

**CHICONY POWER TECHNOLOGY CO.,  
LTD.**

**PARENT COMPANY ONLY FINANCIAL**

**STATEMENTS AND INDEPENDENT AUDITORS’**

**REPORT**

**DECEMBER 31, 2021 AND 2020**

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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

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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

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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		\$ 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			Unappropriated retained earnings	Other equity interest	Treasury stocks	Total equity
				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	
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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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

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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
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
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
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
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>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:

	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 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:

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

(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>\$ 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		Exchange rate	Book value
	amount			
(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		Exchange rate	Book value
	amount			
(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>
<b>Assets</b>				
<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>
<b>Liabilities</b>				
<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>
<b>Assets</b>				
<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>
<b>Liabilities</b>				
<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.  
DETAILS OF CASH AND CASH EQUIVALENTS  
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Summary	Amount
Cash on hand and revolving funds		\$ 1,139
Checking accounts		65,257
Demand deposits		
- New Taiwan Dollars		\$ 76,573
- Foreign currency	USD \$ 2,213 thousand rate 27.675	61,245
	Other foreign currency	2,753
		<u>140,571</u>
		<u>\$ 206,967</u>

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT  
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name of financial instrument	Shares (in thousands)/ units (in thousands)	Acquisition cost	Fair value	
			Unit price	Amount
<u>Financial assets at fair value through profit or loss - current</u>				
<u>Non-hedging derivatives</u>				
Forward exchange contracts	-	\$ 65,567	\$ -	\$ 65,567
Forward exchange swap contracts	-	5,402	-	5,402
<u>Listed stocks</u>				
Newmax Technology Co., Ltd.	2,661	155,108	39.45	104,976
Powertech Technology Inc.	100	8,330	97.70	9,770
Taiwan Semiconductor Manufacturing Company Ltd.	300	117,470	615.00	184,500
United Microelectronics Corp.	500	32,888	65.00	32,500
ASE Technology Holding Co., Ltd.	200	18,776	106.50	21,300
		<u>\$ 403,541</u>		<u>\$ 424,015</u>
<u>Financial liabilities at fair value through profit or loss - current</u>				
<u>Non-hedging derivatives</u>				
Forward exchange contracts		<u>\$ 72</u>		<u>\$ 72</u>

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
DECEMBER 31, 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name of financial instrument	Shares	Acquisition cost	Fair value	
	(in thousands)		Unit price	Amount
<u>Financial assets at fair value through other comprehensive income - current</u>				
<u>Listed stocks</u>				
CLEVO CO.	4,538	\$ 261,615	\$ 33.00	\$ 149,754
Genesis Photonics Inc.	1,236	80,882	8.39	10,373
		<u>\$ 342,497</u>		<u>\$ 160,127</u>

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Client Name	Amount	Remark
<u>Client</u>		
A Company	\$ 1,545,253	
B Company	1,456,174	
C Company	1,355,859	
D Company	645,485	
E Company	631,924	
		Each individual customer balance
Others	4,108,292	did not exceed 5% of the account
	9,742,987	balance
Less: Allowance for uncollectible accounts	( 59,798)	
	<u>\$ 9,683,189</u>	
<u>Related parties</u>		
Chicony Electronics (Suzhou) Co., Ltd.	\$ 653,347	
Chicony Power USA, Inc. (CPUS)	433,225	
Chicony Electronics (Chong-Qing) Co., Ltd.	403,023	
Kapok Computer (KUNSHAN) Co.	110,982	
Mao-Ray (Dong Guan) Co., Ltd.	99,984	
		Each individual customer balance
Others	81,321	did not exceed 5% of the account
	<u>\$ 1,781,882</u>	balance

CHICONY POWER TECHNOLOGY CO., LTD.

DETAILS OF INVENTORIES

DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Amount		Remark
	Cost	Net realisable value	
Raw materials	\$ 10,515	\$ 10,515	
Work in process	81,643	81,643	
Finished goods	3,034,857	3,460,694	The Company uses net realisable value as fair value.
Less: Allowance for valuation loss	( 132,570)	-	
	<u>\$ 2,994,445</u>	<u>\$ 3,552,852</u>	

**CHICONY POWER TECHNOLOGY CO., LTD.**  
**DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON-CURRENT**  
**DECEMBER 31, 2021**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name and type		At January 1		Additions for the year		Decrease for the year		At December 31		Collateral
		Shares (in thousands)		Shares (in thousands)		Shares (in thousands)		Shares (in thousands)		
		/units (in thousands)	Book value	/units (in thousands)	Amount	/units (in thousands)	Amount	/units (in thousands)	Book value	
<u>Financial assets at fair value through profit or loss - non-current (Note)</u>										
WK Venature Capital Management Co., Ltd.	Stock	1,000	\$ 17,681	-	\$ 2,149	-	\$ -	1,000	\$ 19,830	None
Top Taiwan Venture Capital Management Co., Ltd.	"	7,500	72,206	-	23,885	-	-	7,500	96,091	"
Chen Ding Venture Capital Management Co., Ltd.	"	10,000	111,934	-	26,585	-	-	10,000	138,519	"
Fuh Hwa New Oriental Securities Investment Trust Fund	Beneficiary certificate	6,000	12,060	-	-	-	( 1,321)	6,000	10,739	"
Fuh Hwa New Smart Energy Securities Investment Trust Fund	"	21,000	181,650	-	-	-	( 9,240)	21,000	172,410	"
Fuh Hwa New Energy Efficient Securities Investment Trust Fund	"	5,800	57,478	-	-	-	( 2,435)	5,800	55,043	"
Total			<u>\$ 453,009</u>		<u>\$ 52,619</u>		<u>(\$ 12,996)</u>		<u>\$ 492,632</u>	

Note: The reason for additions and decrease in financial assets at fair value through profit or loss - non-current was fair value valuation.

