good relationship with suppliers and customers to reduce the impact the changes of raw material prices may have on the Company's profit or loss. At the same time, the Company also references to reports and relevant economic data of major domestic and international economic research institutions and professional investment institutions and makes appropriate policy adjustment as need to cope with future inflation, in order to prevent the significant impact the inflation may have on the Company's profit or loss.

7.6.2. Policy on High-risk, High-leverage Investments, Lending Funds, Endorsements and Guarantees for Other Parties, and Derivatives Transactions, the Main Reasons for the Profits or Losses Generated thereby and Future Countermeasures

- (1) The Company and its subsidiaries make investments and conduct derivatives transactions with careful assessment and per prescription of the "Regulations Governing the Acquisition and Disposal of Assets", "Procedures for Engaging in Derivatives Transactions" and with due delegation of authority. Up to the date of publication, except for conducting derivative products transactions to avoid risk resulting from fluctuation of exchange rate, and the investment of financial assets (partly), the Company does not engage in any high risk, high leveraged investment with respect to derivatives products transactions.
- (2) For the Company and its subsidiaries to lend fund to others, or endorse or make financial guarantee for others, they all have "Procedures for Lending Funds" and "Rules Governing Endorsement and Guarantee" in place. In the most recent fiscal year, for the fund lent by the

Company to its subsidiaries for short-term financing needs and the lending and borrowing activities between subsidiaries, are all conducted in pursuance of “Procedures for Lending Funds” of the Company or its subsidiaries. Up to the date of publication, neither the Company nor its subsidiaries incurred any loss from engaging in the endorsement/guarantee or fund lending activities.

7.6.3. Future Research and Development Projects, and Corresponding Budget

(1) Future Research and Development Plans

Research and Development Items	Major Function/Specification
The cloud server power supply	Fully digital-controlled high power/high-efficiency resonate full-bridge & half-bridge 500W~4400W
Miniaturization digital control NB power supply	μP Base’s energy saving control 45W~200W
Multi router power supply	LLC Multiple power control system
Smart Building System	Control smart buildings using network technology
New LED light source technology	After AC input rectification, the control circuit directly drives LEDs with different voltages
Various charging devices	The power ranges from 60W~120W, and is scalable up to 200W with the modular design. It complies with JEITA standards
Charging devices for electrical equipment (including drone applications)	Up to 30,000W charging stations and chargers for electric cars and motorcycles
IoT PSU	PSU, ranging from 7.5W~100W, for the IoT-related devices, such as warning sensors, CCTV, and smart speakers, etc.
PSU for set-top-box	Improvement for the miniaturization and assembly capability, 12W~50W
USB Type C power adapter with a variable output	The output may be adjusted depending on the notebook brand. 18W~240W of power is output using single USB Type C connector and may be used for smart-phones
Notebook and gaming PSU	The size is reduced by 30%; the complete series range from 65W~300W
Desktop gaming PSU	Platinum multiple sets of output 300W~1,600W full series
Power supply for high-end image display	Serial product for thin OLED application, 350W-800W
<ul style="list-style-type: none"> • LED adaptive headlamp module • Laser high beam module 	<ul style="list-style-type: none"> • Design the adaptive front lighting system with about 20 pixels • Design a high beam module using the laser light source to achieve 3 Lux illumination within a distance of 400~600 m
Multi-layer touch backlight module	A two-layer/three-layer light guide plate structure is designed to ensure different mode switching operations. There is no afterimage when different displays are switched.

(2) Budget for the Research and Development Plans

The amount the Company expects to incur for R&D activities is budgeted in accordance with the development of new products and technologies, and will be increased gradually through the years along with the revenue growth. In 2022, the Company will budget 4%~5% of the estimated net operating revenue as R&D expenditures in order to support the future R&D plans and enhance the Company's market competitiveness.

7.6.4. Effect on the Company's Financial Operations of Important Policies Adopted and Change in the Legal Environment at Home or Broad and Countermeasures

The Company's daily operations are performed in accordance with the relevant regulation at home and abroad. The Company also pays attention to the policy development trend and changes in regulations at home and abroad, collects relevant information for the reference of management to make decision and adopt appropriate strategies. For the most recent year and up to the printing date of the annual report, the important policy at home and abroad as well as changes to law and regulations have no significant impact on the Company's financial operation.

7.6.5. Effect on the Company's Financial Operations of Developments in Science and Technology (Including Cyber Security Risks) as well as Industry Change, and Countermeasures

In the current era of the Internet, illegal on-line attacks are on the rise so that it is harder and harder to provide security protection. Therefore, in addition to creation of a comprehensive network and PC security protection system, such as the firewall, e-mail cloud ATP protection, as well as AV software, etc., the Company periodic updates maintenance and regularly provides information security education, training and dissemination. If it is necessary to outsource our information business, we will research and propose the information security in advance, and ask our vendors to comply with the requirements of the information security responsibilities and confidentiality. In order to enhance the Company's cyber security management and control capabilities, it is expected to introduce ISO27001 (Information Security Management Systems) this year.

For other information, such as information cyber security risk management framework, cyber security policies and concrete management programs, please refer to the Company's website.

The Company monitors the market changes and the development trend of related technology from time to time. The Company also cultivates deep relationship with its customers to understand the development of technology in the industry that will have significant impact on its future development and financial operation so it may instruct its R&D personnel to develop products meeting the market demand. For the most recent year and up to the printing date of the annual report, the developments in science and technology (Including Cyber Security Risks) as well as industrial change have no significant impact on the Company's financial operation.

7.6.6. Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Countermeasures

Since the establishment, the Company has focused on its own businesses and complied with the laws and regulations. For the most recent year and up to the printing date of the annual report, there is no change in the Company's corporate image that would cause any crisis.

7.6.7. Expected Benefits and Possible Risks Associated with Any Merger or Acquisitions, and Countermeasures

As for the most recent year and up to the printing date of the annual report, the Company has no merger and acquisitions plan, so there is no other related potential risks.

7.6.8. Expected Benefits and Possible Risks with Any Plant Expansion, and Countermeasures

In response to the market growth, the Company invested and built a new factory in Jiangsu Province, China to expand our production capabilities and has started production in the beginning of 2021. The Company grasps the market share and win customer orders to respond to potential risks.

7.6.9. Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Countermeasures

(1) Purchase

The company's main suppliers in the last two years have not reached more than 10% of the net purchase value. In addition, the investee companies in China and Thailand maintained two or more suppliers for the procurement of most of the raw materials, and there are one-month inventories for all of the important materials. The estimated purchase amount for the next three months is provided to the supplier and we also requested the suppliers to have two or more production bases for risk diversification. The Company has great long-term exchange and interactions with our suppliers and there are no worries for unstable sources of supply.

(2) Sales

Except for the top two sales customers of the Company in 2021, which accounted for 11.56% and 11.10% of the Company's total net sales, each of all other customers accounted for less than 10% of total net sales. Overall, the Company's sales customers are scattered, and there is no sales concentration risk. The Company will continue to develop new products, expand new market, and explore new customers to disperse risks of operation and sales concentration.

7.6.10. Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to Directors, Supervisors, or Shareholders Holding Greater than 10% Stake in the Company has been Transferred or has Otherwise Changed Hands, and Countermeasures

For the most recent year and up to the printing date of the annual report, there is no major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest.

7.6.11. Effect upon and Risk to the Company Associated with any Change in Governance Personnel or Top Management, and Countermeasures

Not applicable, as for the most recent year and up to the printing date of the annual report, the Company has no change in governance personnel or top management.

7.6.12. Litigations or Non-litigious Matters

- (1) For the most recent year and up to the printing date of the annual report, if there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that was finalized or remained pending: None.
- (2) For the Company's director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, are they involved with any litigation, non-litigious proceeding, or administrative dispute involving matter that was finalized or remained pending during the most recent two fiscal years and up to the printing date of the annual report that may have substantial impact upon shareholders' equity or prices for the Company's securities: None.

7.6.13. Other Important Risks and Countermeasures: None.

7.7. Other Important Events: None.

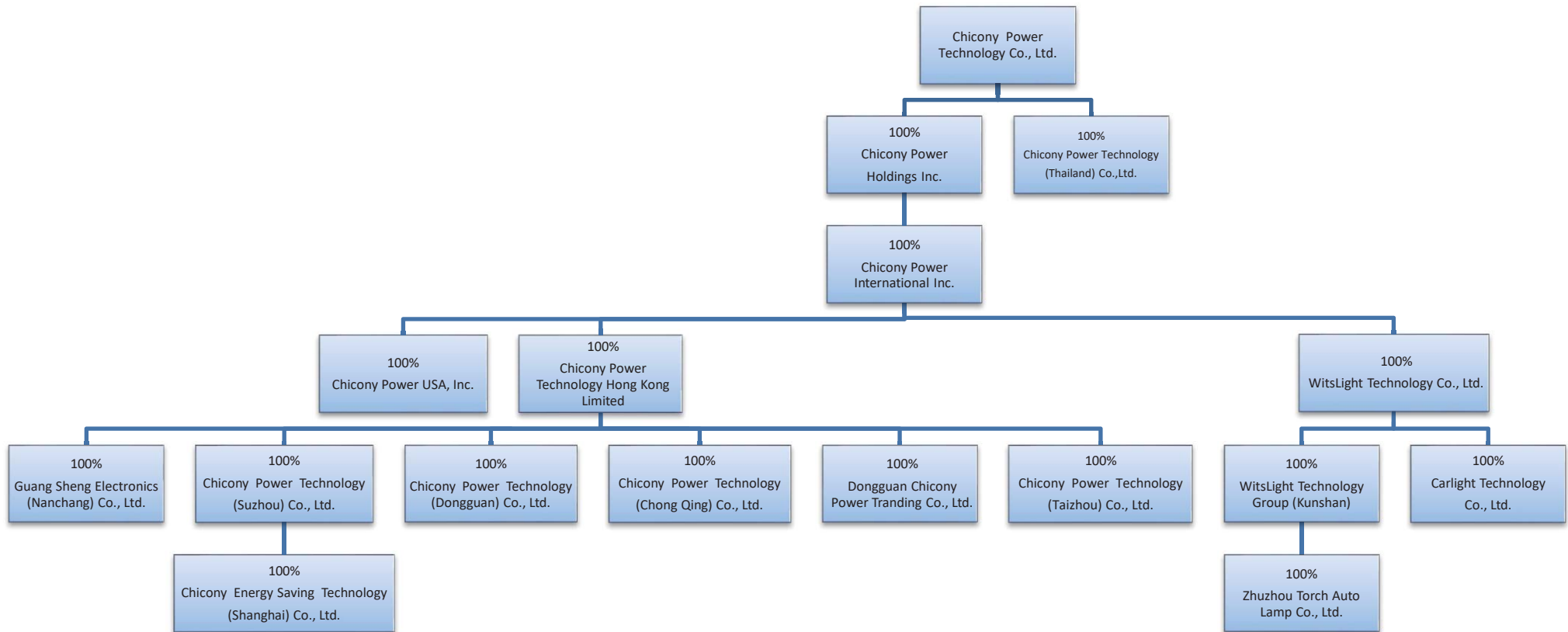
8. Special Items

8.1. Consolidated Business Reports of Affiliated Enterprises, Consolidated Financial Statements of Affiliates and Affiliation Report

8.1.1. Consolidated Business Reports of Affiliated Enterprises in the Most Recent Year (2021)

(1) Overview of the Organization of Affiliated Companies

A. Organizational chart of affiliates



B. The controlling and subordinate companies as concluded in accordance with Article 369-3 of the Company Act: None.

C. The subordinate companies as concluded in accordance with Article 369-2 of the Company Act that the Company has a direct or indirect control over the management of the personnel, financial or business operation: None.

(2) Basic Information on Affiliates

Unit: \$1,000

Company Name	Date of Incorporation	Address	Paid-in Capital		Main Business Activities
Chicony Power Holdings Inc.	2009.7	Portcullis Chambers, 4th Floor, Ellen Skelton Building 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	US\$	10,000	General investment
Chicony Power Technology (Thailand) Co., Ltd.	2019.10.1	No. 82 Mu 4, Tha Kham Sub-district, Bangpakong District, Chachoengsao Province 24130, Thailand	THB\$	290,000	Production and sales of power supply and related electronic products
Chicony Power International Inc.	2009.7	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1- 1208, Cayman Islands	US\$	10,000	General investment
Chicony Power Technology Hong Kong Limited	2002.4.24	3 RD Floor, NO.5 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong	HK\$	46,800	R&D Center and Investment Holdings
Chicony Power USA, Inc.	2003.11.21	53 Parker Irvine CA 92618, U.S.A.	US\$	1,500	Sales of power supply and related electronic products
Witslight Technology Co., Ltd.	2009.12.11	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	US\$	12,800	Designing, research and development, production and sales of LED lighting Module
Chicony Power Technology (Dongguan) Co., Ltd.	1998.12.7	Xincheng Scientific Industrial Garden, Liaobu Town, Dongguan City, Cuangdong P.R.C.	US\$	20,750	Production and sales of power supply and related electronic products
Chicony Power Technology (Suzhou) Co., Ltd.	2002.12.11	No. 2589, Tongjin Road, Wujiang Economic Development Zone, Jiangsu P.R.C.	US\$	42,100	Production and sales of electrical equipment (high performance power supply, power modules and transformers) and LED lighting equipment
Guang Sheng Electronics (Nanchang) Co., Ltd.	2006.7.1	North of Second Torch Road, Nanchang High-tech Zone	US\$	4,000	Production and sales of electrical equipment (magnetics, circuit board, keyboard) and transformers, etc.
Chicony Power Technology (Chong Qing) Co., Ltd.	2011.4.25	No.18 Jiujiang Road, Jiangjin District, Chongqing, P.R.C.	US\$	10,000	Production and sales of electrical equipment (high performance power supply, power modules and transformers) and LED lighting equipment
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	2011.5.25	Room 806, Building B, No.1308, Lianhua Road, Shanghai, P.R.C.	RMB	10,000	Energy-saving technology consultation, development, transfer and service, and sale and installation of energy management and energy-saving lighting equipment
Dongguan Chicony Power Trading Co., Ltd.	2013.1.11	Xincheng Scientific Industrial Garden, Liaobu Town, Dongguan City, Cuangdong, P.R.C.	US\$	350	Wholesales and import/export of power supplies and related products, LED lighting equipment, digital products, office supplies, computer and its accessories
Chicony Power Technology (Taizhou) Co., Ltd.	2019.6.11	Zhenqian Road, Shanhoupun Village, Hengjie Town, Luqiao District, Taizhou City, Zhejiang, P.R.C.	US\$	3,000	R&D, manufacturing, sales, installation, after-sales and technical consulting services of motors, frequency converters, and industrial automation equipment; manufacturing and sales of electrical machinery and accessories, mechanical accessories; import and export of goods or technology.
Carlight Technology Co., Ltd.	2016.6.24	24F., No. 69, Sec. 2, Guangfu Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	NTD	3,000	Design, researching and developing and foreign sales of automotive and motorcycle lamps and other components.
WitsLight Technology Group	2010.7.6	Room 1810, 18 Weiye Road, Kunshan Development Zone, Jiangsu, P.R.C.	US\$	10,500	Production and sales of LED lighting Module
Zhuzhou Torch Auto Lamp Co. Ltd.	2002.3.22	101#,201#,301# of D1 Building, 201#,301# of D2 Building, 5th Period of Xinma Power Innovation Park, No. 899, Xian Yue Road, Tianyuan District, Zhuzhou, Hunan, P.R.C.	RMB	46,000	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products.

- (3) For parties that are presumed to have control and subordinate relationship, the information of the same Shareholders: N/A.
- (4) Businesses engaged in by the affiliated companies. The Company and its affiliated companies engage in the business of: Manufacturing, buy-sales and management services.
- (5) Information of Directors, Supervisors and General Managers of Each Affiliated Company

Unit: NTD 1,000, shares, %

Company Name	Title	Name of Individual or Representative(s)	Shares Held	
			Shares/Amount of Contribution	Shareholding %/Contribution%
Chicony Power Holdings Inc.	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
Chicony Power Technology (Thailand) Co., Ltd.	Director	Lu, Chin-Chung	1	—
	Director	Tseng, Kuo-Hua	1	—
	Director	Huang, Chien-Yu	1	—
Chicony Power International Inc.	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
Chicony Power Technology Hong Kong Limited	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Huang, Chien-Yu	—	—
	Director	Ku, Ming-Huei	—	—
Chicony Power USA, Inc.	Director	Lu, Chin-Chung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Chang, Yao-Ching	—	—
Witslight Technology Corporation Limited	Director	Tseng, Kuo-Hua	—	—
	Director	Chen, Hsueh-Yi	—	—
	Director	Huang, Ming-Hui	—	—
	Director	Huang, Huan-Siang	—	—
Chicony Power Technology (Suzhou) Co., Ltd.	Chairman and President	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director	Huang, Chien-Yu	—	—
	Director	Lin, Che-Shih	—	—
	Director	Wang, Yang	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Chicony Power Technology (Dongguan) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director	Ku, Ming-Huei	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Guang Sheng Electronics (Nanchang) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director and President	Li, Tsu-Yu	—	—
	Director	Lin, Che-Shih	—	—
	Supervisor	Chen, Hsueh-Yi	—	—

Company Name	Title	Name of Individual or Representative(s)	Shares Held	
			Shares/Amount of Contribution	Shareholding %/ Contribution%
Chicony Power Technology (Chong Qing) Co., Ltd.	Chairman and President	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director	Huang, Chien-Yu	—	—
	Director	Lin, Che-Shih	—	—
	Director	Wang, Yang	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director and President	Huang, Chien-Yu	—	—
	Supervisor	Huang, Ming- Huei	—	—
Dongguan Chicony Power Trading Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Chung	—	—
	Director and President	Huang, Chien-Yu	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Chicony Power Technology (Taizhou) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director and President	Huang, Chung-Ming	—	—
	Director	Chen, Hsueh-Yi	—	—
	Supervisor	Huang, Chien-Yu	—	—
Carlight Technology Co., Ltd.	Chairman (Representative)	Chen, Hsueh-Yi	—	—
	Director (Representative)	Tseng, Kuo-Hua	—	—
	Director (Representative)	Huang, Huan-Siang	—	—
	Director (Representative)	Huang, Ming-Huei	—	—
	Supervisor (Representative)	Chien, Ming-Hui	—	—
	The representative of above is Witslight Technology Co., Ltd.			
Witslight Technology Group (Kunshan)	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director and President	Huang, Huan-Siang	—	—
	Director	Huang, Ming-Huei	—	—
	Supervisor	Chien, Ming-Hui	—	—
Zhuzhou Torch Auto Lamp Co. Ltd.	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Huang, Huan-Siang	—	—
	Director	Huang, Ming-Huei	—	—
	Supervisor	Chien, Ming-Hui	—	—

Note: The information of Directors, Supervisors and General Managers of the above affiliated companies and the shares held is updated as of March 31, 2022.

(6) Highlights of business operation of affiliated companies, as well as the financial position and operating result of each affiliated company

Unit: NTD 1,000 (Unless otherwise specified)

Company Name	Capital (Thousand dollars)	Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Sales Revenue Note 2	Operating Profit Note 2	Net Income (after tax) Note 2	Net worth Per Share (dollars) (after tax)
Chicony Power Holdings Inc.	US\$ 10,000	\$ 6,932,775	\$ -	\$ 6,932,775	\$ -	\$ -	\$ 514,058	\$ 51
Chicony Power Technology (Thailand) Co., Ltd.	THB 290,000	765,235	615,634	149,601	549,748	(36,846)	(55,420)	(1)
Chicony Power International Inc.	US\$ 10,000	6,932,766	31	6,932,735	-	(238)	514,058	51
Chicony Power USA, Inc.	US\$ 1,500	582,279	570,575	11,704	884,748	(11,066)	(11,971)	(8)
Witslight Technology Co., Ltd.	US\$ 12,800	109,254	33,149	76,105	-	(116)	(27,628)	(2)
Chicony Power Technology Hong Kong Limited	HK\$ 46,800	6,683,640	1,276,028	5,407,612	116,504	2,735	555,489	12
Chicony Power Technology (Dongguan) Co., Ltd.	US\$ 20,750	5,818,903	4,447,649	1,371,254	9,530,221	155,793	131,240	-
Chicony Power Technology (Suzhou) Co., Ltd.	US\$ 42,100	9,836,303	6,657,457	3,178,846	16,785,550	410,134	342,404	-
Guang Sheng Electronics (Nanchang) Co., Ltd.	US\$ 4,000	682,512	432,003	250,509	1,028,842	20,646	9,753	-
Chicony Power Technology (Chong Qing) Co., Ltd.	US\$ 10,000	4,627,159	2,737,122	1,890,037	7,655,341	340,616	254,786	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	RMB 10,000	68,500	23,452	45,048	16,701	(932)	(817)	-
Dongguan Chicony Power Trading Co., Ltd.	US\$ 350	4,056	3,985	71	471	164	165	-
Chicony Power Technology (Taizhou) Co., Ltd.	US\$ 3,000	16,168	140,439	(124,271)	17,093	(62,138)	(161,918)	-
Carlight Technology Co., Ltd.	NT\$ 3,000	2,472	62,991	(60,519)	-	(12,655)	(13,272)	(44)
Witslight Technology Group (Kunshan)	US\$ 10,500	827,818	658,483	169,335	-	(168)	(13,843)	-
Zhuzhou Torch Auto Lamp Co. Ltd.	RMB 46,000	716,223	551,905	164,318	932,307	(14,926)	(13,426)	-

Note 1: Medial exchange Rate of Hua Nan Bank on December 31, 2021 is adopted.

Note 2: Average exchange rate of Hua Nan Bank for 2021 is adopted.

8.1.2. Consolidated Financial Statements of Affiliated Companies

Please refer to page 109 the declaration letter and Attachment 1 the parent and subsidiaries CPA audited consolidated financial statements of the most recent year.

8.1.3. Affiliation Report

(1) Relationship between the controlling company and its subordinates

The Company is the subordinate company of Chicony Electronics Co., Ltd (abbreviated as “Chicony Electronics” hereafter), the information is as follows:

Unit: shares, %

Controlling Company	Reasons for Control	Shareholding and Pledges by the Controlling Company			Directors, Supervisors, and Managers Appointed by Controlling Company	
		Number of Shares Held	Shareholding Percentage	Shares Pledged	Title	Name
Chicony Electronics Co., Ltd	Ultimate parent company of the Company	206,706,594	52.71%	-	Chairman (Representative)	Lu, Chin-Chung

(2) Transactions

Transaction of the Company with Chicony Electronics, the controlling company:

A. Purchase/sale Transaction

Unit: NTD 1,000, %

Transaction with the Controlling Company				Transaction Terms and Conditions with the Controlling Company		General Transaction Terms and Conditions		Reason for Variance	Accounts Receivables (Payable), Notes Receivable (Payable)		Overdue Accounts Receivable			Remarks
Purchase/Sale	Amount	Percentage to total Purchase /Sales	Gross Margin	Unit price (dollars)	Credit Period	Unit Price (dollars)	Credit Period		Balance	Percentage to total Accounts Receivable (Payable), Notes Receivable (Payable)	Amount	Treatment	Allowance for Bad Debts	
Sales	\$5,787	0.01%	\$810	(Note 1)					\$5,221	0.04%	\$ -	-	\$ -	

Note 1: There is no significant difference between the unit price and credit period granted to Chicony Electronics with other regular customers.

B. Property transaction: None.

C. Inter-company financing: None.

D. Assets leasing

Unit: NTD 1,000

Type of Transaction (Lease or rent)	Subject Premises		Term of lease	Nature of lease	Basis for rent	Collection (Payment) Method	Comparison with the general rent	Total rent in current period	Collection/payment in current period	Other Agreement
	Name	Location								
Rent	Office and Parking Space	Sanchong Dist., New Taipei City	Jan. 1, 2021 - Dec. 31, 2021	Short-term Lease	Per the Market Price	T/T	No significant difference	\$57,468/year	Per the Payment Term	None
Rent	Office	Sanchong Dist., New Taipei City	Jan. 1, 2018 - Dec. 31, 2024	Right-of-use Assets	Per the Market Price	T/T	No significant difference	\$876/year	Per the Payment Term	None

E. Other important transaction: No significant transaction.

(3) Endorsement/Guarantee

A. No Endorsement/Guarantee made by Chicony Electronics for the Company as of December 31, 2021.

B. The Company does not endorse/guarantee for Chicony Electronics.

(4) Other matters with significant effects on finance and business: None.

Chicony Power Technology Co., Ltd.

Declaration Letter of Consolidated Affiliation Business Report

Considering that the companies to be included into the consolidated financial statements of affiliates under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2021 (from January 1, 2021 to December 31, 2021), and the related information to be disclosed in the consolidated financial statements of affiliated enterprises has already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliated enterprises were prepared separately.

Hereby certify

Company name : Chicony Power Technology Co., Ltd.

Representative : Lu, Chin-Chung

March 3, 2022

Chicony Power Technology Co., Ltd.
Declaration Letter of Affiliation Report

The Company hereby declares that the Company's 2021 Affiliation Report (from January 1, 2021 to December 31, 2021) was prepared pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and there are no significant inconsistencies between the information given above and the supplementary information disclosed in the notes to the consolidated financial statements for the above period.

