

i. The Company's spokesperson, acting spokesperson, position TEL and e-mail:

Spokesperson

Name: Tseng Kung-Sheng

Position: Chief executive officer

TEL: (03)397-3345

E-mail: ichia.ir@ichia.com

Acting spokesperson

Name: Huang Yen-Hsiang

Position: Chief finance officer

TEL: (03)397-3345

E-mail: ichia.ir@ichia.com

ii. Address of the Company's Head Office and Plant, and TEL:

Address: No. 268, Huaya 2nd Rd., Guishan Dist., Taoyuan City

TEL: (03)397-3345

iii. Stock transfer agency:

Name: Taishin Securities Co., Ltd., Stock Affairs

Address: B1, No. 96, Section 1, Jianguo North Road, Taipei City

TEL: (02)2504-8125

Website: <https://www.tssco.com.tw>

iv. Attesting CPA of the annual financial statements for the most recent year:

CPA: Hsieh Ming-Chung, Liu Shu-Lin

CPA firm: Deloitte Touche Tohmatsu Limited

Address: 20th Floor, No. 100 Songren Road, Xinyi District, Taipei City

TEL: (02)2725-9988

FAX: (02)4051-6888

Website: <http://www.deloitte.com.tw>

v. The name of any exchanges where the Company's securities are listed offshore, and the method by which to access information on said offshore securities:
None.

vi. Company website: <http://www.ichia.com>

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I. Letter to Shareholders

The ICHIA Group's 2021 consolidated revenues were NT\$6.479 billion, with consolidated gross margins of 12%, consolidated operating profits of NT\$208 million, consolidated net profits after tax of NT\$223 million, and after-tax earnings per share of NT\$0.75. Despite the impact of the COVID-19 pandemic and the bottleneck in the supply chain, the Group's overall operations remained relatively stable in 2021 thanks to the global economic recovery and the strong demands from customers. Compared to the previous year, the overall profits show a significant growth of 85%, which has reached a historic high since the outbreak of the pandemic. This fully demonstrates that the Group has achieved excellent results in improving operational management efficiency and risk control. In the face of the disruptions caused by global systemic risks, the strength of the Group's operational management and the achievement of profitability enhancement through continuous improvement in the core competitiveness and operation are noticeable.

In 2021, the supply of vaccines has become steady, the vaccination has become widespread, and the global economy has gradually recovered; however, there has not yet been any effective solution to the bottleneck in the supply chain. The automotive product market which ICHIA has been developed in recent years has met the tough challenge of shortages in the supply chain. Nevertheless, ICHIA has pragmatically faced the operating adversity with the management philosophy of "sincerity," "diligence," "innovation," and "achievement unlimited," and has continued to enhance ICHIA's core competitiveness in production and operation management by controlling operating costs and promoting intelligent manufacturing. Facing the challenges of high competition in the global industry and of trade wrestling between the United States and China, ICHIA has, with the market-oriented growth strategy, proactively developed new products to meet the needs of its customers. In addition to pursuing business growth, ICHIA has also gradually expanded the production capacity of its Taiwan Linkou and Malaysia plants to respond to the restructuring of the global supply chain, continuously strengthening the competitive advantage in the industry by expanding the production layout and integrating group resources.

Looking ahead, ICHIA expects that the global economy will continue to be well on the road to recovery with the slowdown of the pandemic. As the market demand for new technologies such as AI, 5G and Internet of Things is increasing, the rigid-flex PCBs, multilayer PCBs and heat dissipation-related products, etc. that ICHIA has developed with the customers will be put into mass production for sale to increase the revenues. The automotive rigid board business that ICHIA has developed since two years ago is expected to significantly contribute to ICHIA's revenues as well with the mitigation of the material shortages in the supply chain. As for the long-term development of the automotive industry, electronization and intelligentization are the two additional directions for the future development of the industry other than the trend of electrification. The considerable increase in demand for automotive electronics will further drive the steady growth of ICHIA's revenues and profitability in the future.

To take on the future business challenges, ICHIA will not only continue to optimize the profitability and operation, but also keep on being devoted to the sustainable corporate governance and development to actively fulfill the commitments to the environment, the society and the stakeholders. It is hoped that ICHIA can continually achieve brilliant business performance and create higher values for the shareholders.

Chairperson: Creative Investment Co., Ltd.

Representative: Huang Chiu Yung

I. 2021 Business Result

(I) Implementation Result of Business Plan

(In Thousands of NTD; Net Profits (Losses) After Tax per Share in NTD)

Item	2020	2021	Increase (decrease) percentage (%)
Net operating revenues	5,502,842	6,478,555	18%
Operating costs	4,758,407	5,674,621	19%
Net operating profits (losses)	195,687	208,110	6%
Non-operating incomes and expenses	(5,674)	59,532	1149%
Net profits (losses) after tax	120,190	222,893	85%
Net profits (losses) after tax per share	0.40	0.75	88%

(II) Implementation status of budget: not applicable.

(III) Financial receipts and expenditures, and profitability analysis

(IV) Research and development

Item		2020	2021
Capital structure (%)	Debts to total assets ratio	39.71	36.77
	Long-term capital to property, plant, and equipment ratio	210.56	230.36
Solvency (%)	Current ratio	165.61	206.08
	Quick ratio	137.50	165.38
	Times interest earned ratio	13.58	22.22
Profitability (%)	Return on assets	1.47	2.52
	Return on equity	2.08	3.90
	Net profit margin	2.18	3.44
	EPS (NT\$)	0.40	0.75

In 2021, the Company invested NT\$191,765 thousand, or approximately 3% of its revenues, in research and development, and the results of research and development were in line with the Company's scheduled progress. Please refer to page 59 of this annual report for the newly developed technologies and products in 2021 and page 52 of this annual report for the research and development plans for future years.

II. Summary of 2022 Business Plan

(I). Operational guidelines

1. Operation planning

- (1) By establishing a comprehensive global production and sales network, diversify and pluralize our products and continue developing highly reliable products at the technology level to become a world-class supplier of integrated key components.
- (2) Conduct long-term training of professionals, implement performance evaluation system, strengthen salary and reward mechanism, and enrich human capital.
- (3) Implement organizational reform and accountability culture to strengthen team

competitiveness and enhance operational performance.

2. Financial Planning

- (1) Based on the medium- and long-term capital demand planning, raise capital, deploy assets safely and soundly, effectively control the budget and capital expenditure, and improve the financial structure.
- (2) Cooperate closely with financial institutions to keep abreast of financial market trends, reduce capital costs, use financial instruments flexibly, hedge interest rate/exchange rate risks, conduct risk management, and enhance the Group's capital utilization efficiency.

(II). Expected sales volume and its basis

1. Based on our existing mass production and developing models, as well as our customers' expected demand for new models in the future, and according to our production capacity and future expansion plans, we expect our sales volume to continue to grow steadily.
2. Based on the product development trend of the end market and the assessment of our technical capability, we will be able to develop new business performance in the field of new products and technologies.

(III). Important production and marketing policies

1. Production strategy

- (1) Adjust the organization and production line configuration according to the business condition to improve production efficiency and competitiveness.
- (2) Effectively regulate and utilize each manufacturing base's production capacity, increase the proportion of automation in the production process, effectively shorten the delivery time and promote the production efficiency of each factory.
- (3) Strengthen the whole production process, collaborate with customer development, one-stop service, automate production equipment, continuously improve the quality of production, technology capability, improve yield and reduce cost.

2. Marketing policy

- (1) Actively participate in domestic and foreign trade shows to expand our sales reach, collect industry intelligence quickly, and enhance our marketing capabilities.
- (2) Continue to cultivate long-term relationships with our customers, develop niche markets for high reliability products, and help customers reduce costs and provide one-stop-shopping services by expanding our product lines and production and sales scale.
- (3) With the headquarters in Taiwan as the global operation center, establish a global operation management and collaboration system, integrate and establish a long-term and stable international marketing network, and increase global sales volume and profits.
- (4) With mainland China as the main production center, continue to expand overseas markets to establish competitive advantages in quality, delivery and price and increase our market share.

III. The Company's future development strategy

- (I) Expand our product applications and are committed to new product and technology development to capture market opportunities.
- (II) Develop products in multiple material combinations to enrich and diversify our product

lines and expand our niche by developing high value-added products.

- (III) Enhance engineering capabilities, actively invest in product development and design, shorten product development time, reduce development costs, and continue to work on quality improvement.
- (IV) Combine the existing product series, recruit high-level researchers to invest in the research and development of high-end products.

IV. The effect of the external competitive, legal and macroeconomic environment:

Please refer to the description on page 1.

II. Company Profile

I. **Date of establishment:** November 7, 1989.

II. Company history

In 1989, the Company was established with a capital of NT\$12 million.

In 1992, purchased factory and land at No. 7, Datong Road, Hukou Township, Hsinchu County, with a base area of 883.3 pings.

In 1993, the North American branch was established in San Diego, U.S.A., responsible for the marketing of North America. In 1994, the Company invested in a Mexican manufacturing plant to combine production and sales.

In 1994, passed ISO-9002 international quality certification.

In 1996, invested in Malaysia - ICHIA Rubber Industry (Malaysia) Sdn Bhd and acquired 80% of its shares.

In 1997, ICHIA Holdings (BVI) Limited, a 100% owned subsidiary of the Company, was established to hold directly all investee enterprises in Malaysia and China. Processed public offerings of stocks.

In 1998, obtained ISO-14001 international environmental protection certification.

In 1999, the construction of the Linkou operation headquarters started for the global operation and R&D center.

In 2000, officially listed and traded on the Taiwan Stock Exchange.

The product of flexible printed circuit board was successfully launched after R&D

The Linkou operation headquarters was officially opened after the completion of construction

In 2001, invested in LANDSFAIR TECH CORP. and acquired 30% of its shares to develop magnesium and aluminum alloy products and establish the structure of the Group's three major business divisions.

Established ICHIA TECHNOLOGY (SUZHOU) CO., LTD and planned for the set up of the SUZHOU plant.

In 2004, the Optical Imaging Division and Optical Components Division was established to develop miniaturized digital camera modules.

ICHIA Technologies Hungary Limited Liability Company was established and the ICHIA Hungary plant was in progress.

In 2005, focused on the operation and development of two major business divisions, keypads and flexible boards, and ended the optoelectronic products business.

In 2007, the second phase of the Suzhou plant was expanded.

In 2008, Zhongshan New Plant officially opened.

In 2009, increased the shareholding in LANDSFAIR TECH CORP. to 50.1%.

The Board of Directors resolved to absorb LANDSFAIR TECH CORP. in the merger

In 2010, merger of LANDSFAIR TECH CORP.

In 2012, expansion of 35 SMT production lines in Suzhou FPC plant.

In 2013, MVI medical devices received ISO13485 certification.

The third phase expansion of the Suzhou plant was completed.

In 2014, PEDLIM (L/S:35:25 um), a fine line process, was officially mass produced.

In 2015, one of the top 50 companies in Taiwan's "Top 2000 Companies" survey by

CommonWealth Magazine.

Selected by the Taiwan Stock Exchange as a member of the "Taiwan Corporate Governance 100 Index" based on corporate governance evaluation, liquidity and financial indicators.

The third generation of PEDLIM line for fine line manufacturing in the Linkou plant was completed and the production capacity was increased to 20,000m².

In 2017, PEDLIM (L/S:20:20 um), a fine line process, was officially mass produced.

Completed the development of the SOF process. (System on Flex, COF film lamination and SMT surface part adhesion 2-in-1 process)

In 2020, the Suzhou plant started to engage in the development and production of the products related to the automotive rigid board.

In 2021, obtained the seed teacher certification of VDA 6.3.

Certified by the IATF 16949 automotive industry standard.

Certified by the ISO 9001 quality system standard.

Certified by the Talent Quality-management System (TTQS).