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT  
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name and type	At January 1		Additions for the year		Decrease for the year		At December 31		Collateral	Remark
	Shares	Book value	Shares	Amount	Shares	Amount	Shares	Book value		
	(in thousands)		(in thousands)		(in thousands)		(in thousands)			
<u>Financial assets at fair value through other comprehensive income - non-current (Note)</u>										
Genesis Photonics Inc.	Stock	1,979 \$ 5,106	-	\$ 6,196	-	\$ -	1,979 \$ 11,302		None	Note
TAIPEI TECH Venture Capital Co., Ltd.	"	1,500 20,250	-	612	-	-	1,500 20,862		"	"
		<u>\$ 25,356</u>		<u>\$ 6,808</u>		<u>\$ -</u>	<u>\$ 32,164</u>			

Note: The reason for additions and decrease in financial assets at fair value through other comprehensive income - non - current was fair value valuation.

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Name	Balance at January 1		Additions for the year		Reduction for the year		Balance at December 31			Fair value or net assets value		Collateral	Remark
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Ownership	Amount	Unit price (in NT\$)	Total amount		
CPH	10,000	\$ 6,121,112	-	\$ 454,535	-	(\$ 11,685)	10,000	100%	\$ 6,563,962	\$ 693.27	\$ 6,932,735	NA	Note 1
CPTH	80,000	192,058	19,000	34,029	-	( 76,486)	99,000	100%	149,601	1.51	149,601	"	Note 2
		<u>\$ 6,313,170</u>		<u>\$ 488,564</u>		<u>(\$ 88,171)</u>			<u>\$ 6,713,563</u>		<u>\$ 7,082,336</u>		

Note 1: The reason for additions in investment accounted for under equity method was the increase in share of profit of subsidiaries accounted for under equity method, unrealised gains from investments in equity instruments measured at fair value through other comprehensive income under equity method, and financial statements translation differences of foreign operations under equity method \$443,822, \$1,480 and \$9,233, respectively.

The reason for decreasing in investment account was the movement of equities of subsidiaries accounted for under equity method \$11,685.

Note2: The reason for additions in investment accounted for under equity method was acquisitived of investments accounted for under equity method \$34,029.

The reason for decrease in investment accounted for under equity method was the decrease in share of loss of subsidiaries accounted for under equity method and financial statements translation differences of foreign opertions under equity method \$55,420 and \$21,066, respectively.

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Please refer to Note 6(7) Property, plant and equipment.  
For depreciation method the Company is using and useful lives for property, plant and equipment,  
please refer to Note 4(12) Property, plant and equipment.

CHICONY POWER TECHNOLOGY CO., LTD.

DETAILS OF SHORT-TERM LOAN

DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

<u>Type</u>	<u>Balance at December 31</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Loan commitments</u>	<u>Collateral</u>
Unsecured loans (Note)	<u>\$ 1,441,867</u>	Less than 1 year	0.68%-0.75%	<u>\$ 2,013,500</u>	None

Note: The counterparty of the unsecured loans are E.SUN Commercial Bank, Land Bank of Taiwan, and Sumitomo Mitsui Bank Taipei Branch.

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF SALES REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Shipments	Amount
Electronic component products	151,034 thousand pieces	\$ 32,130,912
Consumer electronic products and other electronic products	22,698 thousand pieces	5,749,407
Others	-	311,602
		<u>\$ 38,191,921</u>

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Amount
Inventories, Balance at January 1	\$ 3,045,697
Add: Purchases	32,954,867
Less: Inventories, balance at December 31	( 3,127,015)
Transferred to manufacturing or operating expenses	( 34,324)
Cost of goods sold	32,839,225
Gain on reversal in market value	( 34,517)
Other operating costs	118,387
Operating costs	<u>\$ 32,923,095</u>

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Selling expenses	General and administrative expenses	Research and development expenses	Total
Wages and salaries	\$ 132,677	\$ 350,375	\$ 967,881	\$ 1,450,933
Pension costs	3,785	9,912	26,959	40,656
Rental expenses	4,325	6,580	44,295	55,200
Travelling expenses	1,044	1,701	2,466	5,211
Employee benefits	1,653	3,869	12,750	18,272
Shipment expenses	10,946	-	133	11,079
Insurance expenses	26,294	22,171	54,611	103,076
Depreciation	515	11,381	58,573	70,469
Amortisation	615	3,880	36,237	40,732
Export charge fees	57,471	1	94	57,566
Commission	153,893	-	-	153,893
Service fees	10,349	36,225	124,087	170,661
Inspection fees	999	4,377	38,643	44,019
Safety rule expenses	474	-	79,012	79,486
Management fees	653	21,123	6,984	28,760
Other expenses	37,077	32,955	90,210	160,242
	<u>\$ 442,770</u>	<u>\$ 504,550</u>	<u>\$ 1,542,935</u>	<u>\$ 2,490,255</u>

CHICONY POWER TECHNOLOGY CO., LTD.  
DETAILS OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTISATION  
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Please refer to Note 6(23) Personnel expenses, depreciation and amortisation  
and Note 6(24) Employee benefit expenses.

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
					Item	Value											
0	The Company	CPTH	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				
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.

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)

			Transaction		Differences in transaction terms compared to third party 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.

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.  
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			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
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.

Table 6

CHICONY POWER TECHNOLOGY CO., LTD.  
Information on investees  
Year ended December 31, 2021

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".