Company name : Chicony Power Technology Co., Ltd.

Representative: Lu, Chin-Chung

March 3, 2022

Chicony Power Technology Co., Ltd

Affiliation Report

Independent Auditor's Report

Zi-Hui-Zong-Zi No. 21018107

To: Chicony Power Technology Co., Ltd.

The 2021 Affiliation Report of Chicony Power Technology Co., Ltd. was prepared pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, and the financial information related thereto the supplementary information disclosed in the notes to the consolidated financial statements for the above period were also re-checked by us.

According to our re-check result, the 2021 Affiliation Report of Chicony Power Technology Co., Ltd. did disclose related information pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and in conformity with the 2021 consolidated financial statements. Therefore, no significant amendments are required.

Pricewaterhouse Coopers, Taiwan

Chen, Chin-Chang

Weng, Shih-Jung

Financial Supervisory Commission

Approval certificate reference number: Jin-Guan-Zheng-Shen-Zi No. 1060025060

Former Securities Commission, Ministry of Finance

Approval certificate reference number: (88) Tai-Cai-Zheng (6) No. 95577

March 3, 2022

- 8.2. Private Placement of Securities in the Most Recent Year up to the Publication of this Annual Report: None.
- 8.3. Holding or Disposed of Shares in the Company by the Company's Subsidiaries in the Most Recent Year up to the Publication of this Annual Report: None.
- 8.4. Other Necessary Supplementary: None.
- 8.5. Event Occurred in the Most Recent Year up to the Publication of this Annual Report, which Significantly Affect Shareholders' Equity or Price of Shares Pursuant to Article 36 Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None.

Attachment 1

Consolidated Financial Statements in 2021 Audited by the CPA

**CHICONY POWER TECHNOLOGY CO.,
LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020**

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chicony Power Technology Co., Ltd.

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Appropriateness of cut-off of warehouse sales revenue

Description

Refer to Notes 4(28) and 6(20) for accounting policy on revenue recognition and related details of revenue.

The Group has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. Hub warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians. The Group's warehouses are located in multiple countries, and the revenue recognition process involves several manual operations. Thus, we considered the cut-off of the warehouse sales revenue as one of the key areas of focus for this fiscal year's audit.

How our audit addressed the matter

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

1. Obtained an understanding and evaluated the internal controls for regular reconciliation between the Group and its warehouse custodians.
2. Performed the revenue recognition cut-off tests, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Group's accounting records.
3. Verified the warehouse inventory by sending confirmation letters to validate inventory balances with the warehouse custodians.

Inventory valuation

Description

Refer to Notes 4(12), 5(2) and 6(5) for inventory accounting policy, accounting estimates and assumptions, and details of inventory valuation. As of December 31, 2021, the balances of inventory and allowance for inventory valuation losses are NT\$9,484,059 thousand and NT\$396,189 thousand, respectively.

The Group's main inventories are switching power supply, electronic components, and LED lighting modules. As the electronic products' life cycles are short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses. The determination of net realisable value for obsolete or slow-moving inventory is subject to management's judgement. Considering that the Group's inventory balance and the allowance for inventory valuation losses are material to the financial statements, we considered the valuation of inventory as one of the key audit matters.

How our audit addressed the matter

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

1. Assessed whether the accounting policies comply with related accounting standards and examined the reasonableness of valuation procedures used by management including net realisable value used in inventory, operating expense ratio and the reasonableness of managing the obsolescence of inventory. In addition to the above, checked whether the provision policy of allowance for inventory valuation loss is consistently applied in all reporting periods.
2. Obtained the net realisable value report of inventory at the end of the reporting period, confirmed the consistency of the estimation policy applied and sampled and tested key parameters which includes inventory price or purchase price in order to verify whether the net realisable value used by management was in line with its policies. Also, recalculated the accuracy of allowance for inventory valuation loss on individual inventory items.

Other matter - Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these

subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$582,279 thousand and NT\$548,070 thousand, constituting 1.94% and 2.18% of the consolidated total assets as at December 31, 2021 and 2020, respectively, and the net operating revenue amounted to NT\$884,748 thousand and NT\$983,134 thousand, constituting 2.19% and 2.82% of the consolidated total operating revenue for the years then ended, respectively.

Other matter - Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Chicony Power Technology Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

Chen, Chin-Chang

Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2022

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

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020			
			AMOUNT	%	AMOUNT	%		
CURRENT ASSETS								
1100	Cash and cash equivalents	6(1)	\$	709,047	2	\$	1,013,512	4
1110	Financial assets at fair value through profit or loss - current	6(2)		429,497	1		636,346	2
1120	Financial assets at fair value through other comprehensive income - current	6(3)		160,127	1		143,084	1
1150	Notes receivable, net	6(4) and 8		136,448	1		142,923	1
1170	Accounts receivable, net	6(4)		10,462,454	35		8,414,658	33
1180	Accounts receivable - related parties	7		1,579,509	5		1,185,647	5
1200	Other receivables			39,762	-		24,169	-
1210	Other receivables - related parties	7		464	-		1,604	-
130X	Inventories, net	6(5)		9,087,870	30		6,659,672	26
1410	Prepayments			504,346	2		478,214	2
1470	Other current assets			2,292	-		1,739	-
11XX	TOTAL CURRENT ASSETS			23,111,816	77		18,701,568	74
NON-CURRENT ASSETS								
1510	Financial assets at fair value through profit or loss - non-current	6(2)		623,763	2		563,426	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)		32,164	-		25,356	-
1600	Property, plant and equipment, net	6(6)		5,108,165	17		4,551,521	18
1755	Right-of-use assets	6(7)		405,462	1		399,569	2
1780	Intangible assets	6(8)		82,823	-		67,936	-
1840	Deferred income tax assets	6(27)		179,293	1		194,712	1
1900	Other non-current assets	8		469,062	2		667,003	3
15XX	TOTAL NON-CURRENT ASSETS			6,900,732	23		6,469,523	26
1XXX	TOTAL ASSETS		\$	30,012,548	100	\$	25,171,091	100

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
CURRENT LIABILITIES						
2100	Short-term borrowings	6(10)	\$ 1,530,943	5	\$ 38,168	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	72	-	3,236	-
2130	Contract liabilities - current	6(20)	233,718	1	151,515	1
2150	Notes payable		7,555	-	132	-
2170	Accounts payable	6(11)	12,527,113	42	11,198,589	45
2200	Other payables	6(12)	3,275,610	11	3,177,887	13
2220	Other payables - related parties	7	11,487	-	12,558	-
2230	Current income tax liabilities		957,393	3	592,595	2
2280	Lease liabilities - current	7	84,113	-	57,969	-
2300	Other current liabilities	6(13)	10,210	-	115,235	-
21XX	TOTAL CURRENT LIABILITIES		18,638,214	62	15,347,884	61
NON-CURRENT LIABILITIES						
2570	Deferred income tax liabilities	6(27)	106,426	1	120,043	1
2580	Lease liabilities - non-current	7	93,461	-	109,028	-
2600	Other non-current liabilities	6(14)	60,987	-	63,505	-
25XX	TOTAL NON-CURRENT LIABILITIES		260,874	1	292,576	1
2XXX	TOTAL LIABILITIES		18,899,088	63	15,640,460	62
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT						
SHARE CAPITAL						
3110	Common stock	6(16)	3,921,472	13	3,887,510	16
CAPITAL SURPLUS						
3200	Capital surplus	6(17)	2,484,753	8	2,218,073	8
RETAINED EARNINGS						
3310	Legal reserve		1,323,114	5	1,122,740	5
3320	Special reserve		1,232,204	4	1,306,489	5
3350	Unappropriated retained earnings		3,337,065	11	2,248,387	9
OTHER EQUITY INTEREST						
3400	Other equity interest		(1,185,148)	(4)	(1,232,204)	(5)
3500	TREASURY STOCKS	6(16)	-	-	(37,190)	-
31XX	EQUITY ATTRIBUTABLE TO OWNERS OF PARENT		11,113,460	37	9,513,805	38
36XX	NON-CONTROLLING INTEREST		-	-	16,826	-
3XXX	TOTAL EQUITY		11,113,460	37	9,530,631	38
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS						
SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE						
3X2X	TOTAL LIABILITIES AND EQUITY	9	\$ 30,012,548	100	\$ 25,171,091	100

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Years ended December 31,			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 SALES REVENUE	6(20) and 7		\$ 40,363,978	100	\$ 34,863,027	100
5000 OPERATING COSTS	6(5)(25)(26)	(	33,225,466)	(82)	(28,443,674)	(82)
5900 GROSS PROFIT			7,138,512	18	6,419,353	18
OPERATING EXPENSES	6(25)(26) and 7					
6100 Selling expenses		(	784,388)	(2)	(725,674)	(2)
6200 General and administrative expenses		(	1,058,988)	(3)	(907,772)	(2)
6300 Research and development expenses		(	1,792,787)	(4)	(1,964,482)	(6)
6450 Expected credit (loss) gain	12(2)	(	51,343)	-	4,494	-
6000 TOTAL OPERATING EXPENSES		(	3,687,506)	(9)	(3,593,434)	(10)
6900 OPERATING PROFIT			3,451,006	9	2,825,919	8
NON-OPERATING INCOME AND EXPENSES						
7100 Interest income	6(21)		10,471	-	15,008	-
7010 Other income	6(22)		382,220	1	186,729	1
7020 Other gains and losses	6(23)	(	229,403)	(1)	(273,936)	(1)
7050 Finance costs	6(24) and 7	(	34,629)	-	(32,263)	-
7000 TOTAL NON-OPERATING INCOME AND EXPENSES			128,659	-	(104,462)	-
7900 PROFIT BEFORE INCOME TAX			3,579,665	9	2,721,457	8
7950 Income tax expense	6(27)	(	751,190)	(2)	(594,237)	(2)
8200 PROFIT FOR THE YEAR			\$ 2,828,475	7	\$ 2,127,220	6
OTHER COMPREHENSIVE INCOME COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS						
8311 Remeasurement of defined benefit plan	6(14)	(\$	961)	-	(\$ 790)	-
8316 Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(19)		27,684	-	(9,012)	-
COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS						
8361 Financial statements translation differences of foreign operations		(	12,413)	-	20,495	-
8300 TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR			\$ 14,310	-	\$ 10,693	-
8500 TOTAL COMPREHENSIVE INCOME FOR THE YEAR			\$ 2,842,785	7	\$ 2,137,913	6
PROFIT (LOSS) ATTRIBUTABLE TO:						
8610 Owners of the parent			\$ 2,827,207	7	\$ 2,136,627	6
8620 Non-controlling interest			\$ 1,268	-	(\$ 9,407)	-
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:						
8710 Owners of the parent			\$ 2,842,097	7	\$ 2,146,851	6
8720 Non-controlling interest			\$ 688	-	(\$ 8,938)	-
EARNINGS PER SHARE (NT\$)	6(28)					
9750 BASIC EARNINGS PER SHARE			\$ 7.22		\$ 5.52	
9850 DILUTED EARNINGS PER SHARE			\$ 7.11		\$ 5.45	

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent								Non-controlling interest	Total equity
	Share capital - common stock	Capital surplus	Retained Earnings		Unappropriated retained earnings	Other entity interest	Treasury stocks	Total		
			Legal reserve	Special reserve						
<u>Year ended December 31, 2020</u>										
BALANCE AT JANUARY 1, 2020	\$ 3,867,154	\$ 2,007,888	\$ 950,691	\$ 1,611,685	\$ 1,352,568	(\$ 1,306,489)	(\$ 199,804)	\$ 8,283,693	\$ 33,719	\$ 8,317,412
Profit for the year	-	-	-	-	2,136,627	-	-	2,136,627	(9,407)	2,127,220
Other comprehensive income (loss) for the year	6(19)	-	-	-	(790)	11,014	-	10,224	469	10,693
Total comprehensive income (loss) for the year		-	-	-	2,135,837	11,014	-	2,146,851	(8,938)	2,137,913
Distribution of 2019 earnings	6(18)									
Legal reserve		-	172,049	-	(172,049)	-	-	-	-	-
Reversal of special reserve		-	-	(305,196)	305,196	-	-	-	-	-
Cash dividends		-	-	-	(1,241,072)	-	-	(1,241,072)	-	(1,241,072)
Stock for employee compensation	6(16)(17)	45,506	222,528	-	-	-	-	268,034	-	268,034
Transfer of treasury stock to employees	6(17)	-	17,810	-	-	-	38,489	56,299	-	56,299
Retirement of treasury stock	6(16)(17)	(25,150)	(30,153)	-	-	-	124,125	-	-	-
Disposal of financial assets at fair value through other comprehensive income	6(3)(19)	-	-	-	(63,271)	63,271	-	-	-	-
Decrease in non-controlling interest	6(29)	-	-	-	-	-	-	-	(7,955)	(7,955)
BALANCE AT DECEMBER 31, 2020	\$ 3,887,510	\$ 2,218,073	\$ 1,122,740	\$ 1,306,489	\$ 2,248,387	(\$ 1,232,204)	(\$ 37,190)	\$ 9,513,805	\$ 16,826	\$ 9,530,631
<u>Year ended December 31, 2021</u>										
BALANCE AT JANUARY 1, 2021	\$ 3,887,510	\$ 2,218,073	\$ 1,122,740	\$ 1,306,489	\$ 2,248,387	(\$ 1,232,204)	(\$ 37,190)	\$ 9,513,805	\$ 16,826	\$ 9,530,631
Profit for the year		-	-	-	2,827,207	-	-	2,827,207	1,268	2,828,475
Other comprehensive income (loss) for the year	6(19)	-	-	-	(961)	15,851	-	14,890	(580)	14,310
Total comprehensive income (loss) for the year		-	-	-	2,826,246	15,851	-	2,842,097	688	2,842,785
Distribution of 2020 earnings	6(18)									
Legal reserve		-	200,374	-	(200,374)	-	-	-	-	-
Reversal of special reserve		-	-	(74,285)	74,285	-	-	-	-	-
Cash dividends		-	-	-	(1,568,589)	-	-	(1,568,589)	-	(1,568,589)
Stock for employee compensation	6(16)(17)	33,962	231,617	-	-	-	-	265,579	-	265,579
Transfer of treasury stock to employees	6(17)	-	35,063	-	-	-	37,190	72,253	-	72,253
Disposal of financial assets at fair value through other comprehensive income	6(3)(19)	-	-	-	(31,205)	31,205	-	-	-	-
Decrease in non-controlling interest	6(29)	-	-	-	(11,685)	-	-	(11,685)	(17,514)	(29,199)
BALANCE AT DECEMBER 31, 2021	\$ 3,921,472	\$ 2,484,753	\$ 1,323,114	\$ 1,232,204	\$ 3,337,065	(\$ 1,185,148)	\$ -	\$ 11,113,460	\$ -	\$ 11,113,460

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 3,579,665	\$ 2,721,457
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(6)(7)(25)	985,696	741,462
Amortization	6(8)(25)	58,253	54,315
Other non-current assets recognised as expense	6(25)	27,685	61,028
Expected credit loss (gain)	12(2)	51,343 (	4,494)
Share-based payments	6(15)	35,257	17,813
Interest income	6(21)	(10,471 ) (	15,008)
Dividend income	6(22)	(14,133 ) (	67,048)
Interest expense	6(7)(24)	34,629	32,263
Loss on disposal of property, plant and equipment	6(23)	160,829	50,746
Loss on disposal of intangible assets	6(8)	2,533	-
Net gain on financial assets at fair value through profit or loss	6(2)(23)		
- derivative instruments		(128,988 ) (	272,661)
Net (gain) loss on financial assets at fair value through profit	6(2)(23)		
or loss - others		(63,096)	14,853
Impairment loss on non-financial assets	6(9)(23)	33,000	54,819
Gain on lease modification	6(7)	(942 ) (	64)
Other gains and losses - rent concessions	6(7)	- (	1,305)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets or liabilities at fair value through profit or			
loss - derivative instruments		264,717	17,709
Notes receivable, net		6,475 (	29,716)
Accounts receivable, net		(2,099,139 ) (	1,422,973)
Accounts receivable - related parties		(393,862)	230,531
Other receivables		(15,451)	12,542
Other receivables - related parties		1,140 (	801)
Inventories, net		(2,428,198 ) (	782,030)
Prepayments		(50,140 ) (	175,201)
Other current assets		(553 ) (	11,084)
Net changes in liabilities relating to operating activities			
Contract liabilities - current		82,203	43,325
Notes payable		7,423 (	185)
Accounts payable		1,328,524	1,195,682
Other payables		362,344	900,879
Other payables - related parties		(1,071 ) (	2,391)
Other current liabilities		(5,025 ) (	4,141)
Accrued pension liabilities		(4,370 ) (	4,588)
Cash inflow generated from operations		1,806,277	3,355,734
Interest received		10,404	14,942
Dividends received		14,058	66,298
Interest paid		(33,671 ) (	32,269)
Income taxes paid		(384,590 ) (	318,436)
Net cash flows from operating activities		1,412,478	3,086,269

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss -			
others		(\$ 232,569)	(\$ 380,856)
Proceeds from disposal of financial assets at fair value through			
profit or loss - others		300,472	711,349
Proceeds from disposal of financial assets at fair value through	6(3)		
other comprehensive income		2,355	84,276
Acquisition of property, plant and equipment	6(6)	(1,371,453)	(1,835,631)
Proceeds from disposal of property, plant and equipment		44,980	1,616
Acquisition of intangible assets	6(8)	(74,846)	(59,772)
Increase in prepayments for business facilities		(21,727)	(471,173)
Increase in other non-current assets		(132,310)	(30,752)
Net cash flows used in investing activities		(1,485,098)	(1,980,943)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(30)	1,492,775	(211,832)
Repayments of long-term borrowings	6(30)	(100,000)	-
Repayments of lease liabilities	6(30)	(71,004)	(55,398)
Increase in other non-current liabilities	6(30)	891	4,947
Cash dividends paid	6(18)	(1,568,589)	(1,241,072)
Transfer of treasury stock to employees		36,996	38,487
Non-controlling interest adjustment	6(29)	(29,199)	(7,955)
Net cash flows used in financing activities		(238,130)	(1,472,823)
Effect of exchange rate changes on cash and cash equivalents		6,285	(6,532)
Net decrease in cash and cash equivalents		(304,465)	(374,029)
Cash and cash equivalents at beginning of year	6(1)	1,013,512	1,387,541
Cash and cash equivalents at end of year	6(1)	<u>\$ 709,047</u>	<u>\$ 1,013,512</u>

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

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Chicony Power Technology Co., Ltd. (the “Company”) was incorporated in 2008 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company became listed on the Taiwan Stock Exchange (TWSE) in November, 2013. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in developing, manufacturing and sales of switching power supplies, electronic components and LED lighting modules, and smart building solutions. Chicony Electronics Co., Ltd. is the Group’s ultimate parent company. As of December 31, 2021, Chicony Electronics Co., Ltd. and its subsidiaries hold 53.02% equity interest in the Company.

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and liabilities (including derivative instruments) are measured at fair value through profit or loss.
 - (b) Financial assets are measured at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Remark
			December 31, 2021	December 31, 2020	
Chicony Power Technology Co., Ltd.	Chicony Power Holdings Inc. (CPH)	Investment holdings	100%	100%	
"	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
CPH	Chicony Power International Inc. (CPI)	Investment holdings	100%	100%	
CPI	Chicony Power USA, Inc. (CPUS)	Sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power Technology Hong Kong Limited (CPHK)	Research and development center and investment holdings	100%	100%	
"	WitsLight Technology Co., Ltd. (WTS)	Design, research and development of LED lighting modules and investment holdings	100%	83.68%	Note
CPHK	Chicony Power Technology (DongGuan) Co., Ltd. (CPDG)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power Technology (Suzhou) Co., Ltd. (CPSZ)	Manufacturing and sales of electronic components and LED lighting modules	100%	100%	
"	Quang Sheng Electronics (Nangchang) Co., Ltd. (GSE)	Manufacturing and sales of electronic components and transformers	100%	100%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Remark
			December 31, 2021	December 31, 2020	
CPHK	Chicony Power Technology (Chong Qing) Co., Ltd. (CPCQ)	Manufacturing and sales of electronic components and LED lighting modules	100%	100%	
"	Chicony Power Technology Trading (Dong Guan) Co., Ltd. (CPDGT)	Importing and exporting of power supplies, LED lighting modules, and other electronics and smart building system industry	100%	100%	
"	Chicony Power Technology (Taizhou) Co., Ltd. (CPTZ)	Research and development, manufacturing, sales, installation, after-sale, and advisory services of electric machinery, electric frequency device and industry automation equipment	100%	100%	
WTS	WitsLight Technology (Kunshan) Co., Ltd. (WTK)	Manufacturing and sales of LED lighting modules	100%	100%	
"	Carlight Technology Co.,Ltd. (CT)	Design, research and development and sales of automotive and motorcycle lamps and other components	100%	100%	
WTK	Zhuzhou Torch Auto Lamp Co., Ltd. (TORCH)	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	100%	100%	
CPSZ	Chicony Energy Saving Technology (Shanghai) Co., Ltd. (CPSH)	Sales of LED lighting modules	100%	100%	

Note: CPI acquired shares from the original shareholders of WTS on July 15, 2021 and July 31, 2020 and held 100% and 83.68% ownership after the acquisition, respectively.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.

- (b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are expected to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income:
- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the

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

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are to be capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method to allocate their costs over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives for the plant and buildings are 20 years and for the other fixed assets are 1-10 years.

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and

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

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

(15) Intangible assets

- A. Trademark, right, patent and computer software are amortised on a straight-line basis over their estimated useful lives of 1-15 years.
- B. Goodwill arises in a business combination accounted for by applying the acquisition method.
- C. Other intangible asset, mainly expertise, is amortised on a straight-line basis over its estimated useful lives of 4 years.

(16) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the

fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(18) Notes and accounts payable

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

(19) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- (a) Hybrid (combined) contracts; or
 - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

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

(22) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

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

D. Employees' and directors' remuneration

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

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(27) Dividends

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

(28) Revenue recognition

A. Sales of goods

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

- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- (c) Under the contracts with customers, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

B. Incremental costs of obtaining a contract

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

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

(30) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 3,455	\$ 4,712
Checking accounts and demand deposits	705,592	870,571
Time deposits	-	138,229
	<u>\$ 709,047</u>	<u>\$ 1,013,512</u>

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

B. The Group has no cash and cash equivalent pledged to others.

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	\$ 65,567	\$ 209,810
Forward exchange swap contracts	5,402	53
Listed stocks	<u>334,007</u>	<u>403,431</u>
	404,976	613,294
Valuation adjustment	<u>24,521</u>	<u>23,052</u>
	<u>\$ 429,497</u>	<u>\$ 636,346</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	(\$ 72)	(\$ 106)
Foreign exchange swap contracts	-	(3,130)
	<u>(\$ 72)</u>	<u>(\$ 3,236)</u>

Items	December 31, 2021	December 31, 2020
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 185,000	\$ 185,000
Beneficiary certificates	455,630	423,843
	640,630	608,843
Valuation adjustment	(16,867)	(45,417)
	\$ 623,763	\$ 563,426

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

	Years ended December 31,	
	2021	2020
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivatives	\$ 128,988	\$ 272,661
Others		
Equity instruments	86,978	(18,191)
Beneficiary certificates	(23,882)	3,338
	63,096	(14,853)
	\$ 192,084	\$ 257,808

B. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2021	
<u>Derivative financial assets and liabilities</u>	Contract amount (Notional principal)	Expiry date
Current items:		
Foreign exchange swap contracts		
- Buy NTD, sell USD	USD 50,500 thousand	2022.2.22 ~ 2022.3.29
Forward foreign exchange contracts		
- Buy RMB, sell USD	USD 69,000 thousand	2022.1.13 ~ 2022.12.21
- Buy NTD, sell USD	USD 40,000 thousand	2022.1.7 ~ 2022.3.22
- Sell THB, buy USD	USD 5,000 thousand	2022.2.25

<u>Derivative financial assets and liabilities</u>	<u>December 31, 2020</u>	
	<u>Contract amount (Notional principal)</u>	<u>Expiry date</u>
Current items:		
Foreign exchange swap contracts		
- Buy NTD, sell USD	USD 21,600 thousand	2021.2.22 ~ 2021.3.18
Forward foreign exchange contracts		
- Buy RMB, sell USD	USD105,500 thousand	2021.1.29 ~ 2021.12.1
- Buy NTD, sell USD	USD 20,000 thousand	2021.1.15 ~ 2021.2.4

Forward foreign exchange contracts / Foreign exchange swap contracts

The Group entered into forward foreign exchange contracts and foreign exchange swap contracts to buy (sell) foreign exchange swap and increase rate swap to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts and foreign exchange swap contracts are not accounted for under hedge accounting.

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

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Listed stocks	\$ 342,497	\$ 376,055
Unlisted stocks	73,127	74,607
	415,624	450,662
Valuation adjustment	(255,497)	(307,578)
	<u>\$ 160,127</u>	<u>\$ 143,084</u>
Non-current items:		
Listed stocks	\$ 422,100	\$ 422,100
Unlisted stocks	15,000	15,000
	437,100	437,100
Valuation adjustment	(404,936)	(411,744)
	<u>\$ 32,164</u>	<u>\$ 25,356</u>

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was equivalent to the carrying amount as at December 31, 2021 and 2020.