III. Corporate Governance Report

i. Organizational system

(i) Organizational structure



(ii). Businesses of Major Departments

Major departments	Responsibilities
Corporate Governance	Responsible for the implementation of corporate governance and legal compliance, the provision of the information required for directors and independent directors to perform their duties, and the matters related to the Board of Directors and shareholders' meetings.
Audit Office	Establishment, revision and review of internal audit system, and audit, review and audit of internal control system (for both domestic and overseas subsidiaries).
Legal affairs office	Responsible for corporate legal affairs, audit and management of contracts, etc.
MVI BU FPC BU	Responsible for the production, operation, marketing, research and development, product quality management and marketing management of all products.
ADM	Responsible for the planning and execution of the company's general affairs and plant operations.
Human resource and administration division	Responsible for the planning and execution of human resources, education and training
Finance and accounting division	Responsible for the planning and execution of financial, accounting, stock affairs, budgetary operations and related business management.
Information division	Responsible for the establishment of the information environment, information exchange mechanism and information security maintenance.

ii. Information about Director, General Manager, Deputy General Manager, Senior Managers, and Officers of Departments and Branches:

(i) Director

1.Information on directors

April 18, 2022 Unit: shares

Title	Nationality or place of registration	Name	Gender	Election (Appointment) Date	Term of office	Inauguration Date	Shares held at election		Current shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of a Third Party		Major (Academic Degree) Experience	Holding other positions of the Company and other companies at present	Other Chiefs, Supervisors or Directors with Spouses, or Relatives Within the Second Degree of Kinship			Remarks
			Age				Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Position	Name	Relationship	
Chairman	R.O.C.	Creative Investment Co., Ltd.		2020.6.12	3 years	2020.6.12	15,468,480	5.03	18,872,480	6.14	0	0	0	0	NA	NA	None	None	None	
		Representative: Huang Chiu-Yung	Male 61-69 years old	2020.6.12	3 years	1997.6.21	0	0	10,913,486	3.55	3,180,790	1.03	38,448,763	12.5	Attended EMBA at National Taiwan University Kinpo Electronics, Inc.	(Note 1)	Representative of corporate director	Huang Tzu-Hsuan	Father and son	
Vice Chairman	R.O.C.	Huang Li-Lin	Female												Department of Economics, Fu Jen University Completion of the credit class of the Institute of Business Management of Chung Hsing University TEAPO ELECTRONIC CORPORATION	(Note 2)	None	None	None	
			61-69 years old	2020.6.12	3 years	1997.6.21	4,732,083	1.54	4,707,083	1.53	2,513,994	0.82	0	0						
Director	R.O.C.	Fa La Li Investment Co., Ltd.		2020.6.12	3 years	2011.6.15	15,472,481	5.03	18,877,481	6.14	0	0	0	0	NA	NA	None	None	None	
		Representative: Huang Tzu-Hsuan	Male 31-39 years old	2020.6.12	3 years	2017.6.13	0	0	4,422,896	1.44	0	0	0	0	Brown University	Director of Creative Investment Co., Ltd.	Representative of Chairman	Huang Chiu-Yung	Father and son	
Director	R.O.C.	Huang Tzu-Cheng	Male												Pacific Western University.	Chairman of I-SHENG ELECTRIC WIRE & CABLECo., Ltd. Chairman of DRAGONJET CORPORATION Independent director of Radiant Opto-Electronics Corporation.	None	None	None	
			71-79 years old	2020.6.12	3 years	2014.6.11	1,285,000	0.42	1,285,000	0.42	0	0	0	0						
Independent director	R.O.C.	Chen Tai-Jan	Male												Ph.D., State University of New York at Albany, USA	Distinguished Chair Professor, National Taiwan University Independent director and member of Remuneration Committee of CHROMA ATE Inc. Member of Remuneration Committee of GOLDSUN BUILDING MATERIALS Co., Ltd. Member of Remuneration Committee of TAIWAN SECOC Co., Ltd.	None	None	None	
			71-79 years old	2020.6.12	3 years	2017.6.13	0	0	0	0	200,000	0.07	0	0						
Independent director	R.O.C.	Huang Chin-Ming	Male												Department of Electronic Engineering, National Chiao Tung University	Chairman of CHROMA ATE Inc. Director of Leadtek Research Inc. Director of I SHENG ELECTRIC WIRE & CABLECo., Ltd. Director of Tian Zheng International Precision Machinery Co., Ltd. Director of Twoway Communications, Inc. Chairman of Dynascan Technology Corp.	None	None	None	
			71-79 years old	2020.6.12	3 years	2017.6.13	0	0	0	0	0	0	0	0						
Independent director	R.O.C.	Hsu Wan-Lung	Male												Doctor of the Institute of Management of Technology, National Chiao Tung University Completion of the Advanced Management Program of University of Washington Master of the Department of Management Science, National Chiao Tung University	Secretary-general of Chinese Professional Management Association of Hsinchu Consultant of Industry-Academia Alliance for Internet Financial Innovation, Ministry of Science and Technology Consultant of the Digital Economy Technology Innovation Research and Application Program of NTHU	None	None	None	
			61-69 years old	2020.6.12	3 years	2020.6.12	0	0	0	0	0	0	0	0						

Note 1: Chairman of the Board of Directors of the Company, Chairman of ICHIA HOLDINGS (B.V.I) Co., Ltd., Chairman of the Board of Directors of ICHIA USA Inc., Director of ICHIA RUBBER INDUSTRY (M) Sdn Bhd, Chairman of ICHIA UK Ltd., Chairman of ICHIA HOLDINGS (H.K.) Co., Ltd., Chairman of Ferrari Investment Co., Ltd., Chairman of Chuang Yi Investment Co., Ltd., Member of Remuneration Committee of I SHENG ELECTRIC WIRE & CABLE Co., Ltd., Independent Director of ULTRA CHIP, Inc., Member of Audit Committee and Remuneration Committee, Independent Director of Sampo Corporation.

Note 2: The Vice Chairman of the Company, the General Manager of ICHIA HOLDINGS (B.V.I) Co., Ltd., Director of ICHIA USA Inc., Director of ICHIA RUBBER INDUSTRY (M) Sdn Bhd, Managing Director of ICHIA Technologies Hungary Limited Liability Company, Director of ICHIA ELECTRONICS (SUZHOU), Director of ZHONGSHAN ICHIA, Director of ICHIA HOLDINGS (H.K.) Co., Ltd., Chairman of the Board of Directors of SOGAI Investment Co.

2. Major shareholders of the corporate shareholder

Name of the corporate shareholder	Major shareholders of the corporate shareholder	
	Name	Shareholding Percentage
Creative Investment Co., Ltd.	Huang Chiu-Yung	81.04%
	Juan Mei-Na	0.26%
	Huang Tzu-Hsuan	0.26%
	Huang Ching-Yu	15.41%
Fa La Li Investment Co., Ltd.	Huang Chiu-Yung	81.04%
	Juan Mei-Na	0.26%
	Huang Tzu-Jui	0.26%
	Hsu Ling-Yu	1.66%

3. Professional qualification of directors and supervisors, and the disclosure of the independent directors' independence:

Qualification	Professional qualifications and experience									Independence				Number of public companies where the person holds the title as an independent director
	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct business management	Ability to handle crises	Industrial knowledge	International market perspective	Ability to lead	Ability to make policy decisions	None of the circumstances under Article 30 of the Company Act applies to the person.	Whether the person or the person's spouse or relative within the second degree of kinship is a director, supervisor or employee of the Company or an affiliate	Number of company shares held by the person and the person's spouse and relatives within the second degree of kinship (or held in the name of others) and the percentage thereof	Whether the person is a director, supervisor or employee of any of the Company's affiliates	Amount of remuneration in the last two years for providing the Company or affiliates with commercial, legal, financial, accounting or related services	
Name														
Creative Investment Co., Ltd. Company representative: Huang Chiu-Yung	√	√	√	√	√	√	√	√	√	Please refer to "Information on directors" on Page 6.	Please refer to "Information on directors" on Page 6.	Please refer to "Information on directors" on Page 6.	None	2
Representative of Fa La Li Investment Co., Ltd.: Huang Tzu-Hsuan	√			√	√	√		√	√	Please refer to "Information on directors" on Page 6.	Please refer to "Information on directors" on Page 6.	No	None	0

Huang Li-Lin	√	√	√	√	√	√	√	√	√	No	Please refer to "Information on directors" on Page 6.	Please refer to "Information on directors" on Page 6.	None	0
Huang Tzu-Cheng	√	√	√	√	√	√	√	√	√	No	Please refer to "Information on directors" on Page 6.	No	None	1
Huang Chin-Ming	√	√	√	√	√	√	√	√	√	No	None	No	None	0
Chen Tai-Jan	√	√	√	√	√	√	√	√	√	No	Please refer to "Information on directors" on Page 6.	No	None	1
Hsu Wan-Lung	√		√	√	√	√		√	√	No	None	No	None	0

4. Diversification and independence of the Board of Directors:

(1) Diversification of the Board of Directors:

The 7 members of the Company's 12th Board of Directors are considered to possess the abilities to make operational judgments, handle crises, lead, make policy decisions, etc., and possess industrial knowledge and international market perspective. The Chairman, Huang Chiu-Yung, the Vice Chairman, Huang Li-Lin, the director, Huang Tzu-Cheng, and the independent director, Huang Chin-Ming, all have many years of practical experience of business management; the independent director, Chen Tai-Jan, is a lecturer in a national university and possesses professional knowledge as well as management and teaching experience; the independent director, Hsu Wan-Lung, has been devoted to the industry-academia cooperation field for years and has considerable experience.

Directors are all R.O.C. Nationals, and the board is composed of three independent directors accounted for 43% of the total board members, and whose service time in the office is less than six years. The age distribution of board members is: 1 director in age group of 31-39 years old; 3 directors in group of 61-69 years old; 3 directors in group of 71-79 years old.

The Company also places importance on gender equality in the composition of the Board of Directors. The members include 1 female director (accounting for 14%), and the Company will keep on pursuing the objective of increasing the percentage of female members.

(2) Independence of the Board of Directors:

The Company has, in accordance with the regulations regarding the listed companies, obtained the written statement from each member, ensured the qualification and the independence of the person and the person's lineal relatives to the Company, and made sure that the regulations of Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act are not violated.

(ii). Information on general managers, deputy general managers, senior managers, and officers of various departments and branches

April 18, 2022, Unit: shares

Title	Nationality	Name	Gender	Election (Appointment) Date	Shareholding		Current Shares Held by Spouse and Children of Minor Age		Shareholding Under the Name of A Third Party		Major (Academic Degree) Experience	Holding positions in other companies at present	Managers Within the Second Degree of Kinship			Remarks
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding Percentage			Position	Name	Relation ship	
Chairman	R.O.C.	Huang Chiu-Yung	Male	2019.8.22	10,913,486	3.55%	3,180,790	1.03%	38,448,763	12.50%	Attended EMBA at National Taiwan University Chairman of ICHIA TECHNOLOGIES	(Note 1)				
General Manager	R.O.C.	Tseng Kung-Sheng	Male	2020.7.1	651,000	0.21%	437,000	0.14%	0	0.00%	Department of Physics, Tamkang University Senior Assistant, General Manager's Office, Unimicron Technology Corporation CEO of ICHIA TECHNOLOGIES INC.	Chairman of ICHIA ELECTRONICS (SUZHOU) Co., Ltd. and General Manager	None	None	None	
Deputy general manager	R.O.C.	Wu Feng-Hsin	Male	2011.6.1	195,000	0.06%	0	0.00%	0	0.00%	Executive MBA Program, National Central University Deputy general manager of MVI BU, ICHIA TECHNOLOGIES	Chairman of ZHONGSHAN ICHIA ELECTRONICS Co., Ltd. and General Manager	None	None	None	
Deputy general manager	R.O.C.	Huang Chin-Yuan	Male	2021.10.1	0	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, Tung Fang Institute of Technology Deputy general manager of MVI BU, ICHIA TECHNOLOGIES	Deputy general manager and factory director of ZHONGSHAN ICHIA ELECTRONICS Co., Ltd.				
Finance officer	R.O.C.	Huang Yen-Hsiang	Male	2019.11.12	61,500	0.02%	0	0.00%	0	0.00%	Institute of Science in Finance, Tamkang University CFO of ICHIA TECHNOLOGIES	Supervisor of ICHIA ELECTRONICS (SUZHOU) Supervisor of ZHONGSHAN ICHIA ELECTRONICS Co., Ltd.	None	None	None	
Accounting officer	R.O.C.	Cheng Ching-Yi	Female	2020.3.18	40	0.00%	0	0.00%	0	0.00%	Department of Business Management, National Taipei University of Technology Accounting specialist, DING PEI MARKETING Co., Ltd. General accounting manager of ICHIA TECHNOLOGIES	None	None	None	None	

Note 1: Chairman of the Board of Directors of the Company, Chairman of ICHIA HOLDINGS (B.V.I) Co., Ltd., Chairman of the Board of Directors of ICHIA USA Inc., Director of ICHIA RUBBER INDUSTRY (M) Sdn Bhd, Chairman of ICHIA UK Ltd., Chairman of ICHIA HOLDINGS (H.K.) Co., Ltd., Chairman of Ferrari Investment Co., Ltd., Chairman of Chuang Yi Investment Co., Ltd., Member of Remuneration Committee of I SHENG ELECTRIC WIRE & CABLE Co., Ltd., Independent Director of ULTRA CHIP, Inc., Member of Audit Committee and Remuneration Committee, Independent Director of Sampo Corporation.

iii. Remuneration to directors, supervisors, presidents and vice presidents of the Company in the most recent year

1. Remuneration to directors

Unit: NTD thousands

Position	Name	Remuneration to directors								A, B, C and D as a % of the net profits after tax		Remuneration for employees with concurrent positions								A, B, C, D, E, F and G as a % of the net profits after tax		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		Base Compensation (A)		Severance and Pension (B)		Remuneration to directors (C)		Business execution fee (D)				Salary, bonus, allowance (E)		Severance and Pension (F)		Remuneration to employees (G)						
		The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company		All companies are included into the financial statement.		The Company	All companies are included into the financial statement.	
Corporate Chairman	Creative Investment Co., Ltd.	0	0	0	0	1,919	1,919	0	0	0.86%	0.86%	0	0	0	0	0	0	0	0	0.86%	0.86%	None
Representative Chairman of corporation	Huang Chiu-Yung	0	0	0	0	0	0	80	80	0.04%	0.04%	3,898	3,898	0	0	0	0	0	0	1.78%	1.78%	None
Vice Chairman	Huang Li-Lin	0	0	0	0	1,000	1,000	80	80	0.48%	0.48%	8	8	0	0	0	0	0	0	0.49%	0.49%	None
Corporate director	Fa La Li Investment Co., Ltd.	0	0	0	0	1,000	1,000	0	0	0.45%	0.45%	0	0	0	0	0	0	0	0	0.45%	0.45%	None
Representative of corporate director	Huang Tzu-Hsuan	0	0	0	0	0	0	80	80	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	None
Director	Huang Tzu-Cheng	0	0	0	0	1,000	1,000	80	80	0.48%	0.48%	0	0	0	0	0	0	0	0	0.48%	0.48%	None
Independent director	Chen Tai-Jan	600	600	0	0	0	0	60	60	0.30%	0.30%	0	0	0	0	0	0	0	0	0.30%	0.30%	None
Independent director	Huang Chin-Ming	600	600	0	0	0	0	80	80	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%	None
Independent director	Hsu Wan-Lung	600	600	0	0	0	0	80	80	0.31%	0.31%	0	0	0	0	0	0	0	0	0.31%	0.31%	None