B. During the years ended December 31, 2021 and 2020, the Group sold \$2,355 and \$84,276 of equity investments at fair value, respectively.

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

	Years ended December 31,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 27,684	(\$ 9,012)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 31,205)	(\$ 63,271)
Dividend income recognised in profit or loss held at end of year	\$ 5,408	\$ 3,840

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

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 136,448	\$ 142,923
Accounts receivable	\$ 10,523,332	\$ 8,424,190
Less: Allowance for uncollectible accounts	(60,878)	(9,532)
	\$ 10,462,454	\$ 8,414,658

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 10,418,831	\$ 136,448	\$ 8,348,216	\$ 142,923
1 - 30 days past due	22,779	-	23,843	-
31 - 120 days past due	16,316	-	14,826	-
121 - 210 days past due	45,109	-	37,305	-
Over 210 days past due	20,297	-	-	-
	\$ 10,523,332	\$ 136,448	\$ 8,424,190	\$ 142,923

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$7,114,424.

C. Details of the Group's notes receivable pledged to others as collateral are provided in Note 8. The Group has no accounts receivable pledged to others as collateral.

D. As of December 31, 2021 and 2020, the Group had discounted notes receivable to banks amounting to \$89,076 and \$38,168, respectively. The Group has payment obligation when the drawers of the notes refuse to pay for the notes at maturity. However, in general, the Group does

not expect that the drawers of the notes would refuse to pay for the notes at maturity. The liabilities arising on discounted notes receivable were presented as short-term borrowings.

E. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group was equal to carrying amount.

F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,806,183	(\$ 179,472)	\$ 3,626,711
Work in process	1,269,493	(21,695)	1,247,798
Finished goods	4,408,383	(195,022)	4,213,361
	<u>\$ 9,484,059</u>	<u>(\$ 396,189)</u>	<u>\$ 9,087,870</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,945,780	(\$ 78,255)	\$ 1,867,525
Work in process	804,686	(31,625)	773,061
Finished goods	4,236,194	(217,108)	4,019,086
	<u>\$ 6,986,660</u>	<u>(\$ 326,988)</u>	<u>\$ 6,659,672</u>

The cost of inventories recognised as expense for the year:

Years ended December 31,		
	2021	2020
Cost of inventories sold	\$ 33,051,476	\$ 28,252,799
Loss on decline in market value	69,784	81,678
Loss on scrap inventory	103,440	107,769
Others	766	1,428
	<u>\$ 33,225,466</u>	<u>\$ 28,443,674</u>

(6) Property, plant and equipment

	2021						
	Land	Buildings and structures	Machinery	Test equipment	Others	Total	
<u>January 1</u>							
Cost	\$ 125,076	\$ 2,553,346	\$ 3,051,794	\$ 2,009,669	\$ 1,386,981	\$ 9,126,866	
Accumulated depreciation	-	(556,632)	(1,689,722)	(1,408,541)	(920,450)	(4,575,345)	
	<u>\$ 125,076</u>	<u>\$ 1,996,714</u>	<u>\$ 1,362,072</u>	<u>\$ 601,128</u>	<u>\$ 466,531</u>	<u>\$ 4,551,521</u>	
Balance, January 1	\$ 125,076	\$ 1,996,714	\$ 1,362,072	\$ 601,128	\$ 466,531	\$ 4,551,521	
Additions	1,456	204,960	557,146	327,375	280,516	1,371,453	
Disposals	-	-	(100,868)	(7,063)	(97,878)	(205,809)	
Reclassifications	-	25,892	190,328	98,293	7,711	322,224	
Depreciation charge	-	(151,425)	(320,489)	(226,855)	(207,255)	(906,024)	
Impairment loss	-	-	(133)	-	(7,850)	(7,983)	
Net exchange differences	(15,064)	2,302	947	(2,446)	(2,956)	(17,217)	
Balance, December 31	<u>\$ 111,468</u>	<u>\$ 2,078,443</u>	<u>\$ 1,689,003</u>	<u>\$ 790,432</u>	<u>\$ 438,819</u>	<u>\$ 5,108,165</u>	
<u>December 31</u>							
Cost	\$ 111,468	\$ 2,787,521	\$ 3,500,594	\$ 2,302,299	\$ 1,450,673	\$ 10,152,555	
Accumulated depreciation and impairment	-	(709,078)	(1,811,591)	(1,511,867)	(1,011,854)	(5,044,390)	
	<u>\$ 111,468</u>	<u>\$ 2,078,443</u>	<u>\$ 1,689,003</u>	<u>\$ 790,432</u>	<u>\$ 438,819</u>	<u>\$ 5,108,165</u>	
2020							
	Land	Buildings and structures	Machinery	Test equipment	Others	Unfinished construction	Total
<u>January 1</u>							
Cost	\$ -	\$ 821,866	\$ 2,791,024	\$ 1,644,863	\$ 1,229,107	\$ 839,589	\$ 7,326,449
Accumulated depreciation	-	(481,152)	(1,574,784)	(1,308,884)	(832,585)	-	(4,197,405)
	<u>\$ -</u>	<u>\$ 340,714</u>	<u>\$ 1,216,240</u>	<u>\$ 335,979</u>	<u>\$ 396,522</u>	<u>\$ 839,589</u>	<u>\$ 3,129,044</u>
Balance, January 1	\$ -	\$ 340,714	\$ 1,216,240	\$ 335,979	\$ 396,522	\$ 839,589	\$ 3,129,044
Additions	100,029	68,463	347,820	373,541	226,150	895,727	2,011,730
Disposals	-	(154)	(49,339)	(323)	(2,546)	-	(52,362)
Reclassifications	25,007	1,633,204	102,116	30,218	29,382	(1,728,468)	91,459
Depreciation charge	-	(72,542)	(265,603)	(143,238)	(183,647)	-	(665,030)
Net exchange differences	40	27,029	10,838	4,951	670	(6,848)	36,680
Balance, December 31	<u>\$ 125,076</u>	<u>\$ 1,996,714</u>	<u>\$ 1,362,072</u>	<u>\$ 601,128</u>	<u>\$ 466,531</u>	<u>\$ -</u>	<u>\$ 4,551,521</u>
<u>December 31</u>							
Cost	\$ 125,076	\$ 2,553,346	\$ 3,051,794	\$ 2,009,669	\$ 1,386,981	\$ -	\$ 9,126,866
Accumulated depreciation	-	(556,632)	(1,689,722)	(1,408,541)	(920,450)	-	(4,575,345)
	<u>\$ 125,076</u>	<u>\$ 1,996,714</u>	<u>\$ 1,362,072</u>	<u>\$ 601,128</u>	<u>\$ 466,531</u>	<u>\$ -</u>	<u>\$ 4,551,521</u>

A. None of the Group's property, plant and equipment are pledged as collateral.

B. The Group has recognised impairment loss on property, plant and equipment amounting to \$7,983 for the year ended December 31, 2021 as the Group halted certain production lines due to operational considerations. Please refer to Note 6(9).

(7) Leasing arrangements-lessee

A. The Group leases various assets including land use right, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

- B. Short-term leases with a lease term of 12 months or less comprise warehouses, offices and business vehicles. Low-value assets comprise multifunction printers and are not shown in right-of-use asset.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Buildings and structures	\$ 164,697	\$ 153,726
Land use right	240,765	245,843
	<u>\$ 405,462</u>	<u>\$ 399,569</u>

	Years ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Buildings and structures	\$ 74,299	\$ 71,137
Land use right	5,373	5,295
	<u>\$ 79,672</u>	<u>\$ 76,432</u>

- D. As of December 31, 2021, the Group entered into land use right contracts with the Ministry of Land and Resources for the use of the land in Jiangsu Wujiang District, Chongqing Jiangjin Shuangfu New Area and Guangdong Dongguan City, all for a period of 50 years. All rentals had been paid on the contract date.
- E. The carrying amounts of the above land use right are net of the government land grants received as an investment incentive.
- F. For the years ended December 31, 2021 and 2020, the additions (including changes in foreign exchange rate) to right-of-use assets were \$108,268 and \$115,408, respectively.
- G. Except for the depreciation mentioned above, other information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 10,044	\$ 10,684
Rent expense on short-term lease contracts	110,519	122,990
Rent expense on leases of low-value assets	1,146	1,101
Gains arising from lease modifications	942	64

- H. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$192,713 and \$190,173, respectively.
- I. The Group has no right-of-use asset pledged to others.
- J. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting

to \$0 and \$1,305 as ‘other gains and losses’ in 2021 and 2020, respectively.

(8) Intangible assets

	2021				
	Trademarks and patents	Software	Goodwill	Others	Total
<u>January 1</u>					
Cost	\$ 92,039	\$ 224,049	\$ 120,650	\$ 31,068	\$ 467,806
Accumulated amortisation and impairment	(71,239)	(177,916)	(120,650)	(30,065)	(399,870)
	<u>\$ 20,800</u>	<u>\$ 46,133</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 67,936</u>
Balance, January 1	\$ 20,800	\$ 46,133	\$ -	\$ 1,003	\$ 67,936
Additions	17,874	56,972	-	-	74,846
Disposals	-	(2,533)	-	-	(2,533)
Reclassifications	-	2,070	-	-	2,070
Amortisation charge	(18,923)	(38,929)	-	(401)	(58,253)
Impairment loss	(394)	(615)	-	-	(1,009)
Net exchange differences	-	(234)	-	-	(234)
Balance, December 31	<u>\$ 19,357</u>	<u>\$ 62,864</u>	<u>\$ -</u>	<u>\$ 602</u>	<u>\$ 82,823</u>
<u>December 31</u>					
Cost	\$ 109,913	\$ 280,173	\$ 120,650	\$ 30,509	\$ 541,245
Accumulated amortisation and impairment	(90,556)	(217,309)	(120,650)	(29,907)	(458,422)
	<u>\$ 19,357</u>	<u>\$ 62,864</u>	<u>\$ -</u>	<u>\$ 602</u>	<u>\$ 82,823</u>

	2020				
	Trademarks and patents	Software	Goodwill	Others	Total
<u>January 1</u>					
Cost	\$ 72,615	\$ 179,629	\$ 123,359	\$ 32,831	\$ 408,434
Accumulated amortisation and impairment	(53,031)	(142,286)	(69,085)	(31,397)	(295,799)
	<u>\$ 19,584</u>	<u>\$ 37,343</u>	<u>\$ 54,274</u>	<u>\$ 1,434</u>	<u>\$ 112,635</u>
Balance, January 1	\$ 19,584	\$ 37,343	\$ 54,274	\$ 1,434	\$ 112,635
Additions	19,424	40,348	-	-	59,772
Reclassifications	-	3,788	-	-	3,788
Amortisation charge	(18,208)	(35,672)	-	(435)	(54,315)
Impairment loss	-	-	(54,819)	-	(54,819)
Net exchange differences	-	326	545	4	875
Balance, December 31	<u>\$ 20,800</u>	<u>\$ 46,133</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 67,936</u>
<u>December 31</u>					
Cost	\$ 92,039	\$ 224,049	\$ 120,650	\$ 31,068	\$ 467,806
Accumulated amortisation and impairment	(71,239)	(177,916)	(120,650)	(30,065)	(399,870)
	<u>\$ 20,800</u>	<u>\$ 46,133</u>	<u>\$ -</u>	<u>\$ 1,003</u>	<u>\$ 67,936</u>

- A. The Group's goodwill had been fully provisioned for impairment as of December 31, 2020.
- B. The Group has recognised impairment loss on intangible assets amounting to \$1,009 for the year ended December 31, 2021 as the Group halted certain production lines for operational considerations. Please refer to Note 6(9).
- C. Goodwill of the Group's Asia segment is allocated to the cash-generating units identified by Zhuzhou Torch Auto Lamp Co., Ltd. (TORCH). The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. The key assumptions used for value-in-use calculations are as follows: The value-in-use was discounted at the weighted average cost of capital's discount rate of 3.84% for the year ended December 31, 2020 to reflect the specific risks relating to the relevant cash-generating units. For the year ended December 31, 2020, based on TORCH's assessment that its future operating profit will not be as expected, an impairment loss of \$54,819 was recognised for the goodwill of Asia segment due to the recoverable amount is less than the carrying amount.

(9) Impairment of non-financial assets

- A. The impairment loss recognised by the Group for the years ended December 31, 2021 and 2020 amounted to \$33,000 and \$54,819, respectively, and was recorded under 'other gains and losses' in the statements of comprehensive income.

	Years ended December 31,	
	2021	2020
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss - property, plant and equipment	\$ 7,983	\$ -
Impairment loss - intangible assets	1,009	54,819
Impairment loss - others	24,008	-
	<u>\$ 33,000</u>	<u>\$ 54,819</u>

B. The impairment loss reported by operating segments is as follows:

	Years ended December 31,			
	2021		2020	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Taiwan	\$ 8,992	\$ -	-	\$ -
Asia	24,008	-	54,819	-
	<u>\$ 33,000</u>	<u>\$ -</u>	<u>\$ 54,819</u>	<u>\$ -</u>

C. The Group has recognized impairment loss on property, plant and equipment, intangible assets and other assets for the year ended December 31, 2021 as the Group halted certain production lines for operational considerations. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$33,000. The recoverable amount of cash-generating units is the asset's fair value less costs of disposal or value in use. The fair value is classified as a level 3 fair value.

D. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. The main assumption used in calculating value in use is the weighted average cost of capital. An impairment loss of \$54,819 was recognised for the goodwill for the year ended December 31, 2020. Please refer to Note 6(8).

(10) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank unsecured borrowings	\$ 1,441,867	0.68%~0.75%	None
Secured borrowings	89,076	2.32%~2.60%	Notes receivable
	<u>\$ 1,530,943</u>		
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Secured borrowings	<u>\$ 38,168</u>	2.8%~3.07%	Notes receivable

Information relating to the guarantee notes issued for the above borrowings as of December 31, 2021 is provided in Note 9(1).

(11) Accounts payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	\$ 9,579,030	\$ 8,393,546
Estimated accounts payable	2,948,083	2,805,043
	<u>\$ 12,527,113</u>	<u>\$ 11,198,589</u>

(12) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salaries payable	\$ 903,148	\$ 1,026,113
Commissions payable	515,855	377,702
Employees' compensation and directors' remuneration payable	498,225	346,656
Consumption goods expense payable	268,505	169,244
Processing fee payable	181,853	195,054
Equipment payable	130,958	189,501
Construction payable	100,449	123,942
Others	676,617	749,675
	<u>\$ 3,275,610</u>	<u>\$ 3,177,887</u>

(13) Long-term borrowings

The Group had no long-term borrowings on December 31, 2021.

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Unsecured borrowings	Borrowing period is from November 4, 2020 to January 20, 2021; interest is repayable until maturity of principal (Note)	1.797%	None	\$ 100,000
Less: Current portion (shown as 'other current liabilities')				(100,000)
				<u>\$ -</u>

Note: Represents revolving credit for a period of five years starting from the first drawdown (January 2016), each credit period is limited from 90 to 180 days.

A long-term syndicated loan for five years was signed by the Company with Taiwan Cooperative Bank as the lead bank in October 2015 for use in the Company's operations. The loan was fully paid as of January 2021.

The main contents of the contract are as follows:

A. The Company is required to meet the following financial ratios based on its annual consolidated financial statements:

- (a) Current ratio is above 100%,
- (b) Financial liabilities divided by net tangible assets is under 250%,
- (c) Time interest earned is above 300%,

(d) Net tangible assets is above \$4,000,000.

The above financial ratios are based on the annual financial statements. If the Company does not conform to the contract, the Company should increase capital by cash or by other means. From the next day of the managing bank's notification till the next interest payment date after conforming to the contract, the lending rates will be increased by 0.125% of the used but unsettled amount of this contract, and it will not be considered a breach of contract. If the financial ratios could not be adjusted by next inspection day (subjected to the consolidated financial statements audited by independent auditors), the borrower is considered to have violated the contract.

B. The Company should maintain appropriate accounts receivable ratio (including the drawn amount) above 50% for each withdrawal. If the Company's qualified accounts receivable is overdue (remains unpaid after 15 days of the due date of accounts receivable), or specific transaction parties did not deposit the accrued amount to the specific compensation accounts instructed by the payment notice, the total amount of that specific transaction parties' qualified accounts receivable will be deducted immediately. If the above situation results to the appropriate accounts receivable ratio to be lower than 50%, the Company should choose any of the following actions to make the accounts receivable ratio comply with the contract:

(a) Provide other qualified accounts receivable, or,

(b) Repay or deposit in compensation accounts to maintain appropriate accounts receivable ratio above (or equal to) 50%.

C. As part of the contract, the commitment fee should be calculated every three months, which begins six months after the Company's first drawdown of the credit. During the commitment fee calculation period, if the average drawdown amounts are less than 50% of the total loan facility, the commitment fee should be calculated seasonally, using the difference of actual drawdown amounts and 50% of the total loan facility, multiplied by 0.1%, the annual fee rate, and then pay the managing bank every three months.

(14) Pensions

A. Defined benefit plans

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute an amount equal to 4% of the employees' monthly salaries and wages to the pension fund deposited in the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December

31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of funded defined benefit obligations	(\$ 103,465)	(\$ 101,303)
Fair value of plan assets	<u>54,373</u>	<u>48,803</u>
Net defined benefit liability	<u>(\$ 49,092)</u>	<u>(\$ 52,500)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2021			
Balance at January 1	(\$ 101,303)	\$ 48,803	(\$ 52,500)
Current service cost	(82)	-	(82)
Interest (expense) income	(507)	259	(248)
	<u>(101,892)</u>	<u>49,062</u>	<u>(52,830)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	612	612
Change in demographic assumptions	(2,423)	-	(2,423)
Change in financial assumptions	1,260	-	1,260
Experience adjustments	(410)	-	(410)
	<u>(1,573)</u>	<u>612</u>	<u>(961)</u>
Pension fund contribution	-	4,699	4,699
Balance at December 31	<u>(\$ 103,465)</u>	<u>\$ 54,373</u>	<u>(\$ 49,092)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
Balance at January 1	(\$ 97,931)	\$ 41,633	(\$ 56,298)
Current service cost	(621)	-	(621)
Interest (expense) income	(734)	335	(399)
	<u>(99,286)</u>	<u>41,968</u>	<u>(57,318)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,320	1,320
Change in demographic assumptions	(1,144)	-	(1,144)
Change in financial assumptions	(2,542)	-	(2,542)
Experience adjustments	1,576	-	1,576
	<u>(2,110)</u>	<u>1,320</u>	<u>(790)</u>
Pension fund contribution	-	5,515	5,515
Paid pension	93	-	93
	<u>93</u>	<u>5,515</u>	<u>5,608</u>
Balance at December 31	<u>(\$ 101,303)</u>	<u>\$ 48,803</u>	<u>(\$ 52,500)</u>

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

	Years ended December 31,	
	2021	2020
Discount rate	0.625%	0.500%
Future salary increases	2.500%	2.500%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 2,500)	\$ 2,597	\$ 2,507	(\$ 2,427)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 2,557)	\$ 2,662	\$ 2,567	(\$ 2,479)

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

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

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$13,453.
- (g) As of December 31, 2021, the weighted average duration of that retirement plan is 9.8 years.

The analysis of timing of the future pension payment for the next ten years was as follows:

Within 1 year	\$ 1,575
1-2 years	9,857
2-5 years	27,401
5-10 years	19,167
	<u>\$ 58,000</u>

B. Defined contribution plan

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

contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

- (c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2021 and 2020 were \$265,661 and \$192,244, respectively.

(15) Share-based payment

- A. For the years ended December 31, 2021 and 2020, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Treasury stock transferred to employees	2021.3.3	916	-	Immediately
"	2020.3.2	948	-	"

- B. Details of the treasury stocks transferred to employees are as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -	-	\$ -
Options granted	916	40.51	948	40.72
Options exercised	(916)	40.51	(948)	40.72
Options outstanding at December 31	-	-	-	-
Options exercisable at December 31	-	-	-	-

- C. The average closing price of stock options at exercise dates for the years ended December 31, 2021 and 2020 were NT\$79.08 and NT\$55.55 (in dollars), respectively.
- D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Treasury stock transferred to employees	2021.3.3	\$79.00	\$40.51	28.07%	15 days	-	0.14%	\$38.49
"	2020.3.2	\$59.50	\$40.72	27.34%	"	-	0.45%	\$18.79

Note: Expected price volatility rate was estimated based on the average annualized standard deviation of the daily return for the six-month period.

- E. Liabilities arising from share-based payment transactions are shown below:

	Years ended December 31,	
	2021	2020
Equity-settled	\$ 35,257	\$ 17,813

(16) Share capital

- A. As of December 31, 2021, the Company's authorised capital was \$5,000,000, and the paid-in capital was \$3,921,472 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (net of treasury stocks) are as follows:

(Unit: shares in thousands)	2021	2020
At January 1	387,836	382,337
Employee compensation	3,396	4,551
Treasury stock transferred to employees	916	948
At December 31	392,148	387,836

- B. On March 3, 2021, the Company issued 3,396 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$265,579 which was calculated based on the closing price of NT\$78.2 (in dollars) per share on the date (March 2, 2021) before the date the Board of Directors resolved the appropriation. The appropriation was effective on April 9, 2021 and the registration was completed on April 20, 2021.
- C. On March 2, 2020, the Company issued 4,551 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$268,034 which was calculated based on the closing price of NT\$58.9 (in dollars) per share on the date (February 27, 2020) before the date the Board of Directors resolved the appropriation. The appropriation was approved by the authority, with the effective date set on April 9, 2020 and the registration was completed on May 4, 2020.
- D. The Company's Board of Directors resolved to retire treasury shares amounting to 2,515 thousand shares on March 2, 2020. The effective date for capital reduction was March 27, 2020 and the reduction was registered on April 23, 2020.

E. Treasury shares:

- (a) As of December 31, 2021 and 2020, the reason for share reacquisition and the number of the Company's treasury shares are as follows:

The Company has no treasury shares as of December 31, 2021.

Name of company holding the shares	Purpose of buyback	December 31, 2020	
		Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	916	\$ 37,190

- (b) Pursuant to the R.O.C. Securities and Exchange Law, the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should neither pledged as collateral nor exercise shareholder's rights on these shares.
- (d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) For information of treasury stock transferred to employees, please see Note 6(15).

(17) Capital surplus

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

	2021			
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 2,108,025	\$ -	\$ 110,048	\$ 2,218,073
Share-based payment transactions				
- Employee compensation	231,617	-	-	231,617
- Treasury stock transferred to employees	-	35,063	-	35,063
At December 31	\$ 2,339,642	\$ 35,063	\$ 110,048	\$ 2,484,753

	2020			
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 1,897,840	\$ -	\$ 110,048	\$ 2,007,888
Share-based payment transactions				
- Employee compensation	222,528	-	-	222,528
- Treasury stock transferred to employees	-	17,810	-	17,810
- Retirement of treasury shares	(12,343)	(17,810)	-	(30,153)
At December 31	<u>\$ 2,108,025</u>	<u>\$ -</u>	<u>\$ 110,048</u>	<u>\$ 2,218,073</u>

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's profit before tax, , if any, shall first be offset against prior years' operating losses (including adjustment of unappropriated earnings); and then 10% of the remaining amount shall be set aside as legal reserve until it reaches the Company's paid-up capital; and then set aside as special reserve in accordance with related regulations issued by the Competent Authority when necessary; and the remainder, if any, along with opening unappropriated earnings (including adjustment of unappropriated earnings) shall be proposed by the Board of Directors under the principle of the Company's 25th Articles of Incorporation and resolved by the shareholders as dividends to shareholders. Effective from June 6, 2019, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.
- B. The Company's dividend policy is summarised below: the Company is in the development stage of the electronics industry. The dividend policy is formulated by considering the capital requirements of the new products and promoting the return on equity simultaneously. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividends should not be less than 10% of the total amount of stockholders' dividends. The above restrictions will not be applicable if total amount of stockholders' dividends is less than \$0.5 (in dollars) per share.
- C. The appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.
- D. Special reserve
 - (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- (b) The amount of \$205,324, previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. (a) The appropriations of 2020 and 2019 earnings had been approved at the annual stockholders' meeting on August 25, 2021 and June 9, 2020, respectively, and the details are summarised below:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 200,374		\$ 172,049	
Reversal of special reserve	(74,285)		(305,196)	
Cash dividends	1,568,589	\$ 4.00	1,241,072	\$ 3.20

- (b) Subsequent events:

The appropriations of 2021 earnings had been proposed at the Board of Directors' meeting on March 3, 2022. Details are summarised below:

	Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 278,336	
Reversal of special reserve	(47,056)	
Cash dividends	2,056,020	\$ 5.20

As of March 3, 2022, the appropriations of 2021 earnings have not yet been resolved at the shareholders' meeting, except for cash dividends which were resolved by the Board of Directors and were only required to be reported at the shareholders' meeting.

(19) Other equity items

	2021		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 512,883)	(\$ 719,321)	(\$ 1,232,204)
Currency translation differences:			
- Group	(11,833)	-	(11,833)
Valuation adjustment:			
- Group	-	27,684	27,684
- Transfer out	-	31,205	31,205
At December 31	<u>(\$ 524,716)</u>	<u>(\$ 660,432)</u>	<u>(\$ 1,185,148)</u>
	2020		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 532,909)	(\$ 773,580)	(\$ 1,306,489)
Currency translation differences:			
- Group	20,026	-	20,026
Valuation adjustment:			
- Group	-	(9,012)	(9,012)
- Transfer out	-	63,271	63,271
At December 31	<u>(\$ 512,883)</u>	<u>(\$ 719,321)</u>	<u>(\$ 1,232,204)</u>

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

<u>Year ended December 31, 2021</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Total</u>
Revenue from contracts with customers				
Electronic component products	\$ 31,408,851	\$ 573,388	\$ 763,557	\$ 32,745,796
Consumer electronic products and other electronic products	5,729,046	1,143,652	85,339	6,958,037
Others	309,946	314,347	35,852	660,145
	<u>\$ 37,447,843</u>	<u>\$ 2,031,387</u>	<u>\$ 884,748</u>	<u>\$ 40,363,978</u>
<u>Year ended December 31, 2020</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Total</u>
Revenue from contracts with customers				
Electronic component products	\$ 26,406,446	\$ 663,524	\$ 638,059	\$ 27,708,029
Consumer electronic products and other electronic products	5,451,910	903,668	344,974	6,700,552
Others	254,970	199,375	101	454,446
	<u>\$ 32,113,326</u>	<u>\$ 1,766,567</u>	<u>\$ 983,134</u>	<u>\$ 34,863,027</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract liabilities	<u>\$ 233,718</u>	<u>\$ 151,515</u>	<u>\$ 108,190</u>

C. Contract liability balance at the beginning of 2021 and 2020 were all recognised in operating revenue for the years ended December 31, 2021 and 2020.

(21) Interest income

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	<u>\$ 10,471</u>	<u>\$ 15,008</u>

(22) Other income

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Dividend income	\$ 14,133	\$ 67,048
Other income-others	156,549	119,681
Write-off of past due payable	211,538	-
	<u>\$ 382,220</u>	<u>\$ 186,729</u>

(23) Other gains and losses

	Years ended December 31,	
	2021	2020
Net gains on financial assets and liabilities at fair value through profit or loss - derivative instruments	\$ 128,988	\$ 272,661
Net gains (losses) on financial assets and liabilities at fair value through profit or loss-others	63,096 (	14,853)
Net currency exchange losses	(202,339) (	420,026)
Losses on disposal of property, plant and equipment	(160,829) (	50,746)
Impairment losses on non-financial assets	(33,000) (	54,819)
Others	(25,319) (	6,153)
	<u>(\$ 229,403)</u>	<u>(\$ 273,936)</u>

(24) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 24,585	\$ 21,579
Lease liabilities	10,044	10,684
	<u>\$ 34,629</u>	<u>\$ 32,263</u>

(25) Expenses by nature

	Year ended December 31, 2021		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 3,390,685	\$ 2,051,897	\$ 5,442,582
Depreciation	747,612	238,084	985,696
Amortisation	6,251	52,002	58,253
Other assets recognised as expenses	18,645	9,040	27,685

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 2,936,063	\$ 2,028,401	\$ 4,964,464
Depreciation	545,305	196,157	741,462
Amortisation	3,327	50,988	54,315
Other assets recognised as expenses	29,822	31,206	61,028

(26) Employee benefit expense

	Year ended December 31, 2021		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 2,976,907	\$ 1,821,174	4,798,081
Labour and health insurance fees	94,869	95,655	190,524
Pension costs	194,017	71,974	265,991
Other personnel expenses	124,892	63,094	187,986
	<u>\$ 3,390,685</u>	<u>\$ 2,051,897</u>	<u>\$ 5,442,582</u>

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 2,642,437	\$ 1,826,680	\$ 4,469,117
Labour and health insurance fees	67,038	86,118	153,156
Pension costs	135,370	57,894	193,264
Other personnel expenses	91,218	57,709	148,927
	<u>\$ 2,936,063</u>	<u>\$ 2,028,401</u>	<u>\$ 4,964,464</u>

- A. In accordance with the Articles of Incorporation of the Company, the pretax income before distribution of employees' compensation and directors' remuneration shall be appropriated based on a ratio of not lower than 10% for employees' compensation and not higher than 1% for directors' remuneration. However, the employees' compensation and directors' remuneration shall be appropriated based on the abovementioned ratios only after covering the accumulated losses (including adjustment of unappropriated earnings), if there is any.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$459,149 and \$317,991, respectively; directors' remuneration was accrued at \$39,076 and \$28,665, respectively. The aforementioned amounts were recognised in salary expenses.
- The employees' compensation and directors' remuneration were estimated and accrued based on 11.75% and 1% of distributable profit for the year ended December 31, 2021, respectively.
- On March 3, 2022, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$459,149 and \$39,076, respectively, and the employees' compensation will be distributed in the form of cash and stocks.
- C. Employees' compensation of \$317,991 and directors' remuneration of \$28,665 for 2020 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. Actual number of shares distributed as employees' compensation for 2020 is 3,396 thousand shares. Refer to Note 6(16) for details.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the Market Observation Post System website of the Taiwan Stock Exchange.

(27) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 761,341	\$ 649,626
Tax on undistributed surplus earnings	18,894	7,509
Prior year income tax overestimation	(30,847)	(16,400)
Total current tax	<u>749,388</u>	<u>640,735</u>
Deferred tax:		
Origination and reversal of temporary differences	1,802	(46,498)
Income tax expense	<u>\$ 751,190</u>	<u>\$ 594,237</u>

B. Reconciliation between income tax expense and profit before tax:

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 836,346	\$ 718,146
Effects from items allowed by tax regulation	16,797	(30,018)
Effect from investment tax credits	(90,000)	(85,000)
Tax on undistributed surplus earnings	18,894	7,509
Prior year income tax overestimation	(30,847)	(16,400)
Income tax expense	<u>\$ 751,190</u>	<u>\$ 594,237</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

Year ended December 31, 2021			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
- Deferred tax assets:			
Provision for inventory price			
decline and obsolescence	\$ 53,596	(\$ 11,787)	\$ 41,809
Unrealised exchange loss	16,316	(16,316)	-
Unrealised commission expense	74,708	32,825	107,533
Unrealised government grants	19,891	(412)	19,479
Others	30,201	(19,729)	10,472
	<u>194,712</u>	<u>(15,419)</u>	<u>179,293</u>
- Deferred tax liabilities:			
Unrealised gain on financial assets	(41,325)	27,146	(14,179)
Unrealised exchange gain	-	(12,710)	(12,710)
Others	(78,718)	(819)	(79,537)
	<u>(120,043)</u>	<u>13,617</u>	<u>(106,426)</u>
	<u>\$ 74,669</u>	<u>(\$ 1,802)</u>	<u>\$ 72,867</u>

Year ended December 31, 2020			
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
- Deferred tax assets:			
Provision for inventory price			
decline and obsolescence	\$ 32,226	\$ 21,370	\$ 53,596
Unrealised exchange loss	-	16,316	16,316
Unrealised commission expense	52,365	22,343	74,708
Unrealised government grants	20,177	(286)	19,891
Others	13,251	16,950	30,201
	<u>118,019</u>	<u>76,693</u>	<u>194,712</u>
- Deferred tax liabilities:			
Unrealised gain on financial assets	(11,452)	(29,873)	(41,325)
Others	(78,396)	(322)	(78,718)
	<u>(89,848)</u>	<u>(30,195)</u>	<u>(120,043)</u>
	<u>\$ 28,171</u>	<u>\$ 46,498</u>	<u>\$ 74,669</u>

D. The Tax Authority has examined the income tax returns of the Company through 2019.

E. CPCQ applied for the Enterprise Income Tax Law of the People's Republic of China and the State Administration of Taxation on Tax Policy Issues Concerning Further Implementing China's Western Development Strategy, which refers to an enterprise whose main business falls within the scope of industry projects set out in the Catalogue of Encouraged Industries in China's Western Territory and whose revenues generated from its main business accounts for 70% or more of its gross income. The applications have been authorised by the tax authorities, and CPCQ is entitled to a 10% reduction on the tax rate in and before 2020. CPCQ applied for the Continuing to Implement Preferential Tax Policies for Western Development Strategy, which refers to an enterprise whose revenues generated from its main business accounts for 60% or more of its gross income. The applications have been authorised by the tax authorities, and CPCQ is entitled to a 10% reduction on the tax rate during the period between 2021 and 2030. The CPCQ's applicable income tax rate is 15% during the aforementioned periods.

(28) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted-average number of ordinary shares outstanding (In thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,827,207	391,424	\$ <u>7.22</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	6,447	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>2,827,207</u>	<u>397,871</u>	\$ <u>7.11</u>

	Year ended December 31, 2020		
		Weighted-average number of ordinary shares outstanding (In thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,136,627	386,916	\$ <u>5.52</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	5,263	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>2,136,627</u>	<u>392,179</u>	\$ <u>5.45</u>

(29) Transactions with non-controlling interest

Acquisition of additional equity interest in a subsidiary

- A. On July 15, 2021, the Group acquired an additional 16.32% of shares of its subsidiary - WTS for a total cash consideration of \$29,199. This transaction resulted in a decrease in the non-controlling interest by \$17,514 and a decrease in the equity attributable to owners of the parent by \$11,685.
- B. On July 31, 2020, the Group acquired an additional 5.551% of shares of its subsidiary - WTS for a total cash consideration of \$7,955. The carrying amount of non-controlling interest in WTS was the same as the consideration paid at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$7,955 but there was no change in the equity attributable to owners of the parent.

(30) Changes in liabilities from financing activities

2021					
	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Others	Total
At January 1	\$ 38,168	\$ 100,000	\$ 166,997	\$ 12,301	\$ 317,466
Changes in cash flow from financing activities	1,492,775	(100,000)	(71,004)	891	1,322,662
Changes in other non-cash items	-	-	87,224	-	87,224
Impact of changes in foreign exchange rate	-	-	(5,643)	-	(5,643)
At December 31	<u>\$1,530,943</u>	<u>\$ -</u>	<u>\$ 177,574</u>	<u>\$ 13,192</u>	<u>\$ 1,721,709</u>
2020					
	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Others	Total
At January 1	\$ 250,000	\$ 100,000	\$ 106,698	\$ 7,354	\$ 464,052
Changes in cash flow from financing activities	(211,832)	-	(55,398)	4,947	(262,283)
Changes in other non-cash items	-	-	119,633	-	119,633
Impact of changes in foreign exchange rate	-	-	(3,936)	-	(3,936)
At December 31	<u>\$ 38,168</u>	<u>\$ 100,000</u>	<u>\$ 166,997</u>	<u>\$ 12,301</u>	<u>\$ 317,466</u>

Note: Including current portion.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Chicony Electronics Co., Ltd.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Chicony Electronics Co., Ltd.	Parent company
Chicony Global Inc.	Entity controlled by the same parent company
Hipro Electronics Ltd.	Entity controlled by the same parent company
Quansun Investment Corp. Ltd.	Entity controlled by the same parent company
Qun-Jing Power Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Thailand) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics CEZ s.r.o	Entity controlled by the same parent company
Chicony Electronics Japan Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company
Mao-Ray Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent company
Clevo Co.	Other related party
Kapok Computer (Kunshan) Co.	Other related party
Buynow Group	Other related party
Chicony Co., Ltd.	Other related party
Honhui Group	Other related party
Jiaying Chunxiang Electronic Technology Co., Ltd.	Other related party

(3) Significant related party transactions and balances

A. Sales of goods

	Years ended December 31,	
	2021	2020
Sales of goods:		
-Entities controlled by the same parent company	\$ 3,981,649	\$ 3,427,500
-Other related parties	415,464	394,322
-Parent company	5,787	10,119
	<u>\$ 4,402,900</u>	<u>\$ 3,831,941</u>

The terms of the sales to related parties were not significantly different from those of sales to third parties.

B. Purchases of services

	Years ended December 31,	
	2021	2020
-Other related parties	\$ 2,185	\$ 1,999
-Parent company	50,126	33,627
	<u>\$ 52,311</u>	<u>\$ 35,626</u>

The purchases from related parties arise mainly from providing management services to the Group.

C. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
-Entities controlled by the same parent company	\$ 1,459,119	\$ 1,118,029
-Other related parties	115,169	62,783
-Parent company	5,221	4,835
	<u>1,579,509</u>	<u>1,185,647</u>
Other receivables:		
-Entities controlled by the same parent company	464	1,604
	<u>\$ 1,579,973</u>	<u>\$ 1,187,251</u>

(a) The accounts receivable arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

(b) Other receivables arise from payments on behalf of others.

D. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other payables:		
-Entities controlled by the same parent company	\$ 120	\$ 330
-Other related parties	2,294	2,099
-Parent company	9,073	10,129
	<u>\$ 11,487</u>	<u>\$ 12,558</u>

The other payables arise mainly from collections, short-term lease payments payable and payments on behalf of others.

E. Lease transactions-lessee

(a) As of December 31, 2021, the main lease contracts between the Group and related parties are as follows:

<u>Lessor</u>	<u>Lease subject</u>	<u>Rental calculation and payment</u>	<u>Lease term</u>
-Entities controlled by the same parent company	Buildings and structures	RMB3,507 (in thousands) per year	Within one year
-Parent company	"	\$4,789 per month	Within one year
-Parent company	"	\$ 73 per month	2018.1.1~2024.1.1

(b) Rental expense arising from leases in office and plants from related parties is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental expense:		
-Entities controlled by the same parent company	\$ 15,197	\$ 50,584
-Parent company	57,468	49,774
	<u>\$ 72,665</u>	<u>\$ 100,358</u>

(c) Lease liabilities

i. Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
-Parent company	<u>\$ 1,638</u>	<u>\$ 2,436</u>

ii. Interest expense

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
-Parent company	<u>\$ 37</u>	<u>\$ 126</u>

(4) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 105,683	\$ 59,178
Post-employment benefits	951	927
Share-based payments	44,162	59,383
	<u>\$ 150,796</u>	<u>\$ 119,488</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Notes receivable	\$ 89,076	\$ 38,168	Discounting notes receivable to banks
Guarantee deposits paid (shown as 'other non-current assets')	138,366	25,154	Performance guarantee and bid bond
"	29,989	18,228	Guarantee for rentals
"	7,524	1,047	Others
	<u>\$ 264,955</u>	<u>\$ 82,597</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of December 31, 2021, for financing forward exchange contracts, for bill purchase purposes and for bank borrowings, the Group provided standby promissory notes totaling \$10,753,722 as security.
- (2) As of December 31, 2021, the Group provided guarantee notes totaling \$56,891 as security for performance guarantee.
- (3) The unpaid amounts for construction in progress and acquisition of machinery and equipment are as follows:

December 31, 2021	December 31, 2020
<u>\$ 107,166</u>	<u>\$ 76,796</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) For the purpose of plant expansion to meet the future business development needs, the Company's subsidiary, CPTH, engaged others to build a new plant on its own land in Chachoengsao province, Thailand. The total amount of the construction contract was THB 1,361,000 thousand (approximately NTD 1,147,000 thousand).

- (2) The appropriations of 2021 earnings and proposal for employees' compensation and directors' remuneration distribution have been proposed by the Board of Directors on March 3, 2022. Please see Notes 6(18) and (26).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,053,260	\$ 1,199,772
Financial asset at fair value through other comprehensive income - designation of equity instruments	192,291	168,440
Financial assets at amortised cost		
Cash and cash equivalents	709,047	1,013,512
Notes receivable	136,448	142,923
Accounts receivable (including related parties)	12,041,963	9,600,305
Other receivables (including related parties)	40,226	25,773
Guarantee deposits paid	175,879	44,429
	<u>\$ 14,349,114</u>	<u>\$ 12,195,154</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	\$ 72	\$ 3,236
Financial liabilities at amortised cost		
Short-term borrowings	1,530,943	38,168
Notes payable	7,555	132
Accounts payable	12,527,113	11,198,589
Other payables (including related parties)	3,287,097	3,190,445
Long-term borrowings (including current portion)	-	100,000
Lease liability	177,574	166,997
	<u>\$ 17,530,354</u>	<u>\$ 14,697,567</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange contracts and foreign exchange swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group hedges exchange rate risk by foreign exchange rate and foreign exchange swap rate. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

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

December 31, 2021				
	Foreign Currency			
	Amount		Book Value	
	(In Thousands)	Exchange Rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 475,176	27.675	\$	13,150,496
USD:RMB (Note)	282,272	6.3709		7,811,878
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 403,301	27.675	\$	11,161,355
USD:RMB (Note)	225,364	6.3709		6,236,949
December 31, 2020				
	Foreign Currency			
	Amount		Book Value	
	(In Thousands)	Exchange Rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 380,552	28.235	\$	10,744,886
USD:RMB (Note)	295,722	6.5103		8,349,711
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 360,518	28.235	\$	10,179,226
USD:RMB (Note)	221,433	6.5103		6,252,161

Note: The method is to disclose in foreign currency. The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

- iv. Total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to (\$202,339) and (\$420,026), respectively.

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	131,505	\$ -
USD:RMB	1%		78,119	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	111,614	\$ -
USD:RMB	1%		62,369	-
Year ended December 31, 2020				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	107,449	\$ -
USD:RMB	1%		83,497	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	101,792	\$ -
USD:RMB	1%		62,522	-

Price risk

- The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, post-

tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$9,823 and \$9,900, respectively, as a result of gains/losses on financial instruments classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,923 and \$1,684, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rates were denominated in NTD and USD.

As of December 31, 2021 and 2020, if interest rates on USD-denominated borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 both would have been \$3,827 and \$345 lower/higher, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group manages credit risk of cash in banks and other financial instruments based on the Group's credit policy. Banks with good credit and financial institutions with investment-grade credit ratings are accepted as counterparties.
- iv. The Group adopts the assumptions under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. According to the internal management policy, the default occurs when the contract payments are past due over 360 days.
- v. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the simplified approach using provision matrix and loss rate methodology to estimate expected credit loss.

- vi. The Group used the forecastability of industry prospect and macroeconomic environment to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties). As of December 31, 2021 and 2020, the provision matrix is as follows:

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.007%	\$ 11,998,340	\$ 890
1 - 30 days past due	1%~5%	22,779	456
31 - 120 days past due	5%~20%	16,316	816
121 - 210 days past due	20%~100%	45,109	38,419
Over 210 days	100%	20,297	20,297
		<u>\$ 12,102,841</u>	<u>\$ 60,878</u>

<u>December 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.1%	\$ 9,533,863	\$ 241
1 - 30 days past due	1%~5%	23,843	715
31 - 120 days past due	5%~20%	14,826	741
121 - 210 days past due	20%~100%	37,305	7,835
		<u>\$ 9,609,837</u>	<u>\$ 9,532</u>

- vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 9,532	\$ 14,026
Provision for (reversal of) impairment loss	51,343 (	4,494)
Effect of foreign exchange	3	-
At December 31	<u>\$ 60,878</u>	<u>\$ 9,532</u>

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

- It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Default or delinquency in interest or principal repayments;
- Adverse changes in national or regional economic conditions that are expected to cause a default.

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity

requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable external regulatory or legal requirements.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2021 and 2020, the Group held money market position of \$1,224,247 and \$1,578,367, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Floating rate:		
Expiring within one year	<u>\$ 7,121,232</u>	<u>\$ 12,070,550</u>

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 1,531,546	\$ -
Notes payable	7,555	-
Accounts payable	12,527,113	-
Other payables (including related parties)	3,287,097	-
Lease liability	91,328	98,429
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	72	-

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities:</u>		
Short-term borrowings	\$ 38,168	\$ -
Notes payable	132	-
Accounts payable	11,198,589	-
Other payables (including related parties)	3,190,445	-
Lease liability	66,351	115,815
Long-term borrowings (including current portion)	100,098	-
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	3,236	-

(3) Fair value of financial instruments

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in private placement of listed shares and most derivative instruments is included in Level 2.

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

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable and other payables (including related parties) are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 are as follows:

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

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss				
- current				
Equity securities	\$ 358,528	\$ -	\$ -	\$ 358,528
Non-hedging derivatives				
Forward exchange contracts	-	65,567	-	65,567
Exchange rate swap contracts	-	5,402	-	5,402
Financial assets mandatorily measured at fair value through profit or loss				
- non-current				
Equity securities	-	-	254,440	254,440
Beneficiary certificates	10,739	-	358,584	369,323
Financial assets at fair value through other comprehensive income - current				
Equity securities	160,127	-	-	160,127
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	11,302	20,862	32,164
	<u>\$ 529,394</u>	<u>\$ 82,271</u>	<u>\$ 633,886</u>	<u>\$ 1,245,551</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 72</u>

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 426,483	\$ -	\$ -	\$ 426,483
Non-hedging derivatives				
Forward exchange contracts	-	209,810	-	209,810
Exchange rate swap contracts	-	53	-	53
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	201,821	201,821
Beneficiary certificates	12,060	-	349,545	361,605
Financial assets at fair value through other comprehensive income - current				
Equity securities	143,084	-	-	143,084
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	5,106	20,250	25,356
	<u>\$ 581,627</u>	<u>\$ 214,969</u>	<u>\$ 571,616</u>	<u>\$ 1,368,212</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 106	\$ -	\$ 106
Exchange rate swap contracts	-	3,130	-	3,130
	<u>\$ -</u>	<u>\$ 3,236</u>	<u>\$ -</u>	<u>\$ 3,236</u>

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

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging Stocks</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Average trade price	Net asset value

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

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

E. The following chart is the movement of Level 3:

	2021		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 349,545	\$ 222,071	\$ 571,616
Acquired during the year	37,718	-	37,718
Sold during the year	(3,708)	-	(3,708)
(Losses) gains recognised in profit or loss	(22,562)	52,619	30,057
Gains and losses recognised in other comprehensive income	-	612	612
Effect of exchange rate changes	(2,409)	-	(2,409)
At December 31	<u>\$ 358,584</u>	<u>\$ 275,302</u>	<u>\$ 633,886</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2021 (Note)	<u>(\$ 22,562)</u>	<u>\$ 52,619</u>	<u>\$ 30,057</u>

	2020		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 309,688	\$ 216,449	\$ 526,137
Acquired during the year	63,115	-	63,115
(Losses) gains recognised in profit or loss	(7,672)	5,268	(2,404)
Gains and losses recognised in other comprehensive income	-	354	354
Effect of exchange rate changes	(15,586)	-	(15,586)
At December 31	<u>\$ 349,545</u>	<u>\$ 222,071</u>	<u>\$ 571,616</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2020 (Note)	<u>(\$ 7,672)</u>	<u>\$ 5,268</u>	<u>(\$ 2,404)</u>

Note: Recorded as non-operating income and expense.

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

G. The following is the qualitative information of significant unobservable inputs and sensitivity

analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 275,302	Net asset value	N/A	-	N/A
Venture capital shares Private equity fund investment	358,584	Net asset value	N/A	-	N/A
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument: Unlisted shares	\$ 222,071	Net asset value	N/A	-	N/A
Venture capital shares Private equity fund investment	349,545	Net asset value	N/A	-	N/A

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Net asset value	±1%	\$ 2,544	(\$ 2,544)	\$ 209	(\$ 209)
Beneficiary certificates	Net asset value	±1%	3,586	(3,586)	-	-
			<u>\$ 6,130</u>	<u>(\$ 6,130)</u>	<u>\$ 209</u>	<u>(\$ 209)</u>

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Net asset value	±1%	\$ 2,018	(\$ 2,018)	\$ 203	(\$ 203)
Beneficiary certificates	Net asset value	±1%	3,495	(3,495)	-	-
			<u>\$ 5,513</u>	<u>(\$ 5,513)</u>	<u>\$ 203</u>	<u>(\$ 203)</u>

(4) Other matters

During the outbreak of the Covid-19 pandemic, the Group was able to maintain its normal operations as it complied with the various preventive measures issued by the government. The Group's ability to continue as a going concern, impairment of assets and financing risk were not significantly affected based on the Group's assessment.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Chief Operating Decision-Maker considers the business from a geographic and product type perspective; geographically, the Group currently focuses on wholesale in Taiwan, Mainland China and US.

The Group's organisation, basis of department segmentation and principles for measuring segment information for the year were not significantly changed.

(2) Measurement of segment information

A. The accounting policies of operating departments are the same as the accounting policies summarised in Note 4.

B. The Group evaluates performance based on external revenue and segment income which had already eliminated the effect of segment transactions.