2. Remuneration to general manager and deputy general manager

Unit: Thousand NTD; Thousand shares;

Position	Name	Salary (A)		Severance and Pension (B)		Bonus and special allowance (C)		Remuneration to employees (D)				A 、B, C and D as a % of the net profits after tax (%)		Remuneration from reinvested enterprises outside subsidiaries or from the parent company
		The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company	All companies are included into the financial statement.	The Company		All companies are included into the financial statement.		The Company	All companies are included into the financial statement.	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
General Manager (CEO)	Tseng Kung-Sheng	4,252	5,332	0	0	0	0	0	0	0	0	1.91%	2.39%	None
Deputy general manager	Wu Feng-Hsin	3,523	3,523	0	0	8	8	1300	0	1300	0	2.17%	2.17%	None
Deputy general manager	Huang Chin-Yuan (Took office on 2021.10.1)	1,972	2,512	0	0	0	0	350	0	350	0	1.04%	1.28%	None
CFO	Huang Yen-Hsiang	1,796	1,796	0	0	8	8	349	0	349	0	0.97%	0.97%	None

3. The name of the managerial officer in charge of the distribution of employee remuneration and the status of the distribution

December 31, 2021; Unit: Thousand NTD/Thousand shares

Position	Position	Name	Stock dividends	Cash dividends	Total	Total amount as a % of the net profits after tax (%)
Managerial officer	Chairman	Huang Chiu-Yung	0	0	0	0.00%
	General Manager (CEO)	Tseng Kung-Sheng	0	0	0	0.00%
	Deputy general manager	Wu Feng-Hsin	0	1,300	1,300	0.58%
	Deputy general manager	Huang Chin-Yuan	0	350	350	0.16%
	Finance officer	Huang Yen-Hsiang	0	349	349	0.16%
	Accounting officer	Cheng Ching-Yi	0	49	49	0.02%

- (iv). Specify and compare the remuneration to directors, supervisors, presidents and vice presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated financial statements in the most recent two (2) years, and specify the policies, standards, combinations, procedure of decision-making of remunerations and their relation to business performance.

The total remuneration paid as a % of the net profits after tax for the most recent 2 years

	2020		2021	
	The Company	In consolidated statements All companies	The Company	In consolidated statements All companies
Director	7.70%	9.19%	5.02%	5.02%
General manager and deputy general manager	13.81%	13.81%	6.09%	6.81%

The remuneration of the directors of the Company shall be set in accordance with the Company's Articles of Incorporation. It shall be authorized to the Board of Directors, with consideration of the directors' participation in the Company's operations and the value of their contributions, and with reference to domestic and international industry standards. The management officers' compensation is determined by the results of the performance evaluation.

iv. Implementation of corporate governance

- (i). Operations of the Board of Directors

The Board held 5 meetings in 2021. The attendance record of directors & supervisors is listed below:

Position	Name	Number of attendance in person	Number of attendance by proxy	% of attendance in person	Remarks
Chairman	Creative Investment Co., Ltd. Representative: Huang Chiu-Yung	5	0	100	None
Vice Chairman	Huang Li-Lin	5	0	100	None
Director	Huang Tzu-Cheng	5	0	100	None
Corporate director	Fa La Li Investment Co., Ltd. Representative: Huang Tzu-Hsuan	5	0	100	None
Independent director	Chen Tai-Jan	4	1	80	None
Independent director	Huang Chin-Ming	5	0	100	None
Independent director	Hsu Wan-Lung	5	0	100	None

Other matters to be recorded:

- (i) If any of the following is applicable to the operation of the Board, specify the date, the series of the session, the content of the motions, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:
- (1).Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee. The provisions of Article 14-3 of the Securities and Exchange Act are not applicable.
- (2).Any other documented objections or qualified opinions raised by the independent director against board resolution in relation to matters other than those described above: None.
- (ii) The implementation of directors' recusal of proposals for being interested parties:
For 2021 and as of the date of the annual report, there were no resolutions in which the directors of the Company have personal interests.
- (iii) Evaluation of the Board of Directors :

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	2021.1.1- 2021.12.31	Board of Directors Individual board member, functional committees	i. Self-evaluation of the BoD ii. Self-evaluation of directors iii. Self-evaluation of functional committees	i. Self-evaluation of the BoD 1. Participation in the operation of the company. 2. Improvement of the quality of decision-making by the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of directors. 5. Internal control. ii. Self-evaluation of directors 1. Alignment of the goals and mission

				<p>of the company.</p> <p>2. Awareness of the duties of a director.</p> <p>3. Participation in the operation of the company.</p> <p>4. Management of internal relationship and communication.</p> <p>5. The director's professionalism and continuing education.</p> <p>6. Internal control.</p> <p>iii. Self-evaluation of functional committees</p> <p>1. Participation in the operation of the company.</p> <p>2. Self-evaluation of functional committees.</p> <p>3. Improvement in the quality of the committee's decision-making.</p> <p>4. Composition and appointment of the committee members.</p> <p>5. Internal control.</p>
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- (iv) Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:
- (i) Directors are encouraged to attend courses related to corporate governance, and in 2021, 5 directors took 33 hours of courses.
 - (ii) The Company has established an audit committee in 2017 to strengthen the functions of the board of directors.

(ii) Operations of the Audit Committee

The Audit Committee met four times in 2021, and the attendance of independent directors is as follows:

Position	Name	Number of attendance in person	Number of attendance by proxy	% of attendance in person	Remarks
Independent director	Chen Tai-Jan	3	1	75	None
Independent director	Huang Chin-Ming	4	0	100	None
Independent director	Hsu Wan-Lung	4	0	100	None

Other matters to be recorded:

- i. If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:

(i). Matters listed in Article 14-5 of the Securities and Exchange Act:

Date:	Proposal content	All independent directors' opinions and the Company's handling of their opinions
2021.3.16	1. 2020 Business Report. 2. 2020 stand-alone and consolidated financial statements. 3. 2020 earnings distribution and cash dividends proposal. 4. 2020 Statement of Internal Control System.	1. All members of the Audit Committee present passed the motion without objection. 2. The Company's handling of the Audit Committee's opinion: All directors present passed the motion without objection.
2021.5.11	1. Amendments to the 2020 earnings distribution and cash dividends proposal.	1. All members of the Audit Committee present passed the motion without objection. 2. The Company's handling of the Audit Committee's opinion: All directors present passed the motion without objection.
2021.8.12	None	None
2021.11.11	1. Establishment of 2022 internal audit plan. 2. Appointment of 2022 attesting CPA of the Company and professional fees.	1. All members of the Audit Committee present passed the motion without objection. 2. The Company's handling of the Audit Committee's opinion: All directors present passed the motion without objection.

(ii). Other than the foregoing, resolutions not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

- ii. The recusal of the independent directors from motions that involved a conflict of interest. Specify the names of the independent directors, the content of the motions, and reason for recusal, and the participation in voting: None.

- iii. Communication between independent directors, internal audit officer and CPA (major matters, methods and results of communication on the Company's financial and business conditions, etc. should be included):
 - (i). The internal audit officer submits monthly audit reports to the members of the Audit Committee. The Audit Committee conducts timely reviews of the Company's internal control system and its effectiveness, and attends the Board of Directors' meetings and is available for communication if there is any doubt.
 - (ii). In addition to attending the board meetings, the CPA may communicate with the Board of Directors immediately in case of significant legal changes or financial reporting problems.

(iii) Status of corporate governance and any nonconformity to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof:

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
i. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established "Corporate Governance Best Practice Principles," which is disclosed on the Company's website.	No difference
ii. Equity structure and shareholders' equity				No difference
(i) Whether the Company has defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	V		(i) The Company has an investor relations specialist dedicated to handling shareholders' proposals or disputes and will appoint legal counsel to assist when necessary.	
(ii) Whether the Company controls the list of major shareholders and the controlling parties of such shareholders?	V		(ii) The Company's stock affairs are entrusted to a professional stock affairs agency. A person is assigned to understand the shareholder structure so that he/she can grasp the list of major shareholders and ultimate controllers of major shareholders who substantially control the Company.	
(iii) Whether the Company establishes or implements some risk control and firewall mechanisms between the Company and its affiliates?	V		(iii) The Company has established management systems in accordance with relevant laws and regulations, such as the "Regulations Governing the Operation of Subsidiaries" and "Management of Related Party Transactions," to properly control the risks between the Company and its affiliated companies and to establish appropriate firewalls.	
(iv) Does the Company set up internal norms to prohibit the insiders from utilizing the undisclosed information to trade securities?	V		(iv) The Company has an "Ethical Business Best Practice Principles," Article 14 of which explicitly prohibits insider trading and is disseminated to internal staff from time to time.	

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
iv. Does the Company as a listed enterprise have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with the law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?	V		The Company has assigned a corporate governance officer and the investor relations and stock affairs department in charge of corporate governance related matters.	No difference
v. Has the Company established channels for communications with the stakeholders (including but not limiting to shareholders, employees, customers, and suppliers), and set up an area for stakeholders at the official website of the Company with proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	V		The Company has a dedicated staff to act as a communication channel for the Company and to maintain a smooth communication channel with stakeholders through face-to-face communication, phone calls, letters or emails. It has set up a stakeholder area on the Company's website to keep track of relevant information to protect the legal and reasonable rights of both parties.	No difference
vi. Has the Company commissioned a professional share registration and investor service institution for providing services to shareholders?	V		The Company has appointed Taishin Bank's stock affairs agency department to handle the shareholders' meeting.	No difference
vii. Disclosure of information				
(i) Does the Company have a website setup and the financial business and corporate governance information disclosed?	V		(i) The Company has established a website (www.ichia.com) to regularly disclose information regarding the Company's finance, business and corporate governance.	
(ii) Whether there are other means for disclosure adopted by the Company (e.g. set up an English website, with the personnel dedicated to gathering and disclosing relevant information, properly implement the spokesman system, and post the meetings minutes	V		(ii) The Company has dedicated personnel responsible for the disclosure of information on the Market Observation Post System and the Company's website, the implementation of the spokesperson system, and the posting of presentations and video files of earnings call or	

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
with institutional investors on the Company website)? (iii) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year? The financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?		V	corporate briefing in the investors' area of the Company's website in accordance with the regulations. (iii) The Company did not announce and report its annual financial statements within two months after the end of the fiscal year, but did announce and report the first, second and third quarter financial statements earlier than the prescribed deadline.	
viii. Other important information facilitating understanding of the functioning of corporate governance (including but not limited to the state of employees' rights and interests, concern for employees, investor relations, vendor relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policy, and liability insurance purchased by the Company for directors and supervisors)?	V V V V V V	V	(i) Employee rights and benefits: The Company protects the rights and benefits of its employees in accordance with the Labor Standards Act (ii) Employee care: The Company has established an employee welfare committee, implemented labor insurance, health insurance, and pension system, arranged regular health checkups and employee travels, attached importance to labor relations, and provided equal employment opportunities. (iii) Investor relations: The Company has dedicated investor relations personnel to handle shareholder proposals and disputes. (iv) Supplier relationships: The Company maintains good long-term cooperative relationships with its suppliers. (v) Rights of stakeholders: The Company has dedicated personnel to establish a smooth communication channel with stakeholders to protect the rights and interests of both parties. (vi) Directors' and supervisors' continuing education: The number of hours of continuing education for the Company's directors and supervisors in 2021 was insufficient to meet the requirements provided in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". Please refer to the following page (Note 2) for the relevant information on continuing education. (vii) Implementation of risk management policies and risk measurement	No material difference

Items under evaluation	Status			Any nonconformity to the Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
	V		standards: The Company establishes internal regulations and conducts various risk management and evaluation in accordance with the law.	
	V		(viii) Implementation of customer policies: The Company maintains good relationships with its customers, builds long-term mutual trust and cooperation, and creates company profits. (ix) Liability insurance for directors and supervisors: The Company has purchased liability insurance for its directors and supervisors.	
ix Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies: The Company conducts reviews of the low-scoring items in the corporate governance evaluation and makes corresponding improvement plans annually; the Company expects to step-by-step plan the performance evaluation of the Board of Directors and significantly improve the transparency of corporate information in 2022.				