(3) Information about segment profit or loss, assets and liabilities

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

<u>Year ended December 31, 2021</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Total</u>
Revenue from external customers	\$ 37,447,843	\$ 2,031,387	\$ 884,748	\$ 40,363,978
Inter-segment revenue	747,957	34,601,391	-	35,349,348
Total-segment revenue	<u>\$ 38,195,800</u>	<u>\$ 36,632,778</u>	<u>\$ 884,748</u>	<u>\$ 75,713,326</u>
Segment profit	<u>\$ 2,856,663</u>	<u>\$ 1,694,091</u>	<u>\$ 46,709</u>	<u>\$ 4,597,463</u>
 <u>Year ended December 31, 2020</u>	 <u>Taiwan</u>	 <u>Asia</u>	 <u>America</u>	 <u>Total</u>
Revenue from external customers	\$ 32,113,326	\$ 1,766,567	\$ 983,134	\$ 34,863,027
Inter-segment revenue	954,086	30,121,991	-	31,076,077
Total-segment revenue	<u>\$ 33,067,412</u>	<u>\$ 31,888,558</u>	<u>\$ 983,134</u>	<u>\$ 65,939,104</u>
Segment profit	<u>\$ 1,731,609</u>	<u>\$ 1,919,576</u>	<u>\$ 2,461</u>	<u>\$ 3,653,646</u>

(4) Reconciliation for segment income

A. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

B. A reconciliation of reportable segment profit to the profit before tax for the years ended December 31, 2021 and 2020 is provided as follows:

	Years ended December 31,	
	2021	2020
Reportable segment profit	\$ 4,597,463	\$ 3,653,646
Unclassified related profit and loss	(1,146,457)	(827,727)
Non-operating revenue and expense	128,659	(104,462)
Profit before tax	<u>\$ 3,579,665</u>	<u>\$ 2,721,457</u>

(5) Information on products and services

Revenue from third parties is as follows:

	Years ended December 31,	
	2021	2020
Electronic component products	\$ 32,745,796	\$ 27,708,029
Consumer electronic products and other electronic products	6,958,037	6,700,552
Others	660,145	454,446
	<u>\$ 40,363,978</u>	<u>\$ 34,863,027</u>

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,			
	2021		2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Asia	\$ 34,567,816	\$ 5,888,192	\$ 33,150,889	\$ 5,640,329
US	3,496,396	1,441	1,308,925	1,271
Europe	453,212	-	375,914	-
Others	1,846,554	-	27,299	-
	<u>\$ 40,363,978</u>	<u>\$ 5,889,633</u>	<u>\$ 34,863,027</u>	<u>\$ 5,641,600</u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, but exclude financial instruments and deferred income tax assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2021 and 2020 is as follows:

	Years ended December 31,			
	2021		2020	
	Revenue	Segment	Revenue	Segment
Company A	\$ 4,666,908	Taiwan	\$ 4,016,518	Taiwan
Company B	4,482,011	Taiwan	3,368,652	Taiwan

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 2)	Balance at December 31, 2021 (Note 3)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)	Footnote
0	The Company	CPH	Other receivables - related parties	YES	\$ 361,400	\$ 359,775	\$ 193,725	1	2	\$ -	working capital	\$ -	None	None	\$ 4,445,384	\$ 4,445,384	-
0	The Company	CPHK	Other receivables - related parties	YES	1,369,440	1,245,375	1,237,073	1-1.5	2	-	working capital	-	None	None	4,445,384	4,445,384	-
0	The Company	CPUS	Other receivables - related parties	YES	171,180	152,213	127,305	1-1.5	2	-	working capital	-	None	None	4,445,384	4,445,384	-
0	The Company	WTS	Other receivables - related parties	YES	57,060	41,513	32,933	1-1.5	2	-	working capital	-	None	None	4,445,384	4,445,384	-
0	The Company	CT	Other receivables - related parties	YES	65,000	65,000	59,000	1-1.5	2	-	working capital	-	None	None	4,445,384	4,445,384	-
2	CPSZ	CPTZ	Other receivables - related parties	YES	174,400	173,760	130,320	1.6	2	-	working capital	-	None	None	3,178,846	3,178,846	-
4	CPDG	WTK	Other receivables - related parties	YES	9,994	-	-	1.6	2	-	working capital	-	None	None	1,371,254	1,371,254	-
4	CPDG	TORCH	Other receivables - related parties	YES	319,588	318,415	312,334	1.6	2	-	working capital	-	None	None	1,371,254	1,371,254	-
5	CPI	CP	Other receivables - related parties	YES	1,383,705	1,342,238	1,292,423	0	2	-	working capital	-	None	None	6,932,735	6,932,735	-

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

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2021.

Note 3: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorised the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 4: The numbers filled in the column of 'Nature of loan are as follows:

(1) The business transaction is '1'.

(2) The short-term financing is '2'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: (1) Total financing amount should not exceed the Company's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the Company's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(2) Total financing amount should not exceed the subsidiary's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the subsidiary's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the subsidiary's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(3) Total financing amount between foreign companies whose voting rights are 100% directly or indirectly held by the Company or total financing amount granted by the Company to foreign companies whose voting rights are 100% directly or indirectly held by the Company should not exceed the creditor's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors. The financing period should not exceed three years. The restrictions on loans to any individual party are as follows:

a. the total financing amount to any individual party should not exceed the creditor's stockholders' equity, or the higher of sales/purchases during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed the creditor's stockholders' equity for the purpose of short-term financing.

(4) Except for (3), the financing period should not exceed one year.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

					As of December 31, 2021				
Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
The Company	Common stock	Newmax Technology Co., Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - current (Common stock)	2,660,983	\$ 104,976	1.44	\$ 104,976	-
The Company	Common stock	Powertech Technology Inc.	The Company's independent director is the chairman of the securities issuer	Financial assets at fair value through profit or loss - current (Common stock)	100,000	9,770	0.01	9,770	-
The Company	Common stock	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through profit or loss - current (Common stock)	300,000	184,500	-	184,500	-
The Company	Common stock	United Microelectronics Corporation	-	Financial assets at fair value through profit or loss - current (Common stock)	500,000	32,500	-	32,500	-
The Company	Common stock	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current (Common stock)	200,000	21,300	-	21,300	-
The Company	Common stock	WK Venature Capital Management CO. Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	1,000,000	19,830	1.00	19,830	-
The Company	Common stock	Top Taiwan Venture Capital Management Co., Ltd.	The Company's independent director is the chairman of the securities issuer, and the Company is its supervisor	Financial assets at fair value through profit or loss - non-current (Common stock)	7,500,000	96,091	9.38	96,091	-
The Company	Common stock	Chen Ding Venture Capital Management Co., Ltd.	The Company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	10,000,000	138,519	7.41	138,519	-
The Company	Beneficiary certificates	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	6,000,000	10,739	-	10,739	-
The Company	Beneficiary certificates	Fuh Hwa New Smart Energy Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	21,000,000	172,410	-	172,410	-
The Company	Beneficiary certificates	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	5,800,000	55,042	-	55,042	-
The Company	Common stock	CLEVO CO.	The director of the Company's parent company is the director of the securities issuer	Financial assets at fair value through other comprehensive income - current (Common stock)	4,538,000	149,754	0.70	149,754	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - current (Common stock)	1,236,392	10,373	1.77	10,373	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,979,291	11,302	2.83	11,302	-
The Company	Common stock	TAIPEI TECH Venture Capital Co.,Ltd.	The Company is this company's corporate director	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,500,000	20,862	5.00	20,862	-
CPI	Common stock	Marvell Technology, Inc.	-	Financial assets at fair value through profit or loss - current (Common stock)	2,264	5,482	-	5,482	-
CPI	Beneficiary certificates	Celesta Capital II, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	3,213,187	93,087	-	93,087	-
CPI	Beneficiary certificates	Celesta Capital IV, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	1,350,000	38,045	-	38,045	-
CPI	Common stock	Anxin-China Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - current (Common stock)	8,300,000	-	0.27	-	-

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Differences in transaction terms compared to third party transactions							
			Transaction		transactions		Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)	Footnote
Sales										
The Company	Kapok Computer (KUNSHAN) Co.	Other related party	Sales	(\$ 396,433)	1	Note 1	Note 1	\$ 110,982	1	-
The Company	Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	(265,675)	1	Note 1	Note 1	58,675	1	-
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(1,655,192)	4	Note 1	Note 1	653,347	6	-
The Company	Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company	Sales	(957,316)	3	Note 1	Note 1	403,023	4	-
The Company	Mao-Ray Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent company	Sales	(273,154)	1	Note 1	Note 1	99,984	1	-
The Company	CEZ	Entity controlled by the same parent company	Sales	(150,780)	-	Note 1	Note 1	655	-	-
The Company	CET	Entity controlled by the same parent company	Sales	(158,908)	-	Note 1	Note 1	11,428	-	-
The Company	CPUS	Subsidiary	Sales	(693,063)	2	Note 1	Note 1	433,225	4	-
CPTH	The Company	The parent company of CPH	Sales	(538,557)	100	Note 1	Note 1	182,516	100	-
CPDG	The Company	The parent company of CPH	Sales	(9,053,507)	95	Note 1	Note 1	2,212,133	93	-
CPDG	TORCH	Subsidiary	Sales	(224,223)	1	Note 1	Note 1	62,271	3	-
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(520,551)	3	Note 1	Note 1	231,839	7	-
CPSZ	The Company	The parent company of CPH	Sales	(15,858,217)	94	Note 1	Note 1	2,772,316	85	-
CPSZ	CPTH	Subsidiary	Sales	(276,228)	2	Note 1	Note 1	146,773	4	-
CPCQ	The Company	The parent company of CPH	Sales	(7,380,469)	96	Note 1	Note 1	2,614,771	97	-
CPCQ	CPSZ	Subsidiary	Sales	(252,180)	3	Note 1	Note 1	50,989	2	-
GSE	CPDG	Subsidiary	Sales	(334,596)	33	Note 1	Note 1	154,619	36	-
GSE	CPSZ	Subsidiary	Sales	(314,806)	31	Note 1	Note 1	129,901	30	-
GSE	CPCQ	Subsidiary	Sales	(108,165)	11	Note 1	Note 1	44,702	10	-
Purchases										
The Company	CPTH	Subsidiary	Purchases	538,557	2	Note 2	Note 2	(182,516)	2	-
The Company	CPDG	Subsidiary	Purchases	9,053,507	28	Note 2	Note 2	(2,212,133)	28	-
The Company	CPSZ	Subsidiary	Purchases	15,858,217	47	Note 2	Note 2	(2,772,316)	35	-
The Company	CPCQ	Subsidiary	Purchases	7,380,469	22	Note 2	Note 2	(2,614,771)	33	-
CPTH	CPSZ	Subsidiary	Purchases	276,228	25	Note 2	Note 2	(146,773)	40	-
CPUS	The Company	The parent company of CPH	Purchases	693,063	100	Note 2	Note 2	(433,225)	100	-
CPDG	GSE	Subsidiary	Purchases	334,596	4	Note 2	Note 2	(154,619)	4	-
CPSZ	CPCQ	Subsidiary	Purchases	252,180	2	Note 2	Note 2	(50,989)	1	-
CPSZ	GSE	Subsidiary	Purchases	314,806	2	Note 2	Note 2	(129,901)	2	-
CPCQ	GSE	Subsidiary	Purchases	108,165	2	Note 2	Note 2	(44,702)	2	-
TORCH	CPDG	Subsidiary	Purchases	224,223	26	Note 2	Note 2	(62,271)	37	-

Note 1 : The terms of the sales to related parties were not significantly different from those of sales to third parties.

Note 2 : The terms of the purchases to related parties were not significantly different from those of purchases to third parties.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance	Allowance for Creditor
					Amount	Action taken		Counterparty doubtful accounts
Financial funds receivable								
The Company	CPTH	Subsidiary	\$ 193,979	-	\$ -	-	\$ -	\$ -
The Company	CPHK	Second-tier subsidiary	1,245,135	-	-	-	-	-
The Company	CPUS	Second-tier subsidiary	128,140	-	-	-	-	-
CPDG	TORCH	Subsidiary	314,878	-	-	-	-	-
CPI	The Company	The parent company of CPH	1,292,423	-	-	-	-	-
CPSZ	CPTZ	Subsidiary	133,514	-	-	-	-	-
Accounts receivable								
The Company	Kapok Computer (KUNSHAN) Co.	Other related party	110,982	4.73	-	-	-	-
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	653,347	3.02	-	-	-	-
The Company	Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company	403,023	3.03	-	-	-	-
The Company	CPUS	Subsidiary	433,225	1.73	-	-	-	-
CPTH	The Company	The parent company of CPH	182,516	4.58	-	-	-	-
CPDG	The Company	The parent company of CPH	2,212,133	4.27	-	-	-	-
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	231,839	2.14	-	-	-	-
CPSZ	The Company	The parent company of CPH	2,772,316	5.15	-	-	-	-
CPSZ	CPTH	Subsidiary	146,773	3.05	-	-	-	-
CPCQ	The Company	The parent company of CPH	2,614,771	2.71	-	-	-	-
GSE	CPDG	Subsidiary	154,619	2.54	-	-	-	-
GSE	CPSZ	Subsidiary	129,901	2.53	-	-	-	-

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	The Company	CPUS	1	Sales	\$ 693,063	Note 4	2
0	The Company	CPUS	1	Accounts receivable - related party	433,225	Note 4	1
0	The Company	CPHK	1	Other receivables - related party	1,245,135	Note 5	4
1	CPTH	The Company	2	Sales	538,557	Note 4	1
2	CPI	The Company	2	Other receivable - related party	1,292,423	Note 5	4
3	CPDG	The Company	2	Sales	9,053,507	Note 4	22
3	CPDG	The Company	2	Accounts receivable - related party	2,212,133	Note 4	7
3	CPDG	TORCH	3	Other receivable - related party	314,878	Note 5	1
4	CPSZ	The Company	2	Sales	15,858,217	Note 4	39
4	CPSZ	The Company	2	Accounts receivable - related party	2,772,316	Note 4	9
5	CPCQ	The Company	2	Sales	7,380,469	Note 4	18
5	CPCQ	The Company	2	Accounts receivable - related party	2,614,771	Note 4	9

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

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

(1) Parent company is '0'

(2) The subsidiaries are numbered in order starting from '1'

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 3 : Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction

to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4 : Depends on the transaction quantity and the market situation.

Note 5 : The terms of related parties loans depend on both parties' operation situation.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Information on investees
Year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
The Company	Chicony Power Holdings Inc. (CPH)	BVI	Investment holdings	\$ 326,350 (USD 10,000 thousand)	\$ 326,350 (USD 10,000 thousand)	10,000,000	100	\$ 6,563,962	\$ 514,058	\$ 443,822	Subsidiary
The Company	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Thailand	Manufacturing and sales of switching power supplies and other electronics parts	271,773 (THB 290,000 thousand)	237,744 (THB 250,000 thousand)	99,000,000	100	149,601 (	55,420) (	55,420)	Subsidiary
CPH	Chicony Power International Inc. (CPI)	Cayman Islands	Investment holdings	278,500 (USD 10,000 thousand)	278,500 (USD 10,000 thousand)	10,000,000	100	6,932,735	514,058	-	Subsidiary
CPI	Chicony Power USA, Inc. (CPUS)	U.S.A	Sales of switching power supplies and other electronic parts	36,678 (USD 1,317 thousand)	36,678 (USD 1,317 thousand)	1,500,000	100	11,704 (	11,971)	-	Subsidiary
CPI	Chicony Power Technology Hong Kong Limited (CPHK)	Hong Kong	Research and development center and investment holdings	306,816 (HKD 85,800 thousand)	306,816 (HKD 85,800 thousand)	46,800,000	100	5,407,612	555,489	-	Subsidiary
CPI	WitsLight Technology Co., Ltd. (WTS)	Samoa	Design and R&D of LED lighting modules and investment holdings	287,273 (USD 10,315 thousand)	258,170 (USD 9,270 thousand)	12,800,000	100	76,105 (	27,628)	-	Subsidiary
WTS	Carlight Technology Co., Ltd. (CT)	Taiwan	Design, R&D and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100 (	60,463) (	13,272)	-	Subsidiary

Note: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2021, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the annual reporting period.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2, 3)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
				January 1, 2021												
Chicony Power Technology (DongGuan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronics parts	\$ 593,135	2.(1)	\$ 114,408	\$ -	\$ -	\$ 114,408	\$ -	\$ -	\$ 114,408	\$ 131,240	100	\$ 131,240	\$ 1,371,254	-	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	1,297,467	2.(1)	45,197	-	-	45,197	-	-	45,197	342,404	100	342,404	3,178,846	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing and sales of electronics components and transformers	131,175	2.(1)	33,573	-	-	33,573	-	-	33,573	9,753	100	5,106	240,951	-	-
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	301,744	2.(1)	-	-	-	-	-	-	-	254,786	100	254,786	1,890,037	-	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting modules	44,379	2.(1)	-	-	-	-	-	-	-	(817)	100	(817)	45,048	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of power supplies, LED lighting modules, and other electronics and smart building system industry.	10,491	2.(1)	-	-	-	-	-	-	-	165	100	165	71	-	-
Chicony Power Technology (Taizhou) Co., Ltd. (CPTZ)	Research and development, manufacturing, sales, installation, after-sale, and advisory services of electric machinery, electric frequency device and industry automation equipment	90,030	2.(1)	-	-	-	-	-	-	-	(161,918)	100	(161,918)	(124,271)	-	-
WitsLight Technology (Kushun) Co, Ltd.	Manufacturing and sales of LED lighting modules	331,859	2.(2)	-	-	-	-	-	-	-	(13,843)	100	(16,479)	169,335	-	-
Zhuzhou Torch Auto Lamp CO., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	2.(2)	-	-	-	-	-	-	-	(13,426)	100	(16,119)	164,318	-	-
		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA													
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021															
The Company	\$ 193,178	\$ 2,257,522	\$ 6,668,076													

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

1. Directly invest in a company in Mainland China..
2. Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The third areas are as follows:
 - (1) Chicony Power Technology Hong Kong Limited.
 - (2) Witslight Technology Co., Ltd.
 3. Others.

Note 2: The gain or loss from investment which recognised in the current period including the recognition and derecognition of realised and unrealised profit or income of upstream and sidestream sales.

Note 3: Based on the financial statements audited by the parent companies' CPA.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

CHICONY POWER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2021

Table 8

Name of major shareholders	Shares		Ownership (%)
	Number of shares held (Common stock)	Number of shares held (Preferred stock)	
Chicony Power Technology Co., Ltd.	206,706,594	-	52.71%
Lee, Tse-Ching	24,362,547	-	6.21%

Note 1: (a) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

(b) If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Attachment 2

Individual Financial Statements in 2021 Audited by the CPA

CHICONY POWER TECHNOLOGY CO., LTD.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS’

REPORT

DECEMBER 31, 2021 AND 2020

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Chicony Power Technology Co., Ltd.

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Appropriateness of Cut-off of Warehouse Sales Revenue

Description

Refer to Notes 4(27) and 6(18) for accounting policy on revenue recognition and related details of revenue.

The Company has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. Hub warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians. The Company's warehouses are located in multiple countries, and the revenue recognition process involves several manual operations. Thus, we considered the cut-off of warehouse sales revenue as one of the key areas of focus for this fiscal year's audit.

How our audit addressed the matter

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

1. Obtained an understanding and evaluated the internal controls for regular reconciliation between the Company and its warehouse custodians.
2. Performed the revenue recognition cut-off tests, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Company's accounting records.
3. Verified the warehouse inventory by sending confirmation letters to validate inventory balances with the warehouse custodians.

Inventory Valuation

Description

Refer to Notes 4(10), 5(2) and 6(5) for inventory accounting policy, accounting estimates and assumptions, and details of inventory valuation. As of December 31, 2021, the balances of inventory and allowance for inventory valuation losses are NT\$3,127,015 thousand and NT\$132,570 thousand, respectively.

The Company's main inventories are switching power supply, electronic components, and LED lighting modules. As the electronic products' life cycles are short and the market is highly competitive, there is a higher risk of incurring inventory valuation losses. The determination of net realisable value for obsolete or slow-moving inventory are subject to management's judgement. Considering that the Company's inventory balance and the allowance for inventory valuation losses are material to the financial statements, we considered the valuation of inventory as one of the key audit matters.

How our audit addressed the matter

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

1. Assessed whether the accounting policies comply with related accounting standards and examined the reasonableness of valuation procedures used by management including net realisable value used in inventory, operating expense ratio and the reasonableness of managing the obsolescence of inventory. In addition to the above, checked whether the provision policy of allowance for inventory valuation loss is consistently applied in all reporting periods.
2. Obtained the net realisable value report of inventory at the end of the reporting period, confirmed the consistency of the estimation policy applied and sampled and tested key parameters which includes inventory price or purchase price in order to verify whether the net realisable value used by management was in line with its policies. Also, recalculated the accuracy of allowance for inventory valuation loss on individual inventory items.

Other Matter - Scope of the Audit

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these investments accounted for under the equity method, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$11,704 thousand and NT\$24,038 thousand, constituting 0.05% and 0.11% of total assets as of December 31, 2021 and 2020, respectively, and comprehensive income amounted to (NT\$12,334) thousand and (NT\$24,583) thousand, constituting (0.43%) and (1.15%) of total comprehensive income for the years then ended, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

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

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

Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Chen, Ching Chang

Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 3, 2022

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

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

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 206,967	1	\$ 479,629	2
1110	Financial assets at fair value through profit or loss - current	6(2)	424,015	2	602,847	3
1120	Financial assets at fair value through other comprehensive income - current	6(3)	160,127	1	143,084	1
1150	Notes receivable, net	6(4)	1,329	-	11	-
1170	Accounts receivable, net	6(4)	9,683,189	39	7,727,537	35
1180	Accounts receivable - related parties	7	1,781,882	7	1,293,031	6
1200	Other receivables		1,597	-	955	-
1210	Other receivables - related parties	7	1,660,767	7	1,503,884	7
130X	Inventories, net	6(5)	2,994,445	12	2,878,610	13
1410	Prepayments		121,807	-	104,231	-
11XX	TOTAL CURRENT ASSETS		17,036,125	69	14,733,819	67
NON-CURRENT ASSETS						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	492,632	2	453,009	2
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	32,164	-	25,356	-
1550	Investments accounted for under equity method	6(6)	6,713,563	27	6,313,170	29
1600	Property, plant and equipment, net	6(7)	92,564	-	165,562	1
1755	Right-of-use assets	6(8)	31,766	-	7,464	-
1780	Intangible assets		33,233	-	37,698	-
1840	Deferred income tax assets	6(25)	147,452	1	157,576	1
1900	Other non-current assets	8	164,848	1	75,842	-
15XX	TOTAL NON-CURRENT ASSETS		7,708,222	31	7,235,677	33
1XXX	TOTAL ASSETS		\$ 24,744,347	100	\$ 21,969,496	100

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2021		December 31, 2020					
			Notes	AMOUNT	%	AMOUNT	%			
CURRENT LIABILITIES										
2100	Short-term borrowings	6(9)	\$	1,441,867	6	\$	-	-		
2120	Financial liabilities at fair value through profit or loss - current	6(2)		72	-		3,236	-		
2130	Contract liabilities - current	6(18)		233,718	1		151,515	1		
2150	Notes payable			7,381	-		-	-		
2170	Accounts payable			102,154	-		54,091	-		
2180	Accounts payable - related parties	7		7,781,736	31		8,295,121	38		
2200	Other payables	6(10)		1,683,474	7		1,704,614	8		
2220	Other payables - related parties	7		1,313,602	5		1,374,938	6		
2230	Current income tax liabilities			871,309	4		580,159	3		
2280	Lease liabilities - current	7		7,027	-		5,960	-		
2300	Other current liabilities	6(11)		8,402	-		112,202	-		
21XX	TOTAL CURRENT LIABILITIES			13,450,742	54		12,281,836	56		
NON-CURRENT LIABILITIES										
2570	Deferred income tax liabilities	6(25)		106,155	1		119,717	1		
2580	Lease liabilities - non-current	7		24,898	-		1,638	-		
2600	Other non-current liabilities	6(12)		49,092	-		52,500	-		
25XX	TOTAL NON-CURRENT LIABILITIES			180,145	1		173,855	1		
2XXX	TOTAL LIABILITIES			13,630,887	55		12,455,691	57		
EQUITY										
SHARE CAPITAL										
3110	Common stock	6(14)		3,921,472	16		3,887,510	18		
CAPITAL SURPLUS										
3200	Capital surplus	6(15)		2,484,753	10		2,218,073	9		
RETAINED EARNINGS										
3310	Legal reserve	6(16)		1,323,114	5		1,122,740	5		
3320	Special reserve			1,232,204	5		1,306,489	6		
3350	Unappropriated retained earnings			3,337,065	14		2,248,387	10		
OTHER EQUITY INTEREST										
3400	Other equity interest	6(17)	(1,185,148)	(5)	(1,232,204)	(5)
3500	TREASURY STOCKS	6(14)		-	-	(	37,190)	-	
3XXX	TOTAL EQUITY			11,113,460	45		9,513,805	43		
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS										
SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE										
3X2X	TOTAL LIABILITIES AND EQUITY	9		\$	24,744,347	100	\$	21,969,496	100	