Note 1: CPA Independence Self-Evaluation Form

Items under evaluation	Evaluation of evaluation	Status of independence
1. Whether the CPA has an employment relationship with the Company?	No	Yes
2. Whether the CPA has held any position as a director, supervisor, managerial officer, or others with significant influence on the audit of the Company in the last two years?	No	Yes
3. Whether the CPA is related to a director, supervisor or managerial officer of the Company?	No	Yes
4. Whether the CPA has had dealings with the Company or the Company's person in charge in the form of financial loans?	No	Yes
5. Whether the accountant has an investment or financial interest-sharing relationship with the Company?	No	Yes
6. Whether the CPA has provided management consulting or other non-audit services to the Company that affects its independence?	No	Yes
7. Whether the CPA holds shares or other marketable securities of the Company?	No	Yes

Note 2: Directors' continuing education for 2021:

Position	Name	Date		Organizer	Name of Course	Hours
		From	To			
Chairman	Huang Chiu-Yung	2021.09.01	2021.09.01	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6
		2021.12.07	2021.12.07	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	6
Vice Chairman	Huang Li-Lin	2021.10.27	2021.10.27	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Operation Workshop (17th Session)	3
Director	Huang Tzu-Cheng	2021.09.01	2021.09.01	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	6
Independent director	Huang Chin-Ming	2021.09.01	2021.09.01	Financial Supervisory Commission	13th Taipei Corporate Governance Forum	3
		2021.11.09	2021.11.09	Securities and Futures Institute	2021 Briefing on Prevention of Insider Trading	3
Independent director	Hsu Wan-Lung	2021.08.18	2021.08.18	Chinese Professional Management Association of Hsinchu	New Trends of Legal Compliance Risk Management and Trends of Legal Compliance Management of Intellectual Property in the Digital Era, and Sharing of Practical Cases	3
		2021.10.15	2021.10.15	Chinese Professional Management Association of Hsinchu	Challenges to and Responses of Enterprises on the International Trend in Sustainability	3

(iv) Composition, duties and operations of the Remuneration Committee:

1. Composition of the Remuneration Committee

Position		Professional qualifications and experience	Independence	Number of public companies where the person holds the title as Remuneration Committee member
Name	Qualification			
Independent director (Note 1)	Huang Chin-Ming	Please refer to page 8. “Professional Qualification of Directors and Independence of Independent Directors”		0
Independent director (Note 2)	Chen Tai-Jan			1
Independent director (Note 3)	Hsu Wan-Lung			0

Note 1. Independent director Huang Chin-Ming is the convener for the Company’s Remuneration Committee, and for relevant information, please refer to “Information on directors” on Page 7.

Note 2. For relevant information on independent director Chen Tai-Jan, please refer to “Information on directors” on Page 6.

Note 3. For relevant information on independent director Hsu Wan-Lung, please refer to “Information on directors” on Page 7.

2. Duties of the Remuneration Committee

The Remuneration Committee's duties shall be to submit recommendations on the following matters to the Board of Directors for discussion in accordance with Article 4 of the Company's Remuneration Committee Charter.

- (1) Stipulate and regularly review the compensation policies, systems, standards and structures, and performance of directors and managers.
- (2) Regularly review and adjust directors' and managers' remuneration.

3. Information about operations of the Remuneration Committee

- (1) The Company’s Remuneration Committee consists of three (3) members.
- (2) Current term of office: The term of office commences from June 12, 2020 until June 11, 2023. The Committee held 2 meetings in 2021. The members' qualifications and attendance are as follows:

Position	Name	Actual attendance	Number of attendance by proxy	Actual attendance rate (%)	Remarks
Convener	Huang Chin-Ming	2	0	100	None
Committee member	Chen Tai-Jan	2	0	100	None
Committee member	Hsu Wan-Lung	2	0	100	None

Other matters to be recorded:

- i. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the board of directors, and the Company's handling of the Remuneration Committee's opinions: None
- ii. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: None.
- iii. The Remuneration Committee's discussions and resolutions.
The Remuneration Committee met 2 times in 2021:
 1. The 1st meeting of the 4th term on March 16, 2021.
 - (1) Passed the proposal regarding the distribution of remuneration to directors and employees for 2020
 2. The 2nd meeting of the 4th term on November 11, 2021.
 - (1) Passed the proposal regarding the adjustment of accounting officer's salary
 - (2) Passed the proposal regarding the adjustment of the duties and salary of new managerial officers

(v) Implementation status of sustainable development:

Item of implementation	Implementation status			Any nonconformity to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary description	
i. Does the Company have a governance structure that promotes sustainable development, and have a special unit or designate an existing unit for the task of sustainable development promotion? Does the Board of Directors of the Company authorize the management to handle relevant matters and supervise the Board?		V	Currently, the Company does not set up a delegated unit, but it started to prepare the sustainability team in January, 2022, which will be led by CEO and composed of personnel from human resource and administration division and finance and accounting division in handling relevant sustainable development matters of the Company.	No material difference
ii. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company upholds the management philosophy and principle of "sincerity, diligence, innovation, and achievement unlimited." While pursuing sustainable management and profits, we fulfill our corporate social responsibility, attach importance to the rights and interests of our stakeholders, focus on environmental, social and corporate governance issues, and incorporate them into our management policies and operations to achieve the goal of sustainable management. The Company attaches importance to the rights and interests of our stakeholders, focus on environmental, social and corporate governance issues, and incorporate them into our management policies and operations to achieve the goal of sustainable operation.	No difference

<p>iii. Environmental Issues</p> <p>(i) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p> <p>(ii) Is the Company committed to enhancing the utilization efficiency of resources and using renewable materials with low impact on the environment?</p> <p>(iii) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures?</p> <p>(iv) Does the Company make statistics on greenhouse gas emissions, water consumption and the total weight of waste for the past two years and formulate policies for greenhouse gas reduction, water consumption reduction or management of other waste?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>V</p> <p>V</p>	<p>(i) The Company has passed the ISO14001 environmental management system certification and the ISO45001 occupational health and safety certification.</p> <p>(ii) The Company is committed to promoting energy saving and carbon reduction activities, promoting paper reduction, turning off lights during lunch break and saving water resources, etc., and continually develops plans that can specifically enhance the performance to do our part for the Earth. Our waste materials have been entrusted to organizations with waste removal and disposal licenses for recycling, treatment and reuse.</p> <p>(iii) The Company plans to prepare the Corporate Sustainability Report from 2022, and the impact of climate change on the Company will be included.</p> <p>(iv) The Company has planned to consecutively pursue various carbon investigations, including the greenhouse gas emissions, energy management, and carbon footprint of products, etc., from January 2022 and further establish carbon reduction goals which will be incorporated into the sustainable management.</p>	<p>No material difference</p>
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<p>iv. Social Issues</p> <p>(i). Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p> <p>(ii). Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee remuneration?</p> <p>(iii). Does the Company provide a safe and healthy work environment for the employees, and provide them with regular health and safety training?</p> <p>(iv). Does the Company have effective programs for the development and training of the employees' career skills?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>(i) The Company has established management policies and procedures in accordance with labor-related laws and regulations and international human rights conventions. It has integrated corporate citizenship principles into its internal management strategies, including corporate policies, management procedures, human resource development, internal reporting, etc. The Company adopts a two-way open communication approach to promote corporate policies and the understanding of employees' opinions.</p> <p>(ii) The Company has established work rules and related personnel management regulations, which cover basic wages, working hours, leave, pension benefits, labor and health insurance benefits, and compensation for occupational accidents for workers employed by the Company in accordance with the Labor Standards Act. The Employee Benefits Committee was established to handle welfare matters through the operation of an employee-elected welfare committee. The Company's remuneration policy is based on the individual's ability, contribution to the Company, performance, and the correlation with the operating performance.</p> <p>(iii) The Company has provided occupational safety courses and adopted the necessary preventive equipment or measures, as far as reasonably practicable, to protect the workers from occupational disasters. The training related to occupational safety has also been offered to the new workers. Each year, the Company provides the necessary safety and health education and training for the workers to perform their jobs and prevent disasters.</p> <p>(iv) The Company, certified by the Talent Quality-management System (TTQS), conducts training surveys and compiles them into an annual training plan at the end of every year for the Company's goals for the next year, and provides employee training courses according to the annual training plan.</p>	<p>No difference</p>
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(v) With respect to the issues such as customer health and safety, customer privacy, marketing and labeling of products and services, does the Company comply with the relevant regulations and international standards and establish the relevant rights protection policies and complaint procedures for the consumers or customers?	V		(v) The Company has complied with laws and international standards with regards to the marketing and labeling of products and services.	No difference
(vi) Does the Company have a supplier management policy that requires the suppliers to comply with regulations concerning environmental protection, occupational safety and health or labor rights? What is the status of its implementation?	V		(vi) Before dealing with our suppliers, we assess whether the suppliers have any records for impacting the environment and society and require them to sign a social responsibility pledge to ensure their compliance with our corporate social responsibility policy.	
v. Does the Company refer to the international criteria or instructions on the preparation of reports to prepare reports disclosing the non-financial information of the Company, such as the Corporate Sustainability Report? Do the aforementioned reports receive assurance or guarantee opinions from any third-party verifying agency?	V		The Company fulfills its corporate social responsibility in accordance with the competent authorities and relevant laws and regulations. The Company has set up a CSR section on its website, and will disclose relevant information on the Company's website and the Market Observation Post System in accordance with the actual conditions. The Company's Corporate Sustainability Report is planned to be prepared from 2022.	No difference
vi. If the Company has related practice principles of its own in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the differences between the actual implementation and the Company's sustainable development principles: The Company has established Sustainable Development Best Practice Principles and its actual operations are in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies."				
vii. Other information useful to the understanding of the implementation of sustainable development:				
(i). Environmental protection and safety and health: Comply with domestic environmental protection and safety and health-related laws and regulations, meet the requirements of the government and customers on the banned substances of the products delivered, and strive to save energy, industrial waste reduction, pollution prevention and comprehensive risk assessment to effectively reduce safety and health risks to achieve the goal of continuous improvement.				
(ii). Community involvement, social contribution, social service and social welfare: Promote proper leisure activities, cultivate international professionals, and sponsor LPGA professional golfers with NT\$300,000.				
(iii). Consumer rights: Comply with fair trade, no exaggerated and untrue marketing, abide by the business philosophy of honesty and integrity, and provide the highest quality and service to our customers.				
(iv). Human Rights: We will not recruit or employ child labor as defined by the laws of each country; we will not force employees to work; we will prohibit any violence or discrimination; we will provide employees with a physically and mentally healthy and safe working environment, and we will protect the rights and interests of employees.				

(vi) The Company's implementation of ethical corporate management and the measures taken:

Evaluation Criteria	Status			Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
<p>I. Establish ethical business policies and programs</p> <p>(i) Has the Company established an ethical corporate management policy approved by the Board of Directors and stated in its Articles of Incorporation or external correspondence about the policies and practices it has to maintain ethical management? Are the board of directors and the management committed to fulfilling this commitment?</p> <p>(ii) Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct. Based on this, it has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> <p>(iii) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly reviews and amends it?</p>	V	V	<p>(i) The Company has established Ethical Business Best Practice Principles and adheres to the management philosophy of honesty and integrity.</p> <p>(ii) The precautionary measures are clearly defined in the Company's Ethical Business Best Practice Principles.</p> <p>(iii) The precautionary measures are clearly defined in the Company's Ethical Business Best Practice Principles.</p>	No difference
<p>ii. The implementation of ethical corporate management</p> <p>(i) Does the Company evaluate the integrity of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?</p> <p>(ii) Does the Company have a dedicated unit under the Board of Directors</p>	V	V	<p>(i) Before working with any counterparties, we will evaluate their ethical records and set up a letter of commitment to operating in ethical ways, requiring them to comply with each country's laws and regulations and our internal regulations and not to have improper interests.</p> <p>(ii) The Board of Directors, the Chairman's Office, and the Finance and</p>	No difference

Evaluation Criteria	Status			Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
<p>to promote ethical corporate management and regularly report (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?</p> <p>(iii) Does the Company have developed policies to prevent conflicts of interest, provided an adequate channel for communication, and substantiated the policies?</p> <p>(iv) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?</p> <p>(v) Does the Company organize internal or external training on a regular basis to maintain ethical management?</p>	V		<p>Accounting Division are the functional units that promote and implement the Company's ethical corporate management.</p> <p>(iii) Article 6 of the Company's Code of Ethical Conduct and affidavit for Employees states that employees shall avoid any situation that may cause a conflict between their personal interests and those of the Company.</p> <p>(iv) The Company has established an effective accounting system and internal control system, and the internal auditors regularly review the compliance of the above-mentioned system.</p> <p>(v) The Company organizes education and training programs in respect to corporate culture during new employee orientation, so that employees value its corporate culture, "Sincere, Thoughtfulness, Innovation and Infinite achievement." The Company subsequently promotes ethical corporate management policy and incorporate into internal employee education and training programs.</p>	
<p>iii. The operations of the Company's whistleblower reporting system</p> <p>(i) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel and designated appropriate personnel to deal with the reported matters?</p> <p>(ii) Has the Company formulated standard operating procedures to investigate the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?</p>	V	V	<p>(i) The Company has established Ethical Business Best Practice Principles, and has set up a stakeholder complaint mailbox with a dedicated department to establish a good and convenient reporting channel.</p> <p>(ii) The Company has a dedicated unit to receive reports and complaints, and the identity of the person making the report and the content of the report are kept confidential.</p>	No difference

Evaluation Criteria	Status			Any nonconformity to the Ethical Business Best Practice Principles for TSEC/GTSM Listed Companies, and reasons thereof:
	Yes	No	Summary description	
(iii) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	V		(iii) The Company shall take appropriate protection and confidentiality for the whistleblower and shall not suffer improper disposal due to the whistleblower.	
iv. Strengthening information disclosure Has the Company disclosed its ethical management principles and progress onto its website and Market Observation Post System (MOPS)?	V		The Company's website and Market Observation Post System (MOPS) have disclosed the ethical management principles.	No difference
v. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please state the differences between the two and the state of implementation: The Company has established Ethical Corporate Management Best Practice Principles and its actual operations are in compliance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" with no material differences.				
vi. Other important information that is helpful to understand the implementation of ethical corporate management: None.				

- (vii) If the Company has formulated the "Corporate Governance Practice Principles" and related rules, it shall disclose its inquiry methods: The Company has disclosed the relevant principles on the Market Observation Post System.

(viii) Other important information that is helpful to understand the Company's implementation of corporate governance may also be disclosed: Please refer to the following schedule for the corporate governance-related courses attended by the Company's senior executives during 2021.

Position	Name	Date	Institute	Name of Course	Hours
Corporate governance officer	Huang Yen-Hsiang	2021.4.15-2021.11.12	Taiwan Corporate Governance Association	Seminar on the Responsibility and Risk Management of Directors and Supervisors, Fubon Insurance	21
			Financial Supervisory Commission	13th Taipei Corporate Governance Forum (morning and afternoon sessions)	
			Securities and Futures Institute	2021 Legal Compliance Session of the Insider Equity Transaction 2021 Briefing on Prevention of Insider Trading	
			Accounting Research and Development Foundation	Latest Analysis of Corporate Governance Policies and Audit and Legal Compliance Practices regarding "Corporate Governance Personnel"	
Accounting officer	Cheng Ching-Yi	2021.3.8-2021.3.16	Accounting Research and Development Foundation	Initial education program for accounting officer of the issuer, securities firm and securities exchange	30
Audit officer	Chang Hsin-Yi	2021.3.10	Internal Audit Association	Latest Domestic Trends of Corporate Governance and Analysis of the Implementation of Environmental Control	6
		2021.11.2		Matters to be Noticed and Analysis of Practices regarding "Shareholders' Meeting" and the "Company Act"	6

(ix) Implementation of the internal control system:

1. Internal Control statement:

ICHIA TECHNOLOGIES INC.
Statement of internal Control System

Date: March 24, 2022

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

- i. The Company is fully aware that the Board of Directors and the management are responsible for establishing, implementing, and maintaining the internal control system and it is established accordingly. The purpose of this system is to provide reasonable assurance in terms of the effectiveness and efficiency of operations (including profitability, performance and asset security etc), reliable, timely and transparent reporting, and compliance with relevant laws and regulations.
- ii. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the internal control system's effectiveness could be affected by the changes in the environment and circumstances. The Company's internal control system is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.
- iii. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in "the Regulations" include five elements depending on the management control process: (1) environment control, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each of the five elements is then divided into a sub-category. Please refer to "the Regulations" for details.
- iv. The Company has implemented the internal control system's criteria referred to above to inspect the effectiveness of internal control system design and implementation.
- v. Based on the result of the assessment, the Company finally determined the effectiveness of the design and implementation of our internal control system until December 31, 2021 (including supervision and management of subsidiaries) regarding the effectiveness and efficiency of operations, the reliability, promptness, and transparency of reports, and the compliance with relevant laws and regulations. This system provided reasonable assurance that the above objectives have been achieved.
- vi. The Statement of Internal Control System is the main content of the Company's annual report and prospectus published. Any false and concealment of the published contents referred to above involve the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- vii. The Statement of Internal Control System was resolved at the Board meeting with the objection of 0 board directors out of the 7 attending board directors on March 24, 2022. The contents of the statement have been accepted without objection.

ICHIA TECHNOLOGIES INC.

Chairman: Creative Investment Co., Ltd.

Representative: Huang Chiu-Yung

General manager: Tseng Kung-Sheng

2. The internal control audit report issued by the CPA commissioned to conduct an internal control system audit if any: None.

(x). Considering the Company and its internal personnel being punished according to law and the internal personnel in violation of internal control system being punished by the Company in the most recent year as of the publication date of the annual report, please describe the major defect and corrective actions:

Cases in which the Company was fined	Improvement situation
1. The Company was fined NT\$132,000 and NT\$200,000 by the Taiwan Taoyuan District Prosecutors Office for violating the Waste Disposal Act. 2. The Company was fined NT\$20,000 for violating the Labor Standards Act.	1. The Company has made improvements to address the deficiencies in order to comply with the Waste Disposal Act. 2. The Company has made improvements to address the deficiencies in order to comply with the Labor Standards Act.

(xi) Resolutions reached in the shareholder's meeting or the Board of Directors meetings during the most recent year and up to the date of publication of this annual report:

1. Important resolution made by the shareholders' meeting

Meeting date	Summary of major motions	Resolution	Implementation status
2021.7.20	1. 2020 business report, stand-alone and consolidated financial statements.	The number of voting rights of shareholders present at the time of voting was 176,323,487, and the number of voting rights in favor of the proposal was 161,722,436, representing 91.71% of the total number of voting rights. The proposal was approved as originally proposed after voting.	The relevant reports have been reported to the competent authorities and publicly announced in accordance with the law.
	2. 2020 earnings distribution proposal.	The number of voting rights of shareholders present at the time of voting was 176,323,487, and the number of voting rights in favor of the proposal was 161,887,069, representing 91.81% of the total number of voting rights. The proposal was approved as originally proposed after voting.	Processed in accordance with the resolution of the shareholders' meeting.
	3. Amendment to certain provisions of the "Rules of Procedure for Shareholders' Meeting"	The number of voting rights of shareholders present at the time of voting was 176,323,487, and the number of voting rights in favor of the proposal was 161,879,354, representing 91.80% of the total number of voting rights.	Processed in accordance with the resolution of the shareholders' meeting.

		The proposal was approved as originally proposed after voting.	
	4.Amendment to certain provisions of "Procedure for Election of Directors."	The number of voting rights of shareholders present at the time of voting was 176,323,487, and the number of voting rights in favor of the proposal was 161,882,364, representing 91.80% of the total number of voting rights. The proposal was approved as originally proposed after voting.	Processed in accordance with the resolution of the shareholders' meeting.

2. Important resolution made by the Board of Directors

Meeting date	Important resolution
2021.3.16	1.Development of the 2021 operational plan. 2.Determination of the budget for 2021. 3.2020 business report. 4.2020 financial statements. 5.2020 earnings distribution and cash dividends proposal. 6.Proposal regarding the distribution of remuneration to directors and employees for 2020. 7.2020 Statement of Internal Control System. 8.Acquisition or disposal of machinery and equipment for business use between the Company and its subsidiaries during the fourth quarter of 2020. 9.Amendment to certain provisions of the "Rules of Procedure for Shareholders' Meeting". 10.Amendment to certain provisions of the "Procedure for Election of Directors". 11.Amendment to certain provisions of the "Rules of Procedure for Board of Directors Meeting". 12.Establishment of the "Guidelines of Performance Evaluation of Board of Directors". 13.Determination of the date, location and period for making proposals of the regular shareholders' meeting in 2021. 14.Establishment of the agenda for 2021 regular shareholders' meeting. 15.Bank credit facility applications.
2021.5.11	1.Amendment to the 2020 earnings distribution and cash dividends proposal. 2.Disbursement of cash from capital surplus. 3.Amendment to the agenda for 2021 regular shareholders' meeting. 4.Acquisition or disposal of machinery and equipment for business use between the Company and its subsidiaries during the first quarter of 2021. 5.Bank credit facility applications.
2021.6.22	1. Determination of the date and location of the regular shareholders' meeting in 2021.
2021.8.12	1. The Company's acquisition or disposal of machinery and equipment for business use between the Company and its subsidiaries during the second quarter of 2021. 2. Bank credit facility applications.
2021.11.11	1.Establishment of the Company's internal audit plan for 2022. 2.Evaluation of the independence of the Company's certified public accountants. 3.Appointment of 2022 attesting CPA of the Company and professional fees. 4.Bank credit facility applications.

	5.Amendment to certain provisions of the “Procedures for Loaning Funds to Others”. 6.Proposal regarding the adjustment of accounting officer’s salary. 7.Proposal regarding the adjustment of the duties and salary of new managerial officers.
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- (xii). Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the Board of Directors during the most recent year and up to the date of publication of this annual report: N/A
- (xiii) Summary of discharge and termination of the Company’s Chairman, general manager, accounting officer, finance officer, internal audit officer and R&D officer during the most recent year and up to the date of publication of this annual report: N/A

V.Information on CPA Professional Fee

Firm Name	CPA Name		Audit period	Remarks
Deloitte Touche Tohmatsu Limited	Hsieh Ming-Chung	Liu Shu-Lin	2021.01.01-2021.12.31	None

Professional fee items		Audit Fee	Non-Audit Fee	Total
Amount range				
1	Less than NT\$2,000,000		V	
2	NT\$2,000 (inclusive) ~ NT\$4,000	V		V
3	NT\$4,000 (inclusive) ~ NT\$6,000			
4	NT\$6,000 (inclusive) ~ NT\$8,000			
5	NT\$8,000 (inclusive) ~ NT\$10,000			
6	More than NT\$10,000 (inclusive)			

- (i) If the non-audit fees paid to the attesting CPA, the CPA firm and its affiliates account for at least one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed:

Firm Name	CPA Name	Audit Fee	Non-Audit Fee					Duration of Audit	Remarks
			System Design	Commercial and Industrial Registration	Human resource	Others	Subtotal		
Deloitte Touche Tohmatsu Limited	Hsieh Ming-Chung Liu Shu-Lin	2,700	0	0	0	470	470	2021.1.1-2021.12.31	The non-audit fees include: Transfer pricing report, non-executive full-time employee information review, and audit and certification fees on business tax under direct deduction method.

- (ii). Change of CPA firm and the audit fees for the year of the change less that of the previous year, and the amount of audit fees before and after the change, and reasons of the change: N/A
- (iii). Audit fees were 15% less than that of the previous year, and the reduction of audit fee, percentage and reasons: N/A

vi. Information on the Replacement of CPA:

(i). Predecessor CPA:

(7). Predecessor CPA:			
Replacement date	Approved by the Board of Directors on March 18, 2020		
Reason for replacement and explanation	In order to cooperate with the internal adjustment needs of Deloitte Touche Tohmatsu Limited, since the first quarter of 2020, the company's attesting CPA has been replaced from CPA Lin Yi-Hui and Chih Jui-Chuan to accountants Hsieh Ming-Chung and Liu Shu-Lin.		
Indicate whether the appointment is terminated or not accepted by the client or CPA	Principals		Certified Public Accountant
	Situation		Client
	Proactively terminated the appointment		N/A
	Not accepted (continued) the appointment		N/A
Opinions on audit reports issued within the last two years without qualification and reasons	None		
Any disagreement with the issuer	Yes		Accounting Principles or Practices
			Disclosure of Financial Reports
			Audit scope and procedures
			Others
	None	V	
	Description: Not applicable		
Other disclosure (To be disclosed in accordance with Article 10(6)(1)(d) to (1)(g) of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	N/A		

(ii) Successor CPA:

CPA Firm	Deloitte Touche Tohmatsu Limited
CPA Name	Hsieh Ming-Chung, Liu Shu-Lin
Date of appointment	Approved by the Board of Directors on March 18, 2020
Matters and results of the consultation on the accounting treatment or accounting principles for specific transactions and the possible issuance of financial statements prior to the appointment	None
Written opinion of the successor CPA on matters on which the successor CPA disagreed with the predecessor CPA	None

(iii). The former CPA's written response to the sub-paragraphs 1&2-3 of Paragraph 6 of Article 10 of the Principles: None.

vii. Information About Chairman, President, and Financial or Accounting Manager of the Company Who Has Worked with the CPA Firm Which Conducts the Audit of the Company or Affiliate to Such Firm in the Most Recent One Year: None.

viii. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10

percent in the most recent year and until to the date of publication of the annual report:

- (i) Changes in shareholdings of directors, supervisors, managerial officers and shareholders holding more than 10 percent of the shares

Unit: Number of shares

Position	Name	2021		As of April 18, 2022	
		Increase (Decrease) in number of shares held	Increase (Decrease) in number of shares pledged	Increase (Decrease) in number of shares held	Increase (Decrease) in number of shares pledged
Chairman	Creative Investment Co., Ltd.	2,904,000	4,200,000	500,000	0
Representative of Chairman	Huang Chiu-Yung	0	0	0	0
Vice Chairman	Huang Li-Lin	(25,000)	0	0	0
Director	Huang Tzu-Cheng	0	0	0	0
Director	Fa La Li Investment Co., Ltd.	2,905,000	4,200,000	500,000	0
Representative of corporate director	Huang Tzu-Hsuan	0	0	0	0
General Manager	Tseng Kung-Sheng	(400,000)	0	200,000	0
Deputy general manager	Wu Feng-Hsin	45,000	0	5,000	0
Deputy general manager	Huang Chin-Yuan	0	0	0	0
Major shareholders	Huang Chiu-Yung	0	0	0	0
Independent director	Chen Tai-Jan	0	0	0	0
Independent director	Huang Chin-Ming	0	0	0	0
Independent director	Hsu Wan-Lung	0	0	0	0
Finance officer	Huang Yen-Hsiang	0	0	0	0
Accounting officer	Cheng Ching-Yi	0	0	0	0