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

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Years ended December 31,			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	SALES REVENUE	6(18) and 7	\$ 38,191,921	100	\$ 33,067,413	100
5000	OPERATING COSTS	6(5)(23)(24)	(32,923,095)	(86)	(28,848,123)	(87)
5900	GROSS PROFIT		5,268,826	14	4,219,290	13
	OPERATING EXPENSES	6(23)(24) and 7				
6100	Selling expenses		(442,770)	(1)	(452,464)	(2)
6200	General and administrative expenses		(504,550)	(2)	(439,156)	(1)
6300	Research and development expenses		(1,542,935)	(4)	(1,722,361)	(5)
6450	Expected credit (loss) gain		(50,640)	-	4,200	-
6000	TOTAL OPERATING EXPENSES		(2,540,895)	(7)	(2,609,781)	(8)
6900	OPERATING PROFIT		2,727,931	7	1,609,509	5
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	6(19) and 7	18,630	-	25,796	-
7010	Other income	6(20)	248,557	1	31,497	-
7020	Other gains and losses	6(21)	47,822	-	140,160	-
7050	Finance costs	6(22) and 7	(21,919)	-	(21,430)	-
7070	Share of profit of associates and joint ventures accounted for under equity method, net	6(6)	388,402	1	734,284	2
7000	TOTAL NON-OPERATING INCOME AND EXPENSES		681,492	2	910,307	2
7900	PROFIT BEFORE INCOME TAX		3,409,423	9	2,519,816	7
7950	Income tax expense	6(25)	(582,216)	(2)	(383,189)	(1)
8200	PROFIT FOR THE YEAR		\$ 2,827,207	7	\$ 2,136,627	6
	OTHER COMPREHENSIVE INCOME COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS					
8311	Remeasurement of defined benefit plan	6(12)	(\$ 961)	-	(\$ 790)	-
8316	Unrealised gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(17)	26,204	-	13,702)	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(17)	1,480	-	4,690	-
	COMPONENTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS					
8361	Financial statements translation differences of foreign operations	6(17)	(11,833)	-	20,026	-
8300	TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		\$ 14,890	-	\$ 10,224	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 2,842,097	7	\$ 2,146,851	6
	EARNINGS PER SHARE (NT\$)	6(26)				
9750	BASIC EARNINGS PER SHARE		\$ 7.22		\$ 5.52	
9850	DILUTED EARNINGS PER SHARE		\$ 7.11		\$ 5.45	

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

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings			Other equity interest	Treasury stocks	Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings			
<u>Year ended December 31, 2020</u>									
BALANCE AT JANUARY 1, 2020		\$ 3,867,154	\$ 2,007,888	\$ 950,691	\$ 1,611,685	\$ 1,352,568	(\$ 1,306,489)	(\$ 199,804)	\$ 8,283,693
Profit for the year		-	-	-	-	2,136,627	-	-	2,136,627
Other comprehensive income (loss) for the year 6(12)(17)		-	-	-	-	(790)	11,014	-	10,224
Total comprehensive income for the year		-	-	-	-	2,135,837	11,014	-	2,146,851
Distribution of 2019 earnings	6(16)								
Legal reserve		-	-	172,049	-	(172,049)	-	-	-
Reversal of special reserve		-	-	-	(305,196)	305,196	-	-	-
Cash dividends		-	-	-	-	(1,241,072)	-	-	(1,241,072)
Stock for employee compensation	6(14)(15)	45,506	222,528	-	-	-	-	-	268,034
Transfer of treasury stock to employees	6(13)	-	17,810	-	-	-	-	38,489	56,299
Retirement of treasury stock	6(14)(15)	(25,150)	(30,153)	-	-	(68,822)	-	124,125	-
Disposal of financial assets at fair value through other comprehensive income	6(17)	-	-	-	-	(63,271)	63,271	-	-
BALANCE AT DECEMBER 31, 2020		\$ 3,887,510	\$ 2,218,073	\$ 1,122,740	\$ 1,306,489	\$ 2,248,387	(\$ 1,232,204)	(\$ 37,190)	\$ 9,513,805
<u>Year ended December 31, 2021</u>									
BALANCE AT JANUARY 1, 2021		\$ 3,887,510	\$ 2,218,073	\$ 1,122,740	\$ 1,306,489	\$ 2,248,387	(\$ 1,232,204)	(\$ 37,190)	\$ 9,513,805
Profit for the year		-	-	-	-	2,827,207	-	-	2,827,207
Other comprehensive income (loss) for the year 6(12)(17)		-	-	-	-	(961)	15,851	-	14,890
Total comprehensive income for the year		-	-	-	-	2,826,246	15,851	-	2,842,097
Distribution of 2020 earnings	6(16)								
Legal reserve		-	-	200,374	-	(200,374)	-	-	-
Reversal of special reserve		-	-	-	(74,285)	74,285	-	-	-
Cash dividends		-	-	-	-	(1,568,589)	-	-	(1,568,589)
Stock for employee compensation	6(14)(15)	33,962	231,617	-	-	-	-	-	265,579
Transfer of treasury stock to employees	6(13)	-	35,063	-	-	-	-	37,190	72,253
Disposal of financial assets at fair value through other comprehensive income	6(17)	-	-	-	-	(31,205)	31,205	-	-
Adjustments to share of changes in equity of associates and joint ventures		-	-	-	-	(11,685)	-	-	(11,685)
BALANCE AT DECEMBER 31, 2021		\$ 3,921,472	\$ 2,484,753	\$ 1,323,114	\$ 1,232,204	\$ 3,337,065	(\$ 1,185,148)	\$ -	\$ 11,113,460

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

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 3,409,423	\$ 2,519,816
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(23)	87,101	89,630
Amortisation	6(23)	41,319	46,203
Expected credit loss (gain)	12(2)	50,640	(4,200)
Share-based payments	6(13)	35,257	17,813
Interest income	6(19)	(18,630)	(25,796)
Dividend income	6(20)	(14,133)	(13,739)
Interest expense	6(22)	21,919	21,430
Loss (gain) on disposal of property, plant and equipment	6(21)	46,329	(207)
Net gain on financial assets or liabilities at fair value through profit or loss - derivative instruments	6(2)(21)	(129,055)	(283,015)
Net (gain) loss on financial assets at fair value through profit or loss - others	6(2)(21)	(63,202)	22,983
Share of profit of associates and joint ventures accounted for under equity method	6(6)	(388,402)	(734,284)
Impairment loss on non-financial assets	6(21)	8,991	-
Gain on lease modification	6(8)	(21)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets or liabilities at fair value through profit or loss - current		264,785	86,081
Notes receivable, net	(	1,318)	(11)
Accounts receivable, net	(	2,006,292)	(1,336,251)
Accounts receivable - related parties	(	488,851)	253,151
Other receivables	(	500)	17,169
Other receivables - related parties		7,505	39,783
Inventories, net	(	115,835)	462,300
Prepayments	(	17,576)	5,348
Changes in operating liabilities			
Contract liabilities - current		82,203	43,325
Notes payable		7,381	-
Accounts payable		48,063	15,592
Account payable - related parties	(	513,385)	(670,731)
Other payables		243,481	780,418
Other payables - related parties	(	1,302)	(3,317)
Other current liabilities	(	3,800)	(3,934)
Accrued pension liabilities	(	4,369)	(4,588)
Cash inflow generated from operations		587,726	1,340,969
Interest received		18,563	14,286
Dividends received		14,058	12,989
Interest paid	(	20,961)	(21,437)
Income tax paid	(	294,506)	(4,301)
Net cash flows from operating activities		304,880	1,342,506

(Continued)

CHICONY POWER TECHNOLOGY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss - others		(\$ 191,143)	(\$ 375,742)
Proceeds from disposal of financial assets at fair value through profit or loss - others		254,660	702,636
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	2,355	84,276
(Increase) decrease in other receivables - related parties		(164,388)	34,528
Acquisition of investments accounted for under equity method		(34,029)	(199,020)
Acquisition of property, plant and equipment	6(7)	(74,400)	(57,566)
Proceeds from disposal of property, plant and equipment		27,469	308
Acquisition of intangible assets		(37,454)	(38,213)
Increase in prepayments for business facilities		-	(18,534)
(Increase) decrease in other non-current assets		(102,030)	1,341
Net cash flows (used in) from investing activities		(318,960)	134,014
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(27)	1,441,867	(250,000)
Repayments of long-term borrowings	6(27)	(100,000)	-
Repayments of lease liabilities	6(27)	(8,822)	(16,623)
Decrease in other payables - related parties	6(27)	(60,034)	-
Cash dividends paid	6(16)	(1,568,589)	(1,241,072)
Transfer of treasury stock to employees		36,996	38,487
Net cash flows used in financing activities		(258,582)	(1,469,208)
Net (decrease) increase in cash and cash equivalents		(272,662)	7,312
Cash and cash equivalents at beginning of year	6(1)	479,629	472,317
Cash and cash equivalents at end of year	6(1)	\$ 206,967	\$ 479,629

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

CHICONY POWER TECHNOLOGY CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANISATION

Chicony Power Technology Co., Ltd. (the “Company”) was incorporated in 2008 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company became listed on the Taiwan Stock Exchange (TWSE) in November, 2013. The Company is primarily engaged in developing, manufacturing and sales of switching power supplies, electronic components and LED lighting modules, and smart building solutions. Chicony Electronics Co., Ltd. is the Company’s ultimate parent company. As of December 31, 2021, Chicony Electronics Co., Ltd. and its subsidiaries hold 53.02% equity interest in the Company.

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

These accompanying parent company only financial statements were authorised for issuance by the Board of Directors on March 3, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)
Note: Earlier application from January 1, 2021 is allowed by the FSC.	

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

- A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and liabilities (including derivative instruments) are measured at fair value through profit or loss.
 - (b) Financial assets are measured at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Company’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet

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

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

B. Translation of foreign operations

- (a) The financial performance and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are expected to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than

twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

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

(11) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity
- B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognise losses in

proportion to its ownership.

- D. According to “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the parent company only financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the parent company only financial statements.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are to be capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method to allocate their costs over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives for the assets are 1-9 years.

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are fixed payments, less any lease incentives receivable.

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

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

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date.

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

(14) Intangible assets

Trademark, right, patent and computer software, are amortised on a straight-line basis over their estimated useful lives of 1-15 years.

(15) Impairment of non-financial assets

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

(16) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(17) Notes and accounts payable

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

(18) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- (a) Hybrid (combined) contracts; or
 - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(19) Derecognition of financial liabilities

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

(20) Offsetting financial instruments

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

(21) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

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

D. Employees', directors' and supervisors' remuneration

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

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service

conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- (c) Under the contracts with customers, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

B. Incremental costs of obtaining a contract

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

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 1,139	\$ 1,251
Checking accounts and demand deposits	205,828	478,378
	<u>\$ 206,967</u>	<u>\$ 479,629</u>

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

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

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

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	\$ 65,567	\$ 209,810
Foreign exchange swap contracts	5,402	53
Listed stocks	332,572	375,970
	403,541	585,833
Valuation adjustment	20,474	17,014
	<u>\$ 424,015</u>	<u>\$ 602,847</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	(\$ 72)	(\$ 106)
Foreign exchange swap contracts	-	(3,130)
	<u>(\$ 72)</u>	<u>(\$ 3,236)</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 185,000	\$ 185,000
Beneficiary certificates	328,000	328,000
	513,000	513,000
Valuation adjustment	(20,368)	(59,991)
	<u>\$ 492,632</u>	<u>\$ 453,009</u>

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

	Years ended December 31,	
	2021	2020
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Derivatives	\$ 129,055	\$ 283,015
Others		
Equity instruments	76,198	(18,982)
Beneficiary certificates	(12,996)	(4,001)
	63,202	(22,983)
	<u>\$ 192,257</u>	<u>\$ 260,032</u>

B. The Company entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2021			
	Contract amount			
<u>Derivative financial assets and liabilities</u>	<u>(notional principal)</u>			<u>Expiry date</u>
Current items:				
Foreign exchange swap contracts				
- Buy NTD, sell USD	USD	50,500	thousand	2022.2.22-2022.3.29
Forward foreign exchange contracts				
- Buy RMB, sell USD	USD	69,000	thousand	2022.1.13-2022.12.21
- Buy NTD, sell USD	USD	40,000	thousand	2022.1.7-2022.3.22
- Sell THB, buy USD	USD	5,000	thousand	2022.2.25
	December 31, 2020			
	Contract amount			
<u>Derivative financial assets and liabilities</u>	<u>(notional principal)</u>			<u>Expiry date</u>
Current items:				
Foreign exchange swap contracts				
- Buy USD, sell NTD	USD	21,600	thousand	2021.2.22-2021.3.18
Forward foreign exchange contracts				
- Buy RMB, sell USD	USD	105,500	thousand	2021.1.29-2021.12.1
- Buy NTD, sell USD	USD	20,000	thousand	2021.1.15-2021.2.4

Forward foreign exchange contracts / Foreign exchange swap contracts

The Company entered into forward foreign exchange contracts and foreign exchange swap contracts to buy (sell) foreign exchange swap and interest rate swap to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts and foreign exchange swap contracts are not accounted for under hedge accounting.

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

D. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Listed stocks	\$ 342,497	\$ 376,055
Valuation adjustment	(182,370)	(232,971)
	<u>\$ 160,127</u>	<u>\$ 143,084</u>
Non-current items:		
Listed stocks	\$ 422,100	\$ 422,100
Unlisted stocks	15,000	15,000
	<u>437,100</u>	<u>437,100</u>
Valuation adjustment	(404,936)	(411,744)
	<u>\$ 32,164</u>	<u>\$ 25,356</u>

- A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments was equivalent to the carrying amount as at December 31, 2021 and 2020.
- B. During the years ended December 31, 2021 and 2020, the Company sold \$2,355 and \$84,276 of equity investments at fair value, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 26,204	(\$ 13,702)
Cumulative losses reclassified to retained earnings due to derecognition	(\$ 31,205)	(\$ 63,271)
Dividend income recognised in profit or loss		
Held at end of year	\$ 5,408	\$ 3,840

- D. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(4) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 1,329	\$ 11
Accounts receivable	\$ 9,742,987	\$ 7,736,695
Less: Allowance for uncollectible accounts	(59,798)	(9,158)
	<u>\$ 9,683,189</u>	<u>\$ 7,727,537</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 9,674,449	\$ 1,329	\$ 7,728,989	\$ 11
1-30 days past due	4,200	-	7,690	-
31-120 days past due	2,942	-	16	-
121-210 days past due	41,099	-	-	-
Over 210 days	20,297	-	-	-
	<u>\$ 9,742,987</u>	<u>\$ 1,329</u>	<u>\$ 7,736,695</u>	<u>\$ 11</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$6,400,444.

- C. The Company has no notes or accounts receivable pledged to others as collateral.
- D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Company was equal to carrying amount.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 10,515	(\$ 5,729)	\$ 4,786
Work in progress	81,643	(306)	81,337
Finished goods	3,034,857	(126,535)	2,908,322
	<u>\$ 3,127,015</u>	<u>(\$ 132,570)</u>	<u>\$ 2,994,445</u>
	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 8,384	(\$ 6,528)	\$ 1,856
Work in progress	56,802	(10,714)	46,088
Finished goods	2,980,511	(149,845)	2,830,666
	<u>\$ 3,045,697</u>	<u>(\$ 167,087)</u>	<u>\$ 2,878,610</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2021	2020
Cost of goods sold	\$ 32,957,612	\$ 28,793,819
(Gain on reversal) loss on decline in market value	(34,517)	48,546
Others	-	5,758
	<u>\$ 32,923,095</u>	<u>\$ 28,848,123</u>

- A. In 2021, the Company recognised gain on reversal in market value as inventories which were previously provided with allowance were subsequently sold.
- B. Others pertain to loss on physical inventory and scrap inventory in 2020.

(6) Investments accounted for under equity method

A. Details of investments accounted for under the equity method are as follows:

	December 31, 2021	December 31, 2020
Chicony Power Holdings Inc. (CPH)	\$ 6,563,962	\$ 6,121,112
Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	149,601	192,058
	<u>\$ 6,713,563</u>	<u>\$ 6,313,170</u>

B. Details of share of profit (loss) of associates and joint ventures accounted for using equity method are as follows:

	Years ended December 31,	
	2021	2020
CPH	\$ 443,822	\$ 776,073
CPTH	(55,420)	(41,789)
	<u>\$ 388,402</u>	<u>\$ 734,284</u>

C. Subsidiaries

Information on the Company's subsidiaries are provided in Note 4(3) of the 2021 consolidated financial statements (not presented herein).

(7) Property, plant and equipment

	Machinery	Test equipment	Others	Total
<u>January 1, 2021</u>				
Cost	\$ 59,234	\$ 315,354	\$ 145,787	\$ 520,375
Accumulated depreciation	(22,867)	(245,187)	(86,759)	(354,813)
	<u>\$ 36,367</u>	<u>\$ 70,167</u>	<u>\$ 59,028</u>	<u>\$ 165,562</u>
<u>2021</u>				
Balance, January 1	\$ 36,367	\$ 70,167	\$ 59,028	\$ 165,562
Additions	439	41,641	32,320	74,400
Disposals	(27,211)	(1,156)	(45,431)	(73,798)
Reclassifications	3,247	-	9,368	12,615
Depreciation charge	(9,377)	(37,571)	(31,284)	(78,232)
Impairment loss	(133)	-	(7,850)	(7,983)
Balance, December 31	<u>\$ 3,332</u>	<u>\$ 73,081</u>	<u>\$ 16,151</u>	<u>\$ 92,564</u>
<u>December 31, 2021</u>				
Cost	\$ 7,092	\$ 333,930	\$ 90,506	\$ 431,528
Accumulated depreciation and impairment	(3,760)	(260,849)	(74,355)	(338,964)
	<u>\$ 3,332</u>	<u>\$ 73,081</u>	<u>\$ 16,151</u>	<u>\$ 92,564</u>

		Machinery	Test equipment	Others	Total
<u>January 1, 2020</u>					
Cost	\$	49,832	\$ 300,385	\$ 116,879	\$ 467,096
Accumulated depreciation	(	13,644)	(221,820)	(58,102)	(293,566)
	\$	<u>36,188</u>	<u>\$ 78,565</u>	<u>\$ 58,777</u>	<u>\$ 173,530</u>
<u>2020</u>					
Balance, January 1	\$	36,188	\$ 78,565	\$ 58,777	\$ 173,530
Additions		4,904	25,832	26,830	57,566
Disposals	-	(1)	(100)	(101)	
Reclassifications		4,498	-	3,157	7,655
Depreciation charge	(	9,223)	(34,229)	(29,636)	(73,088)
Balance, December 31	\$	<u>36,367</u>	<u>\$ 70,167</u>	<u>\$ 59,028</u>	<u>\$ 165,562</u>
<u>December 31, 2020</u>					
Cost	\$	59,234	\$ 315,354	\$ 145,787	\$ 520,375
Accumulated depreciation	(	22,867)	(245,187)	(86,759)	(354,813)
	\$	<u>36,367</u>	<u>\$ 70,167</u>	<u>\$ 59,028</u>	<u>\$ 165,562</u>

A. None of the Company's property, plant and equipment are pledged as collateral.

B. The Company has recognised impairment loss on property, plant and equipment amounting to \$7,983 for the year ended December 31, 2021 as the Company halted certain production lines due to operational considerations.

(8) Leasing arrangements—lessee

- A. The Company leases various assets including leasing of plants, offices, parking lots and multifunction printers. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. Short-term leases with a lease term of 12 months or less comprise parking lots and business vehicles. Low-value assets comprise multifunction printers and are not shown in right-of-use asset.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Bulidings and structures	\$ <u>31,766</u>	\$ <u>7,464</u>
	Years ended December 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Bulidings and structures	\$ <u>8,869</u>	\$ <u>16,542</u>

For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$36,673 and \$0, respectively.

D. Except for the depreciation mentioned above, other information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 371	\$ 299
Rent expense on short-term lease contracts	53,868	46,022
Rent expense on leases of low-value assets	1,069	1,019
Gains arising from lease modifications	21	-

F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$64,130 and \$63,963, respectively.

G. The Company has no right-of-use asset pledged to others.

(9) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 1,441,867	0.68%-0.75%	None

The Company had no short-term borrowings as of December 31, 2020.

(10) Other payables

	December 31, 2021	December 31, 2020
Commission payable	\$ 515,855	\$ 377,702
Employees' compensation and directors' remuneration payable	498,225	346,656
Salaries payable	448,780	609,944
Safety rule expense payable	54,312	107,877
Others	166,302	262,435
	<u>\$ 1,683,474</u>	<u>\$ 1,704,614</u>

(11) Long-term borrowings

The Company had no long-term borrowings on December 31, 2021.

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2020
Unsecured borrowings	Borrowing period is from November 4, 2020 to February 4, 2021; interest is repayable until maturity of principal (Note)	1.797%	None	\$ 100,000
Less: Current portion (shown as 'other current liabilities')				(100,000)
				<u>\$ -</u>

Note: Represents revolving credit for a period of five years starting from the first draw down (January, 2016), each credit period is limited from 90 to 180 days.

A long-term syndicated loan facility amounting to \$3,600,000 for five years was signed by the Company, with Taiwan Cooperative Bank as the lead bank in October 2015 for use in the Company's operations.

The main contents of the contract are as follows:

A. The Company is required to meet the following financial ratios based on its annual consolidated financial statements:

- (a) Current ratio is above 100%,
- (b) Financial liabilities divided by net tangible assets is under 250%,
- (c) Time interest earned is above 300%,
- (d) Net tangible assets is above \$4,000,000.

The above financial ratios are based on the annual financial statements. If the Company does not conform to the contract, the Company should increase capital by cash or by other means. From the next day of the managing bank's notification till the next interest payment date after conforming to the contract, the lending rates will be increased by 0.125% of the used but unsettled amount of this contract, and it will not be considered a breach of contract. If the financial ratios could not be adjusted by next inspection day (subject to the consolidated financial statements audited by independent auditors), the borrower is considered to have violated the contract.

B. The Company should maintain appropriate accounts receivable ratio (including the drawn amount) above 50% for each withdrawal. If the Company's qualified accounts receivable is overdue (remains unpaid after 15 days of the due date of accounts receivable), or specific transaction parties did not deposit the accrued amount to the specific compensation accounts instructed by the payment notice, the total amount of that specific transaction parties' qualified accounts receivable will be deducted immediately. If the above situation results to the appropriate accounts receivable ratio to be lower than 50%, the Company should choose any of the following actions to make the accounts receivable ratio comply with the contract:

- (a) Provide other qualified accounts receivable, or,
- (b) Repay or deposit in compensation accounts to maintain appropriate accounts receivable ratio above (or equal to) 50%.

C. As part of the contract, the commitment fee should be calculated every three months, which begins six months after the Company's first drawdown of the credit. During the commitment fee calculation period, if the average drawdown amounts are less than 50% of the total loan facility, the commitment fee should be calculated seasonally, using the difference of actual drawdown amounts and 50% of the total loan facility, multiplied by 0.1%, the annual fee rate, and then pay the managing bank every three months.

(12) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes an amount equal to 4% of the employees' monthly salaries and wages to the pension fund deposited in the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 103,465)	(\$ 101,303)
Fair value of plan assets	<u>54,373</u>	<u>48,803</u>
Net defined benefit liability	<u>(\$ 49,092)</u>	<u>(\$ 52,500)</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2021			
Balance at January 1	(\$ 101,303)	\$ 48,803	(\$ 52,500)
Current service cost	(82)	-	(82)
Interest (expense) income	(507)	259	(248)
	<u>(101,892)</u>	<u>49,062</u>	<u>(52,830)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	612	612
Change in demographic assumptions	(2,423)	-	(2,423)
Change in financial assumptions	1,260	-	1,260
Experience adjustments	(410)	-	(410)
	<u>(1,573)</u>	<u>612</u>	<u>(961)</u>
Pension fund contribution	-	4,699	4,699
Balance at December 31	<u>(\$ 103,465)</u>	<u>\$ 54,373</u>	<u>(\$ 49,092)</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
Balance at January 1	(\$ 97,931)	\$ 41,633	(\$ 56,298)
Current service cost	(621)	-	(621)
Interest (expense) income	(734)	335	(399)
	<u>(99,286)</u>	<u>41,968</u>	<u>(57,318)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,320	1,320
Change in demographic assumptions	(1,144)	-	(1,144)
Change in financial assumptions	(2,542)	-	(2,542)
Experience adjustments	1,576	-	1,576
	<u>(2,110)</u>	<u>1,320</u>	<u>(790)</u>
Pension fund contribution	-	5,515	5,515
Paid pension	93	-	93
	<u>93</u>	<u>5,515</u>	<u>5,608</u>
Balance at December 31	<u>(\$ 101,303)</u>	<u>\$ 48,803</u>	<u>(\$ 52,500)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan

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

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

	Years ended December 31,	
	2021	2020
Discount rate	0.625%	0.500%
Future salary increases	2.500%	2.500%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 2,500)	\$ 2,597	\$ 2,507	(\$ 2,427)
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 2,557)	\$ 2,662	\$ 2,567	(\$ 2,479)

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

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

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$13,453.

(g) As of December 31, 2021, the weighted average duration of that retirement plan is 9.8 years.

The analysis of timing of the future pension payment for the next ten years was as follows:

Within 1 year	\$	1,575
1-2 years		9,857
2-5 years		27,401
5-10 years		19,167
	<u>\$</u>	<u>58,000</u>

B. Defined contribution plan

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

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$41,266 and \$40,931, respectively.

(13) Share-based payment

A. For the years ended December 31, 2021 and 2020, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (thousand shares)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury stock transferred to employees	2021.3.3	916	-	Immediately
"	2020.3.2	948	-	"

B. Details of the treasury stocks transferred to employees are as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	No. of	Weighted-average	No. of	Weighted-average
	options	exercise price	options	exercise price
		(in dollars)		(in dollars)
Options outstanding at January 1	-	\$ -	-	\$ -
Options granted	916	40.51	948	40.72
Options exercised	(916)	40.51	(948)	40.72
Options outstanding at December 31	<u>-</u>	-	<u>-</u>	-
Options exercisable at December 31	<u>-</u>	-	<u>-</u>	-

C. The average stock price of stock options at exercise dates for the years ended December 31, 2021 and 2020 were NT\$79.08 and NT\$55.55 (in dollars), respectively.