- (ii) Information on the transfer of shares:

Name	Reason for share transfer	Transaction date	Transaction counterparty	Relationship of transaction counterparty to the Company, directors, supervisors, and shareholders holding more than 10 percent of the shares	Number of shares	Transaction price
Tseng Kung-Sheng	Disposal (Gift)	2021.07.15	Change O-Yu	Spouse	400,000	19.55
Huang Li-Lin	Disposal (Gift)	2021.10.26	Huang O-Chuan	Sister	25,000	15.05

(iii) Information on the pledge of shares:

Name	Reason for change to pledge	Date of change	Transaction counterparty	Relationship of transaction counterparty to the Company, directors, supervisors, and shareholders holding more than 10 percent of the shares	Number of shares	Shareholding Percentage	Pledge Ratio	Pledged (Redeemed) Amount
Creative Investment Co., Ltd.	Pledge	2021.02.18	Mega International Commercial Bank Co., Ltd. Zhongshan Branch	None	4,200,000	6.14%	1.37%	NT\$30 million
Fa La Li Investment Co., Ltd.	Pledge	2021.02. 18	Mega International Commercial Bank Co., Ltd. Zhongshan Branch	None	4,200,000	6.14%	1.37%	NT\$30 million

ix. Information on the relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another

NAME	OWN SHAREHOLDING		CURRENT SHARES HELD BY SPOUSE AND CHILDREN OF MINOR AGE		TOTAL SHAREHOLDING UNDER THE NAME OF A THIRD PARTY		THE NAMES AND RELATIONSHIPS OF THE TOP TEN SHAREHOLDERS WHO ARE RELATED TO EACH OTHER UNDER SFAS NO. 6 OR WHO ARE RELATED TO EACH OTHER AS SPOUSES OR RELATIVES WITHIN SECOND DEGREE OF KINSHIP		REMARKS
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relationship	
Fa La Li Investment Co., Ltd.	18,877,481	6.14%	0	0%	0	0%	Creative Investment Co., Ltd.	Same chairperson	None
Representative: Huang Chiu-Yung	10,913,486	3.55%	3,180,790	1.03%	38,448,763	12.50%	Huang Tzu-Jui, Huang Tzu-Hsuan	Father and son	None
Creative Investment Co., Ltd.	18,872,480	6.14%	0	0%	0	0%	Fa La Li Investment Co., Ltd.	Same chairperson	None
Representative: Huang Chiu-Yung	10,913,486	3.55%	3,180,790	1.03%	38,448,763	12.50%	Huang Tzu-Jui, Huang Tzu-Hsuan	Father and son	None
HUANG CHIU-YUNG	10,913,486	3.55%	3,180,790	1.03%	38,448,763	12.50%	Huang Tzu-Jui, Huang Tzu-Hsuan	Father and son	None
Citi (Taiwan) Commercial Bank is entrusted with the custody of the investment account of Polunin Emerging Markets Fund, Inc.	5,400,573	1.76%	0	0%	0	0%	None	None	None

Huang Li-Lin	4,707,083	1.53%	2,513,994	0.82%	0	0%	None	None	None
Huang Tzu-Jui	4,527,406	1.47%	0	0%	0	0%	HUANG CHIU-YUNG Huang Tzu-Hsuan	Father Brothers	None
Huang Tzu-Hsuan	4,422,896	1.44%	0	0%	0	0%	HUANG CHIU-YUNG Huang Tzu-Jui	Father Brothers	None
JP Morgan Chase Bank, Taipei Branch is entrusted with the custody of the Van Gard Emerging Markets Equity Index Fund managed by Van Gard Group, Inc.	3,652,000	1.19%	0	0%	0	0%	None	None	None
Juan Mei-Na	3,180,790	1.03%	10,913,486	3.55%	0	0%	HUANG CHIU-YUNG Huang Tzu-Hsuan Huang Tzu-Jui	Spouses Mother and son Mother and son	None
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,112,439	1.01%	0	0%	0	0%	None	None	None

- x. The number of shares held by the Company and the Company's directors, managerial officers, and the number of shares invested in a single company held by the entities directly or indirectly controlled by the Company and calculating the consolidated shareholding percentage of the above categories.**

All of the Company's investees are 100% owned by the Company or by companies directly and wholly owned by the Company (see "Organization Chart of Affiliates"), so none of the Company's directors and managers hold shares in the investees.

IV. Capital Raising

i. Capital and shares

(I) Source of Capital Stock

1. Source of Capital Stock

April 18, 2022; Unit: Thousand NTD/Thousand shares

Year/Month	Issue price (NTD)	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of Capital Stock	Using property other than cash as payment of shares	Approval date and document number
2018.8	10	420,000	4,200,000	325,650	3,256,505	Capital reduction by treasury stock of \$100,000,000	None	Jing-Shou-Shang-Tzu No. 10701104780 on August 17, 2018
2018.12	10	420,000	4,200,000	317,267	3,172,675	Capital reduction by treasury stock of NT\$83,830,000	None	Jing-Shou-Shang-Tzu No. 10701146090 on December 4, 2018
2019.4	10	420,000	4,200,000	307,536	3,075,366	Capital reduction by treasury stock of NT\$97,310,000	None	Jing-Shou-Shang-Tzu No. 10801037270 on April 8, 2019
2020.7	10	600,000	6,000,000	307,536	3,075,366	None	None	Jing-Shou-Shang-Tzu No. 10901113430 on July 8, 2020

2. Type of share

April 18, 2022; Unit: Share

Type of share	Authorized capital stock			Remarks
	Outstanding shares		Total	
Common share	307,536,533 (Including 10,000,000 shares of treasury stock)		292,463,467 600,000,000	Listed on TWSE

3. Information on shelf registration system: None.

(II) Composition of shareholders

April 18, 2022

Composition of shareholders	Government Agency	Financial institution	Other Juristic Persons	Individual	Foreign Institution or Foreigner	Total
Quantity						
Number of person	0	6	148	39,296	103	39,553
Shareholding	0	389,784	48,529,048	226,316,833	32,300,868	307,536,533
Shareholding Percentage	0.00%	0.13%	15.78%	73.59%	10.50%	100.00%

(III) Diversification of equity

1. Common stock (\$10 per share)

April 18, 2022

Shareholding range	Number of Shareholders	Shareholding	Shareholding Percentage
1 to 999	16,886	1,021,569	0.33%
1,000 to 5,000	16,164	36,595,798	11.90%
5,001 to 10,000	3,409	28,248,202	9.19%
10,001 to 15,000	864	11,065,281	3.60%
15,001 to 20,000	746	14,087,540	4.58%
20,001 to 30,000	530	14,012,447	4.56%
30,001 to 40,000	237	8,632,819	2.81%
40,001 to 50,000	187	8,796,989	2.86%
50,001 to 100,000	292	20,974,670	6.82%
100,001 to 200,000	126	18,482,360	6.01%
200,001 to 400,000	52	14,146,090	4.60%
400,001 to 600,000	22	10,814,762	3.52%
600,001 to 800,000	7	4,882,862	1.59%
800,001 to 1,000,000	8	7,146,000	2.32%
More than 1,000,001	23	108,629,144	35.32%
Total	39,553	307,536,533	100.00%

2. Preference share: None.

(iv). Roster of Major Shareholders

April 18, 2022

Name of Major Shareholder	Shareholding	Shareholding Percentage
Fa La Li Investment Co., Ltd.	18,877,481	6.14%
Creative Investment Co., Ltd.	18,872,480	6.14%
HUANG CHIU-YUNG	10,913,486	3.55%
Citi (Taiwan) Commercial Bank is entrusted with the custody of the investment account of Polunin Emerging Markets Fund, Inc.	5,400,573	1.76%
Huang Li-Lin	4,707,083	1.53%
Huang Tzu-Jui	4,527,406	1.47%
Huang Tzu-Hsuan	4,422,896	1.44%
JP Morgan Chase Bank, Taipei Branch is entrusted with the custody of the Van Gard Emerging Markets Equity Index Fund managed by Van Gard Group, Inc.	3,652,000	1.19%
Juan Mei-Na	3,180,790	1.03%
Standard Chartered International Commercial Bank's sales department is entrusted with the custody of Credit Suisse International's investment account.	3,112,439	1.01%

(v). Information on market value, net value, earnings and dividends per share in the most recent two years

Item \ Year		2020	2021	As of March 31, 2022
Market price per share (NT\$) (Note 1)	The Highest	20.20	23.00	17.7
	The Lowest	9.08	14.20	15.5
	Average	15.28	17.63	16.51
Net worth per share (NT\$) (Note 2)	Before distribution	18.76	19.27	(註 10)
	After distribution	18.27	18.77	-
Earnings per share (NT\$)	Weighted-average number of shares (thousand shares)		304,024	297,536
	Earnings per share (Note 3)	Before adjustment	0.40	0.75
		After adjustment	0.40	0.75
Dividends per share (NT\$)	Cash dividends		0.5	0.5
	Stock dividends	Stock dividends from earnings	0	0
		stock dividends from capital surplus	0	0
	Cumulative unpaid dividend (Note 4)		0.5	0.5
Return on investment analysis	Price to earning ratio (Note 5)		38.20	23.51
	Price to dividend ratio (Note 6)		30.56	35.26
	Cash dividend yield (Note 7)		3.27%	2.84%

* In the event retained earnings or capital surplus is used for stock dividends to increase capital, Information on market price and cash dividends adjusted retrospectively based on the number of shares issued should be disclosed.

Note 1: List the highest and lowest market prices of each year and calculate the average market price of each year based on each year's transaction value and volume.

Note 2: Please fill it in based on the number of shares issued by the end of the year and the proposed distribution to be resolved at next year's shareholder meeting.

Note 3: If there is a retroactive adjustment due to circumstances such as stock dividend, etc., earnings per share before and after the adjustment should be shown.

Note 4: If the terms of issuance of equity securities provide that the current year's unpaid dividends may be accumulated till the year when there are earnings, the accumulated unpaid dividends till the current year should be disclosed separately.

Note 5: Price to earning ratio = average closing price per share for the year/earnings per share.

Note 6: Price to dividend ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = dividend per share/average closing price per share for the year

Note 8: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report and the information available until the date of publication of the annual report in the other sections.

Note 9: The distribution of earnings for 2021 has been resolved by the Board of Directors on March 24, 2022.

Note 10: As of the date of publication of the annual report, no information on CPA's attestation or review was available.

(VI) Dividend Policy and the Status of Implementation

1. The dividend policy defined by the Articles of Incorporation

The Board of Directors determines the Company's dividend policy in accordance with the business plan, investment plan, capital budget and changes in the internal and external environment. The Company may distribute all or part of the distributable earnings for the year based on financial, business and operational considerations. The distribution of earnings may be made in the form of cash or stock dividends, with the percentage of cash dividends distributed being no less than 30% of the total dividends distributed in the year. However, if the

shareholders' total dividend is less than \$0.50 per share, the entire amount may be distributed in the form of stock dividends.

2. Distribution of dividends proposed at the shareholders' meeting

The proposed distribution of earnings for 2021 was approved by the Board of Directors on March 24, 2022 to distribute a cash dividend of NT\$148,768,267 with cash payment of NT\$0.50 per share.

(vii). The effect of stock dividend as proposed in this General Meeting on the operation performance and earnings per share of the Company: N/A.

(viii). Employees' Remuneration and Directors' Remuneration.

1. Proportion or scope of remuneration to employees and directors as stated in the Articles of Incorporation:

The Company shall set aside not less than 1% of its annual net profits before tax before employees' and directors' remuneration as employees' remuneration and not more than 3% as directors' remuneration, which shall be distributed by resolution of the board of directors and reported to the stockholders' meeting. However, if the Company still has accumulated losses (including the amount of adjustment to undistributed earnings), it should retain the loss make-up amount in advance. When the above-mentioned employees are paid in stock or cash, the recipients of the payment may include employees of the subordinate companies who meet certain criteria.

2. The accounting in the case of deviation from the basis for stating remuneration to employees and directors, the basis for calculating the quantity of stock dividends to be allocated, and the actual allocation:

In accordance with the Company's Articles of Incorporation, the Company appropriates no less than 1% and no more than 3% of the net profits before tax to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. If there is a change in the amount of the financial statements after the date of its issuance, the amount is adjusted in the following year in accordance with the rules related to changes in accounting estimates.

3. Distribution of remuneration approved by the Board of Directors: On March 24, 2022, the Board of Directors resolved to pay \$6,000,000 to employees and \$5,000,000 to directors as 2021 remuneration, all of which were paid in cash.

4. Actual payment of employees'/directors'/supervisors' remuneration for the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any differences from the figures estimated (explain the amount, the cause, and treatment of such discrepancies).

Item	2020 (paid in 2021)			
	Proposed payment approved by the Board of Directors	Actual payment	Difference	Handling situations
Employee bonus	7,000,000	5,081,147	1,918,853	Distributed in batches; the distribution was completed in January 2022.
Remuneration to directors	4,919,000	4,919,000	0	

(ix). Repurchase of the Company's shares:

Repurchase term	1st in 2015	2nd in 2015	1st in 2016	1st in 2020
Purpose for repurchase	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Repurchase period:	2015/6/11-2015/8/10	2015/8/26-2015/10/25	2016/1/15-2016/3/14	2020/7/28-2020/9/25
Estimated repurchase price range	NT\$20-30	NT\$10-20	NT\$12-18	NT\$12-18
Type and number of shares actually repurchased	Common stock/10,000,000 shares	Common stock/8,383,000 shares	Common stock/9,731,000 shares	Common stock/10,000,000 shares
Actual amount of shares repurchased	NT\$231,311,215	NT\$159,386,963	NT\$148,996,738	NT\$161,328,237
Number of shares retired and transferred	10,000,000 shares	8,383,000 shares	9,731,000 shares	0 shares
Cumulative number of shares held in the Company	0 shares	0 shares	0 shares	10,000,000 shares
Percentage of the cumulative number of shares held in the Company to the total number of shares issued (%)	0%	0%	0%	3.25%

ii. Issuance of Corporate Bonds: None.**iii. Issuance of preferred shares: None.****iv. Issuance of global depository receipts: None.****v. Employee stock option: None.****vi. Employee restricted stock: None.****vii. Issuance of new shares in connection with mergers or acquisitions of shares of other companies: None.****viii. Implementation of Capital Utilization Plan: None.**

V. Business Overview

I. Business Contents

(I) Business lines

1. Business Contents

- (1) CC01080 Electronics Components Manufacturing
- (2) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
- (3) CC01110 Computer and Peripheral Equipment Manufacturing
- (4) F113050 Wholesale of Computers and Clerical Machinery Equipment
- (5) F119010 Wholesale of Electronic Materials
- (6) CA04010 Surface Treatments
- (7) CC01060 Wired Communication Mechanical Equipment Manufacturing
- (8) CC01070 Wireless Communication Mechanical Equipment Manufacturing
- (9) CQ01010 Mold and Die Manufacturing
- (10) CE01030 Optical Instruments Manufacturing
- (11) F601010 Intellectual Property Rights
- (12) CC01101 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
- (13) F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
- (14) F401010 International Trade.
- (15) ZZ99999 All business items that are not prohibited or restricted by law, except those subject to special approval.

2. Weight of business

Unit: NTD thousands

Product items	Revenue and sales percentage	
	2021	
	Revenue	Sales percentage (%)
Mechanism integrated components (including products + molds)	1,697,743	26%
Flex PCB products (including products + molds)	4,780,812	74%
Total	6,478,555	100%

3. Current products

Main products	Purpose of use
Mechanism integrated components	Mechanical parts and components, waterproof parts, wearable accessories, light guide parts, phone buttons, home smart parts, ultra-thin computer keyboards, electronic integrated module parts, alloy products, as well as parts, heat dissipation modules and components of vehicles.
Molds	Molds for plastics, rubber, and heterogeneous materials, punching molds, assembly molds
Flex PCB	The main products are those used for vehicles. With the features of light weight, slimness, flexibility and low voltage, they can be assembled in consumer electronics, such as smartphones, wearable products, touch panels, high-end cameras, notebooks, and displays. The mainstream category is the double-sided PCB, followed by the single-sided PCB and the multilayer PCB. They can be assembled with other parts and components using the SMT process.

Mechanical products	Products molded by plastic and rubber materials, molds for heterogeneous materials, punching molds, flex PCB molds, heat dissipation modules, etc.
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4. New products under development

(1) Mechanism integrated components (MVI)

Product types	Product items	Remarks
Wearable parts	Wristbands	Accessories
	Smart watches	Accessories
3C accessory	Smart phones	Consumer electronics
	AR/VR/MR	Consumer electronics
Automotive	Display modules	Vehicle interior parts
	Over head consoles	Vehicle interior parts
	Control keypad modules	Vehicle interior parts
Other Parts	Smart home IOT parts	Smart home products
	POS	For industrial/commercial use
	Networking parts	Networking products
	Industrial/smart home/server heat dissipation modules	Heat dissipation modules

(2) Flex PCB (FPC)

A. Introduction of production automation equipment - bare board

- a. Add automated PICO laser cutting machines
- b. Add automated AOI/VRS machines
- c. Add auto stiffener bonders
- d. Add automated board loaders/unloaders
- e. Add automated workshop warehouse system
- f. Add automatic visual inspection (AVI) machines with AI learning system
- g. 17T/25T automatic punching machines
- h. Automatic board cutting and assembly machines
- i. 2-wire + 4-wire automatic electrical testing machines
- j. CVL automatic bonding machine

B. Introduction of production automation equipment - SMT

- a. Add SMT reflow system
- b. Add automated function testing system
- c. Add automated Connector cleaning inspection machines
- d. Add automated AVI and packaging system for SMT
- e. Click automatic testing equipment

- f. Automatic visual inspection (AVI) equipment
- g. Electronic material racks + AGV automatic material delivery system
- h. Automated warehouse management system for electronic materials
- i. AGV automatic material handling system

C. Future projects of product development

- a. 10/10um fine line D/S COF technology development
- b. 25/25um MSAP fine line FPC technology development
- c. FPC development for wearable eyeglasses, watches, wristbands
- d. FPC development for 5G optical communication signal connection
- e. Fiber-optic communication flex PCB project
- f. Ultra-thin flex PCB project
- g. CCM & OLED flex-rigid PCB project
- h. Heat sink (TGP) FPC development
- i. Mini LED project development

(II) Overview of industry

1. Overview and development of industry

(1) Mechanism integrated components (MVI)

The HMIs have become diversified due to the development of science and technology. As a company with the capability of mechanism integration, we should not only meet the customers' market requirements for the shortness, compactness, lightness and slimness of mechanical parts and components, but also satisfy the customers' needs for the integrated service of diversification and customization instead of simply providing the parts, thereby creating valuable integrated services and expanding the customer base.

With the gradually mature 5G technology and market, the demands for wearable products, electric vehicles, smart home products and data centers are increasing accordingly, so is the demand for mechanical components. To save the supplier management costs and speed up the development of products, stricter requirements regarding the suppliers and electronic integration must be set.

The wearable devices of AR/VR/MR resulting from the metaverse trend are consecutively becoming the new and critical growth momentum in the market, and there will be more and more mechanical components used thereof. The rise of electric vehicles has also changed the existing supply chain system; new business opportunities have arisen, and the boundaries between the conventional automobile manufacturers, the electric vehicle suppliers and consumer product suppliers have become ambiguous. There will be a new blue ocean market for manufacturers that can achieve electromechanical integration.

Smart home products, though more popular in the European and US markets for now, will be increasingly accepted and applied in the Asian market as well. They are expected to help promote the growth of mechanical parts, components and modules. As for the data centers, the cloud computing will grow rapidly, which will stimulate the demands for mechanical parts and heat dissipation modules.

(2) Flex PCB (FPC)

With the rise of mobile communication and cloud technology, FPC has been widely used in smartphones, tablets, wearable products, in-vehicle products, etc., and is overtaking other products at a breakthrough speed. The advance of technology has led to the expansion of

the functions of various products, but the trend of thin and light products has resulted in an explosive increase in demand for the flexible board industry.

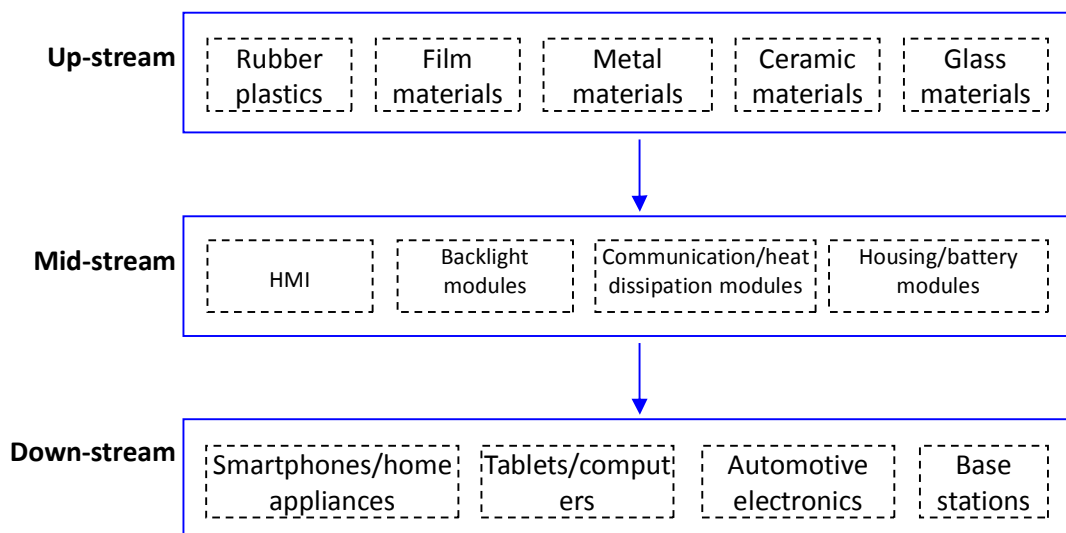
International cell phone brands such as Apple, Samsung, and emerging markets such as China have maintained growth in smartphone sales, while wearable applications have also created a boom in the industry, injecting new life into the touch panel, optical lens, wireless communication, and face recognition industries. It is expected that smartphones, 3D sensing application modules, and FPC for automobiles will be the main business activities.

In recent years, the emerging 5G era has driven the demand for antenna flex PCB. It is expected that smartphones and other electronic products will see a huge refresh cycle and simultaneously drive the growth of FPC.

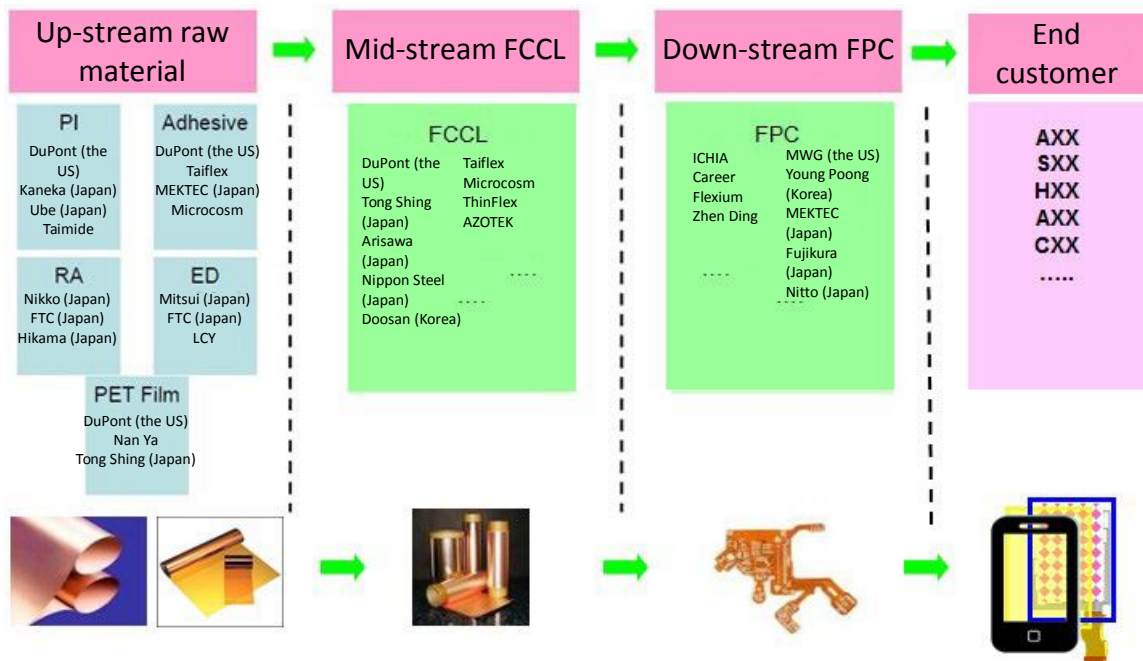
For the in-vehicle FPC, with the escalating demand for vehicle ADAS and the increasing penetration rate of autonomous vehicles, the percentage of automotive electronics will grow year by year, and the use of automotive PCB products will increase significantly.

2. Correlation between the up-stream, mid-stream, and down-stream dealers in the industry

(1) Mechanism integrated components (MVI)



(2) Flex PCB (FPC)



3. Development trends of products

(1) Mechanism integrated components (MVI)

Physical mechanical operations have been gradually replaced by the touchscreen and voice control technologies, but the physical mechanical components can't be fully replaced. With the solutions of electromechanical integration and modularization, the Company will be able to provide the customers with the differentiated services that can enhance their own value. There are not only stricter requirements for the appearance quality of the original mechanical components, but also new demands for the display technologies of mechanism appearance for special needs, such as the invisible characters, the uniformity of light guide, and the heterogeneous material molding technology that has led to a decreasing need for assembly process. Slimness, lightness, reliability enhancement and water/dust resistance are all the main trends.

Meanwhile, due to the improvement of all the product functions, the energy consumption for CPU/GPU computing has gone up, and the demand for and complexity of heat dissipation designs have increased. The heat dissipation optimization and lightweight product design that meet the heat dissipation requirements while reducing the costs will also be a key to stand out in the market.

(2) Flex PCB (FPC)

In the past, the FPC was used for the foldable or rotatable parts of a cell phone. Presently, the "modularization" method is adopted so that the detachable modules are removed and connected using FPC. Then they are placed in other compartments. Therefore, the current products will be slimmer. The trend of slimness also leads to the modularization of cell phones and tablets, which allows them to integrate more functions and drives the demand for the FPC. In the current products, a feature phone only needs **5-10** FPCs while a smartphone needs **8-25** FPCs. A smartphone equipped with dual lens and several modules needs **10-27** FPCs. This shows that the development of high-end products will drive the demand for the FPC.

The flex PCB can be produced automatically and continuously, and has the features of greater pattern density, lighter weight, smaller volume, fewer layout errors, simple assembly, flexibility, diverse design, and 3D layout. We can also eliminate wire soldering at contact, and change its contour to solve the space constraints. Therefore, FPC is suitable for consumer electronics, PCs, peripherals, flat panel displays, office equipment, communication equipment, vehicles, etc. Different FPC makers have different proportion of downstream applications.

The wireless charging FPC module will be the rising star. It may be the standard component of smartphones. Its corresponding docking station consists of a large FPC and other components. This will create significant demands for FPC.

According to the statistics of ITRI, the global output value of PCB in 2020 were approximately US\$69.7 billion; FPC (including the flex-rigid PCB), with an output value of up to US\$14 billion, accounted for 20% of that total PCB output value.

Quantities of FPC used in each product

Products	Quantity used
<u>Mobile phones</u>	5-10 pieces
<u>Smartphones</u>	8-27 pieces
<u>Tablets</u>	5-18 pieces
<u>Notebooks</u>	4-6 pieces
<u>Wearables</u>	2-5 pieces
<u>Digital cameras</u>	7-10 pieces

Main application products of the Flex PCB

Application products	Products
Consumer electronics	High-end cameras, camcorders, portable speakers,
Computers	Tablets, notebooks,
computer peripherals	Printers, storage devices, HDDs
Flat panel displays	Touch panels, LCD panels, high-definition TVs
Communication equipment	Smartphones
Cars	Navigation systems, in-vehicle infotainment system, braking assistance system, throttle control system, etc.
Others	Wearable watches, medical instruments, industrial equipment, aerospace, and military purpose

Source: Material and Chemical Research Laboratories, ITRI

Diagram of the main application products of the Flex PCB

Past



Slider phones



Flip phones



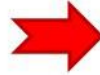
Notebooks



CD drives



Floppy/hard disk drives



Present and Future



Smartphones



Smart watches



Tablets



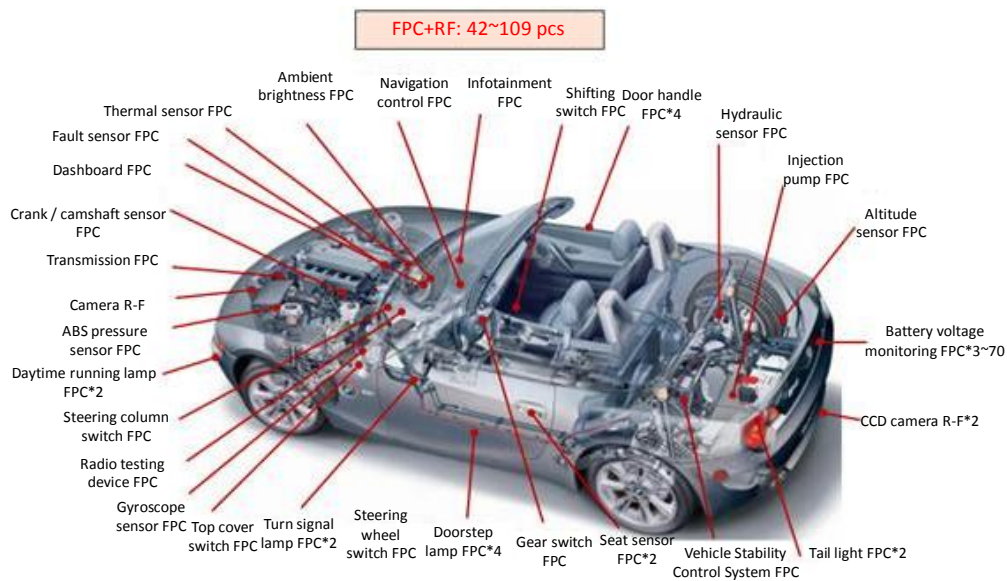
Wearables



Automotive electronics

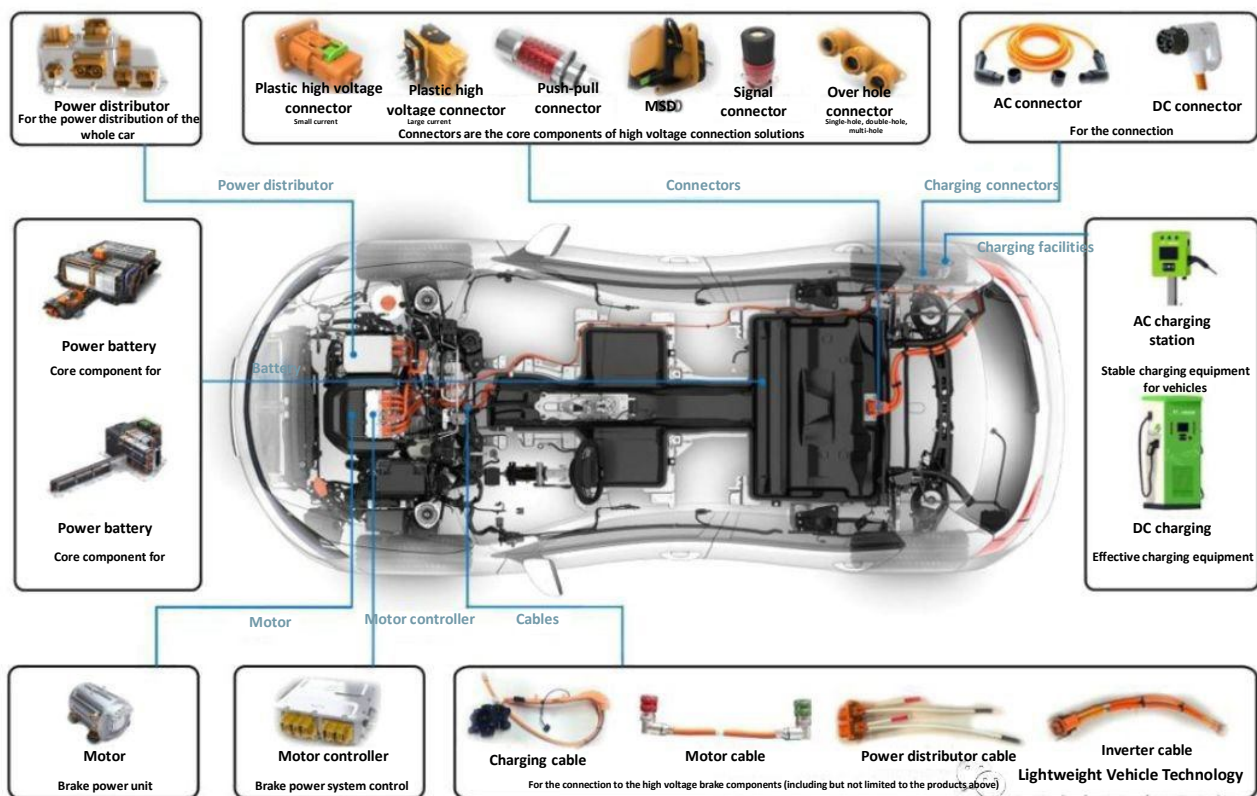
Source: TPCA; IEK Consulting, ITRI

On-board FPC applications





Source: read01.com/nxRmex7.html#.YjF8v3pBw2x



Source: EO Intelligence

4. Degree of competition

To compete with other companies, the Company places high importance on the quality, efficiency, and global logistics of its mechanism integrated component products and flex PCB products. Even more emphasis is placed on the integration and one-stop solutions to help reduce the customers' supplier management costs from the aspects of design, production, integration and assembly. Meanwhile, the Company has also actively invested in the research, development and manufacturing of high-tech products to stay competitive and one step ahead of other competitors as well as adding more value to the services.

(III) Overview of technology and R&D

1. R&D expenses

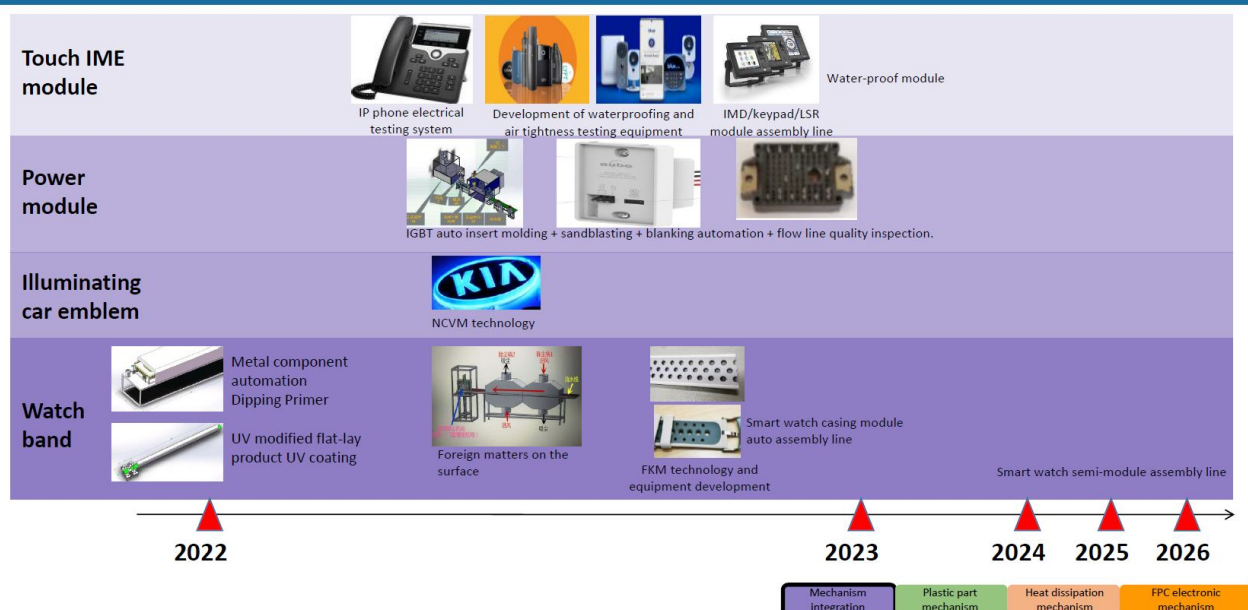
Unit: NTD thousands

Item \ Year	2020	2021	2022 (estimates)	2023 (estimates)
R&D expenses	176,144	191,765	211,000	232,000

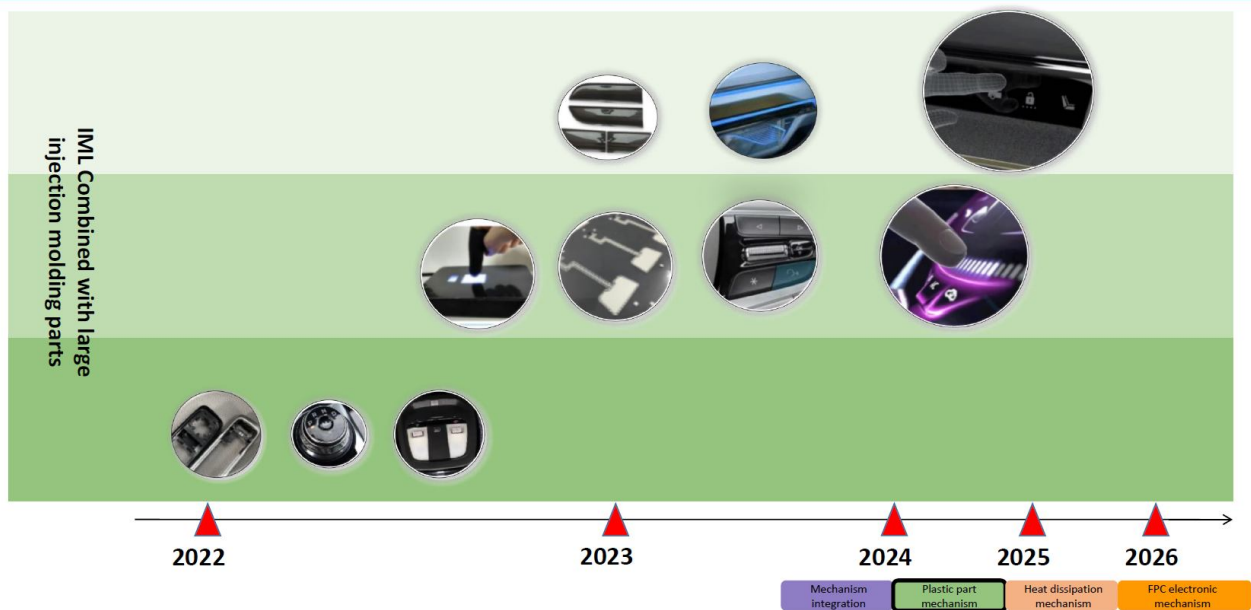
2. Technology or product developed successfully:

- (1