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Treasury stock transferred to employees	2021.3.3	NT\$79.00	NT\$40.51	28.07%	15 days	-	0.14%	NT\$38.49
"	2020.3.2	NT\$59.50	NT\$40.72	27.34%	"	-	0.45%	NT\$18.79

Note: Expected price volatility rate was estimated based on the average annualized standard deviation of the daily return for the six-month period.

E. Liabilities arising from share-based payment transactions are shown below:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Equity-settled	\$ <u>35,257</u>	\$ <u>17,813</u>

(14) Share capital

- A. As of December 31, 2021, the Company's authorised capital was \$5,000,000, and the paid-in capital was \$3,921,472 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (net of treasury stocks) are as follows:

(Unit shares in thousands)	2021	2020
At January 1	387,836	382,337
Employee compensation	3,396	4,551
Treasury shares transferred to employees	916	948
At December 31	392,148	387,836

- B. On March 3, 2021, the Company issued 3,396 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$265,579 which was calculated based on the closing price of NT\$78.2 (in dollars) per share on the date (March 2, 2021) before the date the Board of Directors resolved the appropriation. The appropriation was effective on April 9, 2021 and the registration was completed on April 20, 2021.
- C. On March 2, 2020, the Company issued 4,551 thousand shares as the Board of Directors of the Company resolved to appropriate employees' stock dividends of \$268,034 which was calculated based on the closing price of NT\$58.9 (in dollars) per share on the date (February 27, 2020) before the date the Board of Directors resolved the appropriation. The appropriation was approved by the authority, with the effective date set on April 9, 2020 and the registration was completed on May 4, 2020.
- D. The Company's Board of Directors resolved to retire treasury shares amounting to 2,515 thousand shares on March 2, 2020. The effective date for capital reduction was March 27, 2020 and the reduction was registered on April 23, 2020.
- E. Treasury shares:

- (a) As of December 31, 2021 and 2020, reason for share reacquisition and the number of the Company's treasury shares are as follows:

The Company has no treasury shares as of December 31, 2021.

		December 31, 2020	
Name of company holding the shares	Purpose of buyback	Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	916	\$ 37,190

- (b) Pursuant to the R.O.C. Securities and Exchange Law, the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained

earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should neither pledged as collateral nor exercise shareholder's rights on these shares.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) For information of treasury stock transferred to employees, please see Note 6(13).

(15) Capital surplus

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

	2021			
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 2,108,025	\$ -	\$ 110,048	\$ 2,218,073
Share-based payment transactions				
- Employee compensation	231,617	-	-	231,617
- Treasury stock transferred to employees	-	35,063	-	35,063
At December 31	<u>\$ 2,339,642</u>	<u>\$ 35,063</u>	<u>\$ 110,048</u>	<u>\$ 2,484,753</u>
	2020			
	Share premium	Treasury share transactions	Others	Total
At January 1	\$ 1,897,840	\$ -	\$ 110,048	\$ 2,007,888
Share-based payment transactions				
- Employee compensation	222,528	-	-	222,528
- Treasury stock transferred to employees	-	17,810	-	17,810
- Retirement of treasury shares	(12,343)	(17,810)	-	(30,153)
At December 31	<u>\$ 2,108,025</u>	<u>\$ -</u>	<u>\$ 110,048</u>	<u>\$ 2,218,073</u>

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's profit before tax, if any, shall

first be offset against prior years' operating losses (including adjustment of unappropriated earnings); and then 10% of the remaining amount shall be set aside as legal reserve until it reaches the Company's paid-up capital; and then set aside as special reserve in accordance with related regulations issued by the Competent Authority when necessary; and the remainder, if any, along with opening unappropriated earnings (including adjustment of unappropriated earnings) shall be proposed by the Board of Directors under the principle of the Company's 25th Articles of Incorporation and resolved by the shareholders as dividends to shareholders. Effective from June 6, 2019, the Board of Directors may, upon resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, distribute dividends and bonus, legal reserve or capital surplus, in whole or in part, in the form of cash, which shall also be reported at the shareholders' meeting. The above distribution is not subject to approval by the shareholders.

- B. The Company's dividend policy is summarised below: the Company is in the development stage of the electronics industry. The dividend policy is formulated by considering the capital requirements of the new products and promoting the return on equity simultaneously. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividend should not be less than 10% of the total amount of stockholders' dividends. The above restrictions will not be applicable if total amount of stockholders' dividends is less than \$0.5 (in dollars) per share.
- C. The appropriation for legal reserve shall be made until the reserve equals the Company's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Company incurs no loss.
- D. Special reserve
 - (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
 - (b) The amount of \$205,324, previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. (a) The appropriations of 2020 and 2019 earnings had been approved at the annual stockholders' meeting on August 25, 2021 and June 9, 2020, respectively, and the details are summarised below:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 200,374		\$ 172,049	
Reversal of special reserve	(74,284)		(305,196)	
Cash dividends	1,568,589	\$ 4.00	1,241,072	\$ 3.20

(b) Subsequent events:

The appropriations of 2021 earnings have been proposed at the Board of Directors' meeting on March 3, 2022. Details are summarised below:

	Year ended December 31, 2021	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 278,336	
Reversal of special reserve	(47,056)	
Cash dividends	2,056,020	\$ 5.20

As of March 3, 2022, the appropriations of 2021 earnings have not yet been resolved at the shareholders' meeting, except for cash dividends which were resolved by the Board of Directors and were only required to be reported at the shareholders' meeting.

(17) Other equity items

	2021		
	Currency translation	Unrealised gains (losses) on valuation of financial assets	Total
At January 1	(\$ 512,883)	(\$ 719,321)	(\$ 1,232,204)
Currency translation differences:			
- The Company	(11,833)	-	(11,833)
Valuation adjustment:			
- The Company	-	26,204	26,204
- Subsidiaries	-	1,480	1,480
Transfer out			
- The Company	-	31,205	31,205
At December 31	(\$ 524,716)	(\$ 660,432)	(\$ 1,185,148)

	2020		
	Unrealised gains (losses)		
	Currency translation	on valuation of financial assets	Total
At January 1	(\$ 532,909)	(\$ 773,580)	(\$ 1,306,489)
Currency translation differences:			
- The Company	20,026	-	20,026
Valuation adjustment:			
- The Company	-	(13,702)	(13,702)
- Subsidiaries	-	4,690	4,690
Transfer out			
- The Company	-	63,271	63,271
At December 31	<u>(\$ 512,883)</u>	<u>(\$ 719,321)</u>	<u>(\$ 1,232,204)</u>

(18) Operating revenue

A. Disaggregation of revenue from contracts with customers

	Years ended December 31,	
	2021	2020
Revenue from contracts with customers		
Electronic component products	\$ 32,130,912	\$ 27,050,299
Consumer electronic products and other electronic products	5,749,407	5,747,976
Others	311,602	269,138
	<u>\$ 38,191,921</u>	<u>\$ 33,067,413</u>

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities	<u>\$ 233,718</u>	<u>\$ 151,515</u>	<u>\$ 108,190</u>

C. Contract liability balance at the beginning of 2021 and 2020 were all recognised in operating revenue during 2021 and 2020, respectively.

(19) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 789	\$ 2,511
Other interest income	17,841	23,285
	<u>\$ 18,630</u>	<u>\$ 25,796</u>

(20) Other income

	Years ended December 31,	
	2021	2020
Dividend income	\$ 14,133	\$ 13,739
Other income	22,886	17,758
Write-off of past due payable	211,538	-
	<u>\$ 248,557</u>	<u>\$ 31,497</u>

(21) Other gains and losses

	Years ended December 31,	
	2021	2020
Net gains on financial assets and liabilities at fair value through profit or loss	\$ 129,055	\$ 283,015
- derivative instruments		
Net gains (losses) on financial assets and liabilities at fair value through profit or loss - others	63,202 (	22,983)
Net currency exchange losses	(82,362) (	114,594)
(Gains) losses on disposals of property, plant and equipment	(46,329)	207
Impairment losses on non-financial assets	(8,991)	-
Others	(6,753) (	5,485)
	<u>\$ 47,822</u>	<u>\$ 140,160</u>

(22) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 21,548	\$ 21,131
Lease liabilities	371	299
	<u>\$ 21,919</u>	<u>\$ 21,430</u>

(23) Personnel expenses, depreciation and amortisation

	Year ended December 31, 2021		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 25,612	\$ 1,616,352	\$ 1,641,964
Depreciation	16,632	70,469	87,101
Amortisation	587	40,732	41,319

	Year ended December 31, 2020		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 31,498	\$ 1,622,869	\$ 1,654,367
Depreciation	25,697	63,933	89,630
Amortisation	1,129	45,074	46,203

(24) Employee benefit expense

Year ended December 31, 2021			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 21,189	\$ 1,411,857	\$ 1,433,046
Labour and health insurance fees	2,084	77,960	80,044
Pension costs	940	40,656	41,596
Directors' remuneration	-	39,076	39,076
Other personnel expenses	1,399	46,803	48,202
	<u>\$ 25,612</u>	<u>\$ 1,616,352</u>	<u>\$ 1,641,964</u>
Year ended December 31, 2020			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 26,260	\$ 1,436,632	\$ 1,462,892
Labour and health insurance fees	2,347	72,520	74,867
Pension costs	1,126	40,825	41,951
Directors' remuneration	-	28,665	28,665
Other personnel expenses	1,765	44,227	45,992
	<u>\$ 31,498</u>	<u>\$ 1,622,869</u>	<u>\$ 1,654,367</u>

- A. In accordance with the Articles of Incorporation of the Company, the pretax income before distribution of employees' compensation and directors' remuneration shall be appropriated based on a ratio of not lower than 10% for employees' compensation and not higher than 1% for directors' remuneration. However, the employees' compensation and directors' remuneration shall be appropriated based on the abovementioned ratios only after covering the accumulated losses (including adjustment of unappropriated earnings), if there is any.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$459,149 and \$317,991, respectively; directors' remuneration was accrued at \$39,076 and \$28,665, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 11.75% and 1% of distributable profit for the year ended December 31, 2021. On March 3, 2022, the employees' compensation and directors' remuneration resolved by the Board of Directors were \$459,149 and \$39,076, respectively, and the employees' compensation will be distributed in the form of cash and stocks.
- C. Employees' compensation of \$317,991 and directors' remuneration of \$28,665 for 2020 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. Actual number of shares distributed as employees' compensation for 2020 is 3,396 thousand shares. Refer to Note 6(14) for details.

- D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the Market Observation Post System website of the Taiwan Stock Exchange.
- E. The Company's headcount totaled 751 employees as of December 31, 2021 and 2020. There were 5 directors who do not serve as employees as of December 31, 2021 and 2020.
- F. (a) The Company's average of employee benefit expense for the years ended December 31, 2021 and 2020 were \$2,149 and \$2,179, respectively.
- (b) The Company's average of employee wages and salaries for the years ended December 31, 2021 and 2020 were \$1,921 and \$1,961, respectively.
- (c) The change in the average of employee wages and salaries adjustment is (2%).
- (d) The above calculation of employee benefit expense and employee wages and salaries do not include the directors who do not serve as employees.
- (e) The Company has set up the audit committee and therefore has no supervisors' remuneration.
- (f) The information on the Company's compensation policy (including directors, managers and employees) is as follows:
- i. The directors' emoluments include salaries and remuneration distributed from earnings. The emoluments are determined by the Compensation Committee in accordance with the Articles of Incorporation of the Company based on the extent of their participation in the Company's operations and the value of their contribution.
 - ii. The management's emoluments, such as the general manager and deputy general manager, include salaries, bonuses, employee compensation and pensions contributed in accordance with regulations. The management's salaries are determined based on the position, education and work experience, responsibilities of their job by reference to the pay levels of the same positions in the industry. The employees' bonuses and compensation are determined by reference to the Company's annual operating revenue, profitability, and achievement of individual manager's performance goals.
 - iii. The employees' emoluments include salaries, bonuses, employee compensation and pensions contributed in accordance with regulations. The employees' salaries are determined based on the positions, education and work experience, responsibilities of their job by reference to the pay levels of the same positions in the industry. Employees' compensation will be distributed in the form of stocks or cash according to the resolution of the Board of Directors. The Company conducts a regular employee performance evaluation every year to fully understand employees' performance and uses it as the basis for promotion, salary adjustments, bonuses and employee compensation distribution. Directors' and management's emoluments are discussed by the Compensation Committee and reported to the Board of Directors for resolution.

(25) Income tax

A. Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 566,760	\$ 414,102
Tax on undistributed surplus earnings	18,894	7,509
Total current tax	585,654	421,611
Deferred tax:		
Origination and reversal of temporary differences	(3,438)	(38,422)
Income tax expense	\$ 582,216	\$ 383,189

B. Reconciliation between income tax expense and profit before tax:

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 681,885	\$ 503,963
Effects from items allowed by tax regulation	(28,563)	(43,283)
Effect from investment tax credits	(90,000)	(85,000)
Tax on undistributed surplus earnings	18,894	7,509
Income tax expense	\$ 582,216	\$ 383,189

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

	2021		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
—Deferred tax assets:			
Provision for inventory price decline and obsolescence	\$ 36,351	(\$ 6,904)	\$ 29,447
Unrealised exchange loss	16,316	(16,316)	-
Unrealised commission expense	74,708	32,825	107,533
Others	30,201	(19,729)	10,472
	157,576	(10,124)	147,452
—Deferred tax liabilities:			
Unrealised gain on financial assets	(41,325)	27,146	(14,179)
Unrealised exchange gain	-	(12,710)	(12,710)
Others	(78,392)	874	(79,266)
	(119,717)	13,562	(106,155)
	\$ 37,859	\$ 3,438	\$ 41,297

	2020		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
— Deferred tax assets:			
Provision for inventory price decline and obsolescence	\$ 23,273	\$ 13,078	\$ 36,351
Unrealised exchange loss	-	16,316	16,316
Unrealised commission expense	52,365	22,343	74,708
Others	13,251	16,950	30,201
	<u>88,889</u>	<u>68,687</u>	<u>157,576</u>
— Deferred tax liabilities:			
Unrealised exchange gain	(11,452)	(29,873)	(41,325)
Others	(78,000)	(392)	(78,392)
	<u>(89,452)</u>	<u>(30,265)</u>	<u>(119,717)</u>
	<u>(\$ 563)</u>	<u>\$ 38,422</u>	<u>\$ 37,859</u>

D. The Tax Authority has examined the income tax returns of the Company through 2019.

(26) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted-average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,827,207	391,424	<u>\$ 7.22</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	6,447	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,827,207</u>	<u>397,871</u>	<u>\$ 7.11</u>

	Year ended December 31, 2020		
	Amount after tax	Weighted-average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic EPS</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,136,627	386,916	<u>\$ 5.52</u>
<u>Diluted EPS</u>			
Assumed conversion of all dilutive potential ordinary shares			
- Employees' compensation	-	5,263	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 2,136,627</u>	<u>392,179</u>	<u>\$ 5.45</u>

(27) Changes in liabilities from financing activities

	2021				
	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Other payables - related parties	Total
At January 1	\$ -	\$ 100,000	\$ 7,598	\$ 1,352,457	\$ 1,460,055
Changes in cash flow from financing activities	1,441,867	(100,000)	(8,822)	(60,034)	1,273,011
Changes in other non-cash items	-	-	33,149	-	33,149
At December 31	<u>\$ 1,441,867</u>	<u>\$ -</u>	<u>\$ 31,925</u>	<u>\$ 1,292,423</u>	<u>\$ 2,766,215</u>
	2020				Total
	Short-term borrowings	Long-term borrowings (Note)	Lease liability		
At January 1	\$ 250,000	\$ 100,000	\$ 24,221	\$	374,221
Changes in cash flow from financing activities	(250,000)	-	(16,623)	(266,623)	
At December 31	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 7,598</u>	<u>\$</u>	<u>107,598</u>

Note: Including current portion.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent of the Company is Chicony Electronics Co., Ltd.

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chicony Electronics Co., Ltd.	Parent company
Chicony Electronics (Thailand) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics CEZ s.r.o	Entity controlled by the same parent company
Chicony Electronics Japan Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company
Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company
Mao-Ray (Dong Guan) Co., Ltd.	Entity controlled by the same parent company
Hipro Electronics Ltd.	Entity controlled by the same parent company
Quansun Investment Corp. Ltd.	Entity controlled by the same parent company
Qun-Jing Power Co., Ltd.	Entity controlled by the same parent company
Chicony Power International Inc.	Subsidiary
Chicony Power Technology Hong Kong Limited	Subsidiary
Chicony Power Technology (DongGuan) Co., Ltd.	Subsidiary
Chicony Power Technology (Suzhou) Co., Ltd.	Subsidiary
Chicony Power Technology (Chong Qing) Co., Ltd.	Subsidiary
Chicony Power Technology (Taizhou) Co., Ltd.	Subsidiary
Chicony Power Technology (Thailand) Co., Ltd.	Subsidiary
Chicony Energy Saving Technology (Shanghai) Co., Ltd	Subsidiary
Clevo Co.	Other related party
Kapok Computer (KUNSHAN) Co.	Other related party
Honhui Group	Other related party

Note: For the rest of the names of and relationship with related parties, please refer to Note 4(3) of consolidated financial statements.

(3) Significant related party transactions and balances

A. Sales of goods

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
- Parent company	\$ 5,787	\$ 10,119
- Entities controlled by the same parent company	3,461,025	2,792,014
- Subsidiaries	747,958	954,086
- Other related parties	413,105	391,224
	<u>\$ 4,627,875</u>	<u>\$ 4,147,443</u>

The terms of the sales to related parties were not significantly different from those of sales to third parties.

B. Purchases of goods

	Years ended December 31,	
	2021	2020
Purchases of goods:		
- Parent company	\$ 4	\$ 67
- Chicony Power Technology (DongGuan) Co., Ltd.	9,053,507	7,520,705
- Chicony Power Technology (Suzhou) Co., Ltd.	15,858,217	14,014,716
- Chicony Power Technology (Chong-Qing) Co., Ltd.	7,380,469	6,590,191
- Subsidiaries	541,312	72,310
	<u>\$ 32,833,509</u>	<u>\$ 28,197,989</u>

The terms of the purchases from related parties were not significantly different from those of purchases from third parties.

C. Purchases of services

	Years ended December 31,	
	2021	2020
- Parent company	\$ 50,126	\$ 33,627
- Subsidiaries	114,849	120,973
- Other related parties	2,185	1,999
	<u>\$ 167,160</u>	<u>\$ 156,599</u>

The purchases from related parties arise mainly from providing management services to the Company.

D. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
- Parent company	\$ 5,221	\$ 4,835
- Entities controlled by the same parent company	1,227,111	857,210
- Subsidiaries	435,948	369,226
- Other related parties	113,602	61,760
	<u>1,781,882</u>	<u>1,293,031</u>
Other receivables:		
- Entities controlled by the same parent company	464	79
- Subsidiaries	10,267	18,157
	<u>10,731</u>	<u>18,236</u>
	<u>\$ 1,792,613</u>	<u>\$ 1,311,267</u>

The accounts receivable arise mainly from sale transactions. The receivables are unsecured in

nature and bear no interest. Other receivables arise from payments on behalf of others and interest receivables from loans to related parties.

E. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
- Entities controlled by the same parent company	\$ -	\$ 60
- Chicony Power Technology (DongGuan) Co., Ltd.	2,212,133	2,030,921
- Chicony Power Technology (Suzhou) Co., Ltd.	2,772,316	3,381,511
- Chicony Power Technology (Chong-Qing) Co., Ltd.	2,614,771	2,829,414
- Subsidiaries	182,516	53,215
	<u>\$ 7,781,736</u>	<u>\$ 8,295,121</u>
Other payables:		
- Parent company	\$ 9,073	\$ 10,129
- Entities controlled by the same parent company	120	330
- Subsidiaries	9,692	9,923
- Other related parties	2,294	2,099
	<u>21,179</u>	<u>22,481</u>
	<u>\$ 7,802,915</u>	<u>\$ 8,317,602</u>

The accounts payable arise mainly from purchase transactions. The payables are unsecured in nature and bear no interest. Other payables arise mainly from collections, short-term lease payments payable and payments on behalf of others.

F. Property transactions:

Disposal of property, plant and equipment:

	<u>Year ended December 31, 2021</u>	
	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
Chicony Power Technology (Taizhou) Co., Ltd.	\$ 6,020	\$ -
Subsidiaries	124	-
	<u>\$ 6,144</u>	<u>\$ -</u>

Year ended December 31, 2020: None.

G. Lease transactions — lessee:

- (a) As of December 31, 2021, the main lease contracts between the Company and related parties are as follows:

<u>Lessor</u>	<u>Lease subject</u>	<u>Rental calculation and payment</u>	<u>Lease term</u>
-Parent company	Buildings and structures	\$4,789 per month	Within one year
"	"	\$ 73 per month	2018.1.1~2024.1.1

- (b) Rental expense arising from leases in office and plants from related parties is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental expense:		
-Parent company	<u>\$ 57,468</u>	<u>\$ 49,774</u>

- (c) Lease liabilities

- i . Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
-Parent company	<u>\$ 1,638</u>	<u>\$ 2,436</u>

- ii . Interest expense:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
-Parent company	<u>\$ 37</u>	<u>\$ 126</u>

H. Loans to/from related parties:

- (a) Loans to related parties:

- i. Outstanding balance:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Chicony Power Technology Hong Kong Limited	\$ 1,237,073	\$ 1,244,034
Chicony Power Technology (Thailand) Co., Ltd.	193,725	-
Subsidiaries	219,238	241,614
	<u>\$ 1,650,036</u>	<u>\$ 1,485,648</u>

ii. Interest income

	Years ended December 31,	
	2021	2020
Chicony Power Technology Hong Kong Limited	\$ 14,592	\$ 20,198
Subsidiaries	3,249	3,087
	<u>\$ 17,841</u>	<u>\$ 23,285</u>

The loans to associates are repayable monthly over 1 year and carry interest at 1%-1.7% per annum for the years ended December 31, 2021 and 2020.

(b) Loans from related parties:

	December 31, 2021	December 31, 2020
Chicony Power International Inc.	<u>\$ 1,292,423</u>	<u>\$ 1,352,457</u>

The loans from the subsidiary are repayable over 1 year and carry interest at 0% per annum.

(4) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 104,643	\$ 59,178
Post-employment benefits	951	927
Share-based payments	44,162	59,383
	<u>\$ 149,756</u>	<u>\$ 119,488</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Guarantee deposits paid (shown as 'other non-current assets')	\$ 138,366	\$ 25,154	Performance guarantee and bid bond
"	1,500	1,500	Guarantee for rentals
"	5	274	Others
	<u>\$ 139,871</u>	<u>\$ 26,928</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2021, for financing forward exchange contracts and for bank borrowings, and for bill purchase purposes, the Company provided standby promissory notes totaling \$10,753,722 as security.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) For the purpose of plant expansion to meet the future business development needs, the Company's subsidiary, CPTH, engaged others to build a new plant on its own land in Chachoengsao province, Thailand. The total amount of the construction contract was THB 1,361,000 thousand (approximately NTD 1,147,000 thousand).
- (2) The appropriations of 2021 earnings and proposal for employees' compensation and directors' remuneration distribution have been resolved by the Board of Directors on March 3, 2022. Please see Notes 6(16) and (24).

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 916,647	\$ 1,055,856
Financial assets at fair value through other comprehensive income	192,291	168,440
Financial assets at amortised cost		
Cash and cash equivalents	206,967	479,629
Notes receivable	1,329	11
Accounts receivable (including related parties)	11,465,071	9,020,568
Other receivables (including related parties)	1,662,364	1,504,839
Guarantee deposits paid	139,871	26,928
	<u>\$ 14,584,540</u>	<u>\$ 12,256,271</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ 72	\$ 3,236
Financial liabilities at amortised cost		
Short-term borrowings	1,441,867	-
Notes payable	7,381	-
Accounts payable (including related parties)	7,883,890	8,349,212
Other payables (including related parties)	2,997,076	3,079,552
Long-term borrowings (including current portion)	-	100,000
Lease liabilities	31,925	7,598
	<u>\$ 12,362,211</u>	<u>\$ 11,539,598</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange contracts and foreign exchange swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Company hedges exchange rate risk by foreign exchange rate and foreign exchange swap rate. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iii. The Company's businesses involve some non-functional currency operations. The

information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021				
	Foreign currency			Book value
	amount	Exchange rate		
(Foreign currency: functional currency)	(In thousands)			(NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 475,176	27.675	\$	13,150,496
<u>Non-monetary items</u>				
USD:NTD	250,505	27.675		6,932,735
THB:NTD	180,416	0.829		149,601
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 403,301	27.675	\$	11,161,355
December 31, 2020				
	Foreign currency			Book value
	amount	Exchange rate		
(Foreign currency: functional currency)	(In thousands)			(NTD)
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 380,552	28.235	\$	10,744,886
<u>Non-monetary items</u>				
USD:NTD	227,366	28.235		6,419,688
THB:NTD	203,862	0.942		192,058
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	\$ 360,518	28.235	\$	10,179,226

- iv. Total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to (\$82,362) and (\$114,594), respectively.

- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 131,505	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	69,327
THB:NTD	1%	-	1,496
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 111,614	\$ -
Year ended December 31, 2020			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 107,449	\$ -
<u>Non-monetary items</u>			
USD:NTD	1%	-	64,197
THB:NTD	1%	-	1,921
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 101,792	\$ -

Price risk

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

- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$8,457 and \$8,460, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,923 and \$1,684, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2021 and 2020, the Company's borrowings at variable rates were denominated in NTD and USD.

As of December 31, 2021 and 2020, if interest rates on USD-denominated borrowings had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have been \$3,605 and \$250 lower/higher, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.
- ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Company manages credit risk of cash in banks and other financial instruments based on the Company's credit policy. Banks with good credit and financial institutions with investment-grade credit ratings are accepted as counterparties.
- iv. The Company adopts the assumptions under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. According to the internal management policy, the default occurs when the contract payments are past due over 360 days.

- v. The Company classifies customer's accounts receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss.
- vi. The Company used the forecastability of industry prospect and macroeconomic environment to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2021 and 2020, the provision matrix is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2021</u>			
Not past due	0%~0.005%	\$ 11,456,331	\$ 613
1-30 days past due	6%~10%	4,200	260
31-120 days past due	7%~20%	2,942	209
121-210 days past due	25%~100%	41,099	38,419
Over 210 days	100%	20,297	20,297
		<u>\$ 11,524,869</u>	<u>\$ 59,798</u>
	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2020</u>			
Not past due	0%~0.03%	\$ 9,022,020	\$ 8,386
1-30 days past due	2%~15%	7,690	769
Over 121 days	40%~100%	16	3
		<u>\$ 9,029,726</u>	<u>\$ 9,158</u>

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

	<u>2021</u>	<u>2020</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 9,158	\$ 13,358
Provision for (reversal of) impairment loss	50,640	(4,200)
At December 31	<u>\$ 59,798</u>	<u>\$ 9,158</u>

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

- It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Default or delinquency in interest or principal repayments;
- Adverse changes in national or regional economic conditions that are expected to cause a default.

(c) Liquidity risk

- Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the

- Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal financial ratio targets and, if applicable external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2021 and 2020, the Company held money market position of \$719,001 and \$1,014,446, respectively, which are expected to generate sufficient cash inflows to cover liquidity risk.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Floating rate:		
Expiring within one year	\$ <u>7,121,232</u>	\$ <u>12,070,550</u>

- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
<u>Non-derivative financial liabilities</u>		
Short-term borrowings	\$ 1,442,470	\$ -
Notes payable	7,381	-
Accounts payable (including related parties)	7,883,890	-
Other payables (including related parties)	2,997,076	-
Lease liabilities	7,692	25,977
<u>Derivative financial liabilities</u>		
Financial liabilities at fair value through profit or loss	72	-

December 31, 2020	Less than 1 year	Over 1 year
<u>Non-derivative financial liabilities</u>		
Accounts payable (including related parties)	\$ 8,349,212	\$ -
Other payables (including related parties)	3,079,552	-
Lease liabilities	6,038	1,669
Long-term borrowings	100,098	-
<u>Derivative financial liabilities</u>		
Financial liabilities at fair value through profit or loss	3,236	-

(3) Fair value of financial instruments

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in private placement of listed shares and most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable (including related parties) and other payables (including related parties) are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 are as follows:

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

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 353,046	\$ -	\$ -	\$ 353,046
Non-hedging derivatives				
Forward exchange contracts	-	65,567	-	65,567
Exchange rate swap contracts	-	5,402	-	5,402
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	254,440	254,440
Beneficiary certificates	10,739	-	227,453	238,192
Financial assets at fair value through other comprehensive income - current				
Equity securities	160,127	-	-	160,127
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	11,302	20,862	32,164
	<u>\$ 523,912</u>	<u>\$ 82,271</u>	<u>\$ 502,755</u>	<u>\$ 1,108,938</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities mandatorily measured at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 72</u>

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 392,984	\$ -	\$ -	\$ 392,984
Non-hedging derivatives				
Forward exchange contracts	-	209,810	-	209,810
Exchange rate swap contracts	-	53	-	53
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	201,821	201,821
Beneficiary certificates	12,060	-	239,128	251,188
Financial assets at fair value through other comprehensive income - current				
Equity securities	143,084	-	-	143,084
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	5,106	20,250	25,356
	<u>\$ 548,128</u>	<u>\$ 214,969</u>	<u>\$ 461,199</u>	<u>\$ 1,224,296</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities mandatorily measured at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 106	\$ -	\$ 106
Exchange rate swap contracts	-	3,130	-	3,130
	<u>\$ -</u>	<u>\$ 3,236</u>	<u>\$ -</u>	<u>\$ 3,236</u>

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

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging Stocks</u>	<u>Open-end fund</u>	<u>Convertible bond</u>
Market quoted price	Closing price	Average trade price	Net asset value	Closing Price

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

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

E. The following chart is the movement of Level 3:

	2021		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 239,128	\$ 222,071	\$ 461,199
Gains (losses) recognised in profit or loss	(11,675)	52,619	40,944
Gains (losses) recognised in other comprehensive income	-	612	612
At December 31	<u>\$ 227,453</u>	<u>\$ 275,302</u>	<u>\$ 502,755</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2021 (Note)	<u>(\$ 11,675)</u>	<u>\$ 52,619</u>	<u>\$ 40,944</u>
	2020		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 196,140	\$ 216,449	\$ 412,589
Acquired during the year	58,000	-	58,000
Gains (losses) recognised in profit or loss	(15,012)	5,268	(9,744)
Gains (losses) recognised in other comprehensive income	-	354	354
At December 31	<u>\$ 239,128</u>	<u>\$ 222,071</u>	<u>\$ 461,199</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2020 (Note)	<u>(\$ 15,012)</u>	<u>\$ 5,268</u>	<u>(\$ 9,744)</u>

Note: Recorded as non-operating income and expense.

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

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

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs of fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 275,302	Net asset value	N/A	-	N/A
Venture capital shares	227,453	Net asset value	N/A	-	N/A
Private equity fund investment					
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs of fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 222,071	Net asset value	N/A	-	N/A
Venture capital shares	239,128	Net asset value	N/A	-	N/A
Private equity fund investment					

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Net asset value	±1%	\$ 2,544	(\$ 2,544)	\$ 209	(\$ 209)
Beneficiary certificates	Net asset value	±1%	2,275	(2,275)	-	-
			<u>\$ 4,819</u>	<u>(\$ 4,819)</u>	<u>\$ 209</u>	<u>(\$ 209)</u>

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Net asset value	±1%	\$ 2,018	(\$ 2,018)	\$ 203	(\$ 203)
Beneficiary certificates	Net asset value	±1%	2,391	(2,391)	-	-
			<u>\$ 4,409</u>	<u>(\$ 4,409)</u>	<u>\$ 203</u>	<u>(\$ 203)</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies

in the Mainland Area: Please refer to Note 13(1).

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

Not applicable.

CHICONY POWER TECHNOLOGY CO., LTD.

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021 (Note 2)	Balance at December 31, 2021 (Note 3)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)	Footnote
0	The Company	CPH	Other receivables - related parties	YES	\$ 361,400	\$ 359,775	\$ 193,725	1	2	\$ -	working capital	\$ -	None	None	\$ 4,445,384	\$ 4,445,384	-
0	The Company	CPHK	Other receivables - related parties	YES	1,369,440	1,245,375	1,237,073	1-1.5	2	-	working capital	-	None	None	4,445,384	4,445,384	-
0	The Company	CPUS	Other receivables - related parties	YES	171,180	152,213	127,305	1-1.5	2	-	working capital	-	None	None	4,445,384	4,445,384	-
0	The Company	WTS	Other receivables - related parties	YES	57,060	41,513	32,933	1-1.5	2	-	working capital	-	None	None	4,445,384	4,445,384	-
0	The Company	CT	Other receivables - related parties	YES	65,000	65,000	59,000	1-1.5	2	-	working capital	-	None	None	4,445,384	4,445,384	-
2	CPSZ	CPTZ	Other receivables - related parties	YES	174,400	173,760	130,320	1.6	2	-	working capital	-	None	None	3,178,846	3,178,846	-
4	CPDG	WTK	Other receivables - related parties	YES	9,994	-	-	1.6	2	-	working capital	-	None	None	1,371,254	1,371,254	-
4	CPDG	TORCH	Other receivables - related parties	YES	319,588	318,415	312,334	1.6	2	-	working capital	-	None	None	1,371,254	1,371,254	-
5	CPI	CP	Other receivables - related parties	YES	1,383,705	1,342,238	1,292,423	0	2	-	working capital	-	None	None	6,932,735	6,932,735	-

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

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2021.

Note 3: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorised the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 4: The numbers filled in the column of 'Nature of loan are as follows:

(1) The business transaction is '1'.

(2) The short-term financing is '2'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: (1) Total financing amount should not exceed the Company's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the Company's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the Company's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(2) Total financing amount should not exceed the subsidiary's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors, and

a. the total financing amount to any individual party should not exceed 40% of the subsidiary's stockholders' equity for the purpose of short-term financing.

b. the total financing amount to any individual party should not exceed 50% of the subsidiary's stockholders' equity and the amount of sales/purchase during the year for the purpose of business.

(3) Total financing amount between foreign companies whose voting rights are 100% directly or indirectly held by the Company or total financing amount granted by the Company to foreign companies whose voting rights are 100% directly or indirectly held by the Company should not exceed the creditor's stockholders' equity based on the latest financial statements that are audited and attested or reviewed by the independent auditors. The financing period should not exceed three years. The restrictions on loans to any individual party are as follows:

a. the total financing amount to any individual party should not exceed the creditor's stockholders' equity, or the higher of sales/purchases during the year for the purpose of business.

b. the total financing amount to any individual party should not exceed the creditor's stockholders' equity for the purpose of short-term financing.

(4) Except for (3), the financing period should not exceed one year.

CHICONY POWER TECHNOLOGY CO., LTD.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of December 31, 2021					Footnote
Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	
The Company	Common stock	Newmax Technology Co., Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - current (Common stock)	2,660,983	\$ 104,976	1.44	\$ 104,976	-
The Company	Common stock	Powertech Technology Inc.	The Company's independent director is the chairman of the securities issuer	Financial assets at fair value through profit or loss - current (Common stock)	100,000	9,770	0.01	9,770	-
The Company	Common stock	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through profit or loss - current (Common stock)	300,000	184,500	-	184,500	-
The Company	Common stock	United Microelectronics Corporation	-	Financial assets at fair value through profit or loss - current (Common stock)	500,000	32,500	-	32,500	-
The Company	Common stock	ASE Technology Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current (Common stock)	200,000	21,300	-	21,300	-
The Company	Common stock	WK Venature Capital Management CO. Ltd.	The Company's parent company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	1,000,000	19,830	1.00	19,830	-
The Company	Common stock	Top Taiwan Venture Capital Management Co., Ltd.	The Company's independent director is the chairman of the securities issuer, and the Company is its supervisor	Financial assets at fair value through profit or loss - non-current (Common stock)	7,500,000	96,091	9.38	96,091	-
The Company	Common stock	Chen Ding Venture Capital Management Co., Ltd.	The Company is this company's corporate director	Financial assets at fair value through profit or loss - non-current (Common stock)	10,000,000	138,519	7.41	138,519	-
The Company	Beneficiary certificates	Fuh Hwa New Oriental Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	6,000,000	10,739	-	10,739	-
The Company	Beneficiary certificates	Fuh Hwa New Smart Energy Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	21,000,000	172,410	-	172,410	-
The Company	Beneficiary certificates	Fuh Hwa New Energy Efficient Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - non-current (Fund)	5,800,000	55,042	-	55,042	-
The Company	Common stock	CLEVO CO.	The director of the Company's parent company is the director of the securities issuer	Financial assets at fair value through other comprehensive income - current (Common stock)	4,538,000	149,754	0.70	149,754	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - current (Common stock)	1,236,392	10,373	1.77	10,373	-
The Company	Common stock	Genesis Photonics Inc.	-	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,979,291	11,302	2.83	11,302	-
The Company	Common stock	TAIPEI TECH Venture Capital Co.,Ltd.	The Company is this company's corporate director	Financial assets at fair value through other comprehensive income - non-current (Common stock)	1,500,000	20,862	5.00	20,862	-
CPI	Common stock	Marvell Technology, Inc.	-	Financial assets at fair value through profit or loss - current (Common stock)	2,264	5,482	-	5,482	-
CPI	Beneficiary certificates	Celesta Capital II, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	3,213,187	93,087	-	93,087	-
CPI	Beneficiary certificates	Celesta Capital IV, L.P.	-	Financial assets at fair value through profit or loss - non-current (Fund)	1,350,000	38,045	-	38,045	-
CPI	Common stock	Anxin-China Holdings Ltd.	-	Financial assets at fair value through other comprehensive income - current (Common stock)	8,300,000	-	0.27	-	-

CHICONY POWER TECHNOLOGY CO., LTD.

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Differences in transaction terms compared to third party								
			Transaction		transactions			Notes/accounts receivable (payable)			
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)	Footnote	
Sales											
The Company	Kapok Computer (KUNSHAN) Co.	Other related party	Sales	(\$ 396,433)	1	Note 1	Note 1	\$ 110,982	1	-	
The Company	Chicony Electronics (Dong Guan) Co., Ltd.	Entity controlled by the same parent company	Sales	(265,675)	1	Note 1	Note 1	58,675	1	-	
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(1,655,192)	4	Note 1	Note 1	653,347	6	-	
The Company	Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company	Sales	(957,316)	3	Note 1	Note 1	403,023	4	-	
The Company	Mao-Ray Electronics (DongGuan) Co., Ltd.	Entity controlled by the same parent company	Sales	(273,154)	1	Note 1	Note 1	99,984	1	-	
The Company	CEZ	Entity controlled by the same parent company	Sales	(150,780)	-	Note 1	Note 1	655	-	-	
The Company	CET	Entity controlled by the same parent company	Sales	(158,908)	-	Note 1	Note 1	11,428	-	-	
The Company	CPUS	Subsidiary	Sales	(693,063)	2	Note 1	Note 1	433,225	4	-	
CPH	The Company	The parent company of CPH	Sales	(538,557)	100	Note 1	Note 1	182,516	100	-	
CPDG	The Company	The parent company of CPH	Sales	(9,053,507)	95	Note 1	Note 1	2,212,133	93	-	
CPDG	TORCH	Subsidiary	Sales	(224,223)	1	Note 1	Note 1	62,271	3	-	
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	Sales	(520,551)	3	Note 1	Note 1	231,839	7	-	
CPSZ	The Company	The parent company of CPH	Sales	(15,858,217)	94	Note 1	Note 1	2,772,316	85	-	
CPSZ	CPH	Subsidiary	Sales	(276,228)	2	Note 1	Note 1	146,773	4	-	
CPCQ	The Company	The parent company of CPH	Sales	(7,380,469)	96	Note 1	Note 1	2,614,771	97	-	
CPCQ	CPSZ	Subsidiary	Sales	(252,180)	3	Note 1	Note 1	50,989	2	-	
GSE	CPDG	Subsidiary	Sales	(334,596)	33	Note 1	Note 1	154,619	36	-	
GSE	CPSZ	Subsidiary	Sales	(314,806)	31	Note 1	Note 1	129,901	30	-	
GSE	CPCQ	Subsidiary	Sales	(108,165)	11	Note 1	Note 1	44,702	10	-	
Purchases											
The Company	CPH	Subsidiary	Purchases	538,557	2	Note 2	Note 2	(182,516)	2	-	
The Company	CPDG	Subsidiary	Purchases	9,053,507	28	Note 2	Note 2	(2,212,133)	28	-	
The Company	CPSZ	Subsidiary	Purchases	15,858,217	47	Note 2	Note 2	(2,772,316)	35	-	
The Company	CPCQ	Subsidiary	Purchases	7,380,469	22	Note 2	Note 2	(2,614,771)	33	-	
CPH	CPSZ	Subsidiary	Purchases	276,228	25	Note 2	Note 2	(146,773)	40	-	
CPUS	The Company	The parent company of CPH	Purchases	693,063	100	Note 2	Note 2	(433,225)	100	-	
CPDG	GSE	Subsidiary	Purchases	334,596	4	Note 2	Note 2	(154,619)	4	-	
CPSZ	CPCQ	Subsidiary	Purchases	252,180	2	Note 2	Note 2	(50,989)	1	-	
CPSZ	GSE	Subsidiary	Purchases	314,806	2	Note 2	Note 2	(129,901)	2	-	
CPCQ	GSE	Subsidiary	Purchases	108,165	2	Note 2	Note 2	(44,702)	2	-	
TORCH	CPDG	Subsidiary	Purchases	224,223	26	Note 2	Note 2	(62,271)	37	-	

Note 1 : The terms of the sales to related parties were not significantly different from those of sales to third parties.

Note 2 : The terms of the purchases to related parties were not significantly different from those of purchases to third parties.

CHICONY POWER TECHNOLOGY CO., LTD.

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

December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance	Allowance for Creditor Counterparty doubtful accounts
					Amount	Action taken		
Financial funds receivable								
The Company	CPTH	Subsidiary	\$ 193,979	-	\$ -	-	\$ -	-
The Company	CPHK	Second-tier subsidiary	1,245,135	-	-	-	-	-
The Company	CPUS	Second-tier subsidiary	128,140	-	-	-	-	-
CPDG	TORCH	Subsidiary	314,878	-	-	-	-	-
CPI	The Company	The parent company of CPH	1,292,423	-	-	-	-	-
CPSZ	CPTZ	Subsidiary	133,514	-	-	-	-	-
Accounts receivable								
The Company	Kapok Computer (KUNSHAN) Co.	Other related party	110,982	4.73	-	-	-	-
The Company	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	653,347	3.02	-	-	-	-
The Company	Chicony Electronics (Chong-Qing) Co., Ltd.	Entity controlled by the same parent company	403,023	3.03	-	-	-	-
The Company	CPUS	Subsidiary	433,225	1.73	-	-	-	-
CPTH	The Company	The parent company of CPH	182,516	4.58	-	-	-	-
CPDG	The Company	The parent company of CPH	2,212,133	4.27	-	-	-	-
CPSZ	Chicony Electronics (Suzhou) Co., Ltd.	Entity controlled by the same parent company	231,839	2.14	-	-	-	-
CPSZ	The Company	The parent company of CPH	2,772,316	5.15	-	-	-	-
CPSZ	CPTH	Subsidiary	146,773	3.05	-	-	-	-
CPCQ	The Company	The parent company of CPH	2,614,771	2.71	-	-	-	-
GSE	CPDG	Subsidiary	154,619	2.54	-	-	-	-
GSE	CPSZ	Subsidiary	129,901	2.53	-	-	-	-

CHICONY POWER TECHNOLOGY CO., LTD.
Significant inter-company transactions during the reporting period
Year ended December 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount		
0	The Company	CPUS	1	Sales	\$ 693,063	Note 4	2
0	The Company	CPUS	1	Accounts receivable - related party	433,225	Note 4	1
0	The Company	CPHK	1	Other receivables - related party	1,245,135	Note 5	4
1	CPTH	The Company	2	Sales	538,557	Note 4	1
2	CPI	The Company	2	Other receivable - related party	1,292,423	Note 5	4
3	CPDG	The Company	2	Sales	9,053,507	Note 4	22
3	CPDG	The Company	2	Accounts receivable - related party	2,212,133	Note 4	7
3	CPDG	TORCH	3	Other receivable - related party	314,878	Note 5	1
4	CPSZ	The Company	2	Sales	15,858,217	Note 4	39
4	CPSZ	The Company	2	Accounts receivable - related party	2,772,316	Note 4	9
5	CPCQ	The Company	2	Sales	7,380,469	Note 4	18
5	CPCQ	The Company	2	Accounts receivable - related party	2,614,771	Note 4	9

Other transactions between the parent company and subsidiaries not exceeding 1% of the consolidated total revenue or total assets are not disclosed. Those transactions are shown in other assets and revenue.

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

(1) Parent company is '0'

(2) The subsidiaries are numbered in order starting from '1'

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

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

Note 4 : Depends on the transaction quantity and the market situation.

Note 5 : The terms of related parties loans depend on both parties' operation situation.

CHICONY POWER TECHNOLOGY CO., LTD.
Information on investees
Year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
The Company	Chicony Power Holdings Inc. (CPH)	BVI	Investment holdings	\$ 326,350 (USD 10,000 thousand)	\$ 326,350 (USD 10,000 thousand)	10,000,000	100	\$ 6,563,962	\$ 514,058	\$ 443,822	Subsidiary
The Company	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Thailand	Manufacturing and sales of switching power supplies and other electronics parts	271,773 (THB 290,000 thousand)	237,744 (THB 250,000 thousand)	99,000,000	100	149,601 (	55,420) (	55,420)	Subsidiary
CPH	Chicony Power International Inc. (CPI)	Cayman Islands	Investment holdings	278,500 (USD 10,000 thousand)	278,500 (USD 10,000 thousand)	10,000,000	100	6,932,735	514,058	-	Subsidiary
CPI	Chicony Power USA, Inc. (CPUS)	U.S.A	Sales of switching power supplies and other electronic parts	36,678 (USD 1,317 thousand)	36,678 (USD 1,317 thousand)	1,500,000	100	11,704 (	11,971)	-	Subsidiary
CPI	Chicony Power Technology Hong Kong Limited (CPHK)	Hong Kong	Research and development center and investment holdings	306,816 (HKD 85,800 thousand)	306,816 (HKD 85,800 thousand)	46,800,000	100	5,407,612	555,489	-	Subsidiary
CPI	WitsLight Technology Co., Ltd. (WTS)	Samoa	Design and R&D of LED lighting modules and investment holdings	287,273 (USD 10,315 thousand)	258,170 (USD 9,270 thousand)	12,800,000	100	76,105 (	27,628)	-	Subsidiary
WTS	Carlight Technology Co., Ltd. (CT)	Taiwan	Design, R&D and sales of automotive and motorcycle lamps and other components	3,000	3,000	300,000	100 (	60,463) (	13,272)	-	Subsidiary

Note: For the amounts denominated in foreign currencies, profit and loss amounts are translated into New Taiwan dollars at the yearly average exchange rate of 2021, while others are translated into New Taiwan dollars at the spot exchange rates prevailing at the end of the annual reporting period.

CHICONY POWER TECHNOLOGY CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee for the year ended December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 2, 3)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Chicony Power Technology (DongGuan) Co., Ltd.	Manufacturing and sales of switching power supplies and other electronics parts	\$ 593,135	2.(1)	\$ 114,408	\$ -	\$ -	\$ 114,408	\$ 131,240	100	\$ 131,240	\$ 1,371,254	-	-
Chicony Power Technology (Suzhou) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	1,297,467	2.(1)	45,197	-	-	45,197	342,404	100	342,404	3,178,846	-	-
Quang Sheng Electronics (Nangchang) Co., Ltd.	Manufacturing and sales of electronics components and transformers	131,175	2.(1)	33,573	-	-	33,573	9,753	100	5,106	240,951	-	-
Chicony Power Technology (Chong Qing) Co., Ltd.	Manufacturing and sales of electronics components and LED lighting modules	301,744	2.(1)	-	-	-	-	254,786	100	254,786	1,890,037	-	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Sales of LED lighting modules	44,379	2.(1)	-	-	-	- (	817)	100 (	817)	45,048	-	-
Chicony Power Technology Trading (Dong Guan) Co., Ltd.	Importing and exporting of power supplies, LED lighting modules, and other electronics and smart building system industry.	10,491	2.(1)	-	-	-	-	165	100	165	71	-	-
Chicony Power Technology (Taizhou) Co., Ltd. (CPTZ)	Research and development, manufacturing, sales, installation, after-sale, and advisory services of electric machinery, electric frequency device and industry automation equipment	90,030	2.(1)	-	-	-	- (	161,918)	100 (	161,918) (	124,271)	-	-
WitsLight Technology (Kushun) Co, Ltd.	Manufacturing and sales of LED lighting modules	331,859	2.(2)	-	-	-	- (	13,843)	100 (	16,479)	169,335	-	-
Zhuzhou Torch Auto Lamp CO., Ltd.	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	228,654	2.(2)	-	-	-	- (	13,426)	100 (	16,119)	164,318	-	-
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA										
The Company	\$ 193,178	\$ 2,257,522	\$ 6,668,076										

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

1. Directly invest in a company in Mainland China..
2. Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The third areas are as follows:
 - (1) Chicony Power Technology Hong Kong Limited.
 - (2) Witslight Technology Co., Ltd.
3. Others.

Note 2: The gain or loss from investment which recognised in the current period including the recognition and derecognition of realised and unrealised profit or income of upstream and sidestream sales.

Note 3: Based on the financial statements audited by the parent companies' CPA.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

CHICONY POWER TECHNOLOGY CO., LTD.

Major shareholders information

December 31, 2021

Table 8

Name of major shareholders	Shares		
	Number of shares held (Common stock)	Number of shares held (Preferred stock)	Ownership (%)
Chicony Power Technology Co., Ltd.	206,706,594	-	52.71%
Lee, Tse-Ching	24,362,547	-	6.21%

Note 1: (a) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

(b) If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

Chicony Power Technology Co., Ltd.

Chairman : Lu, Chin-Chung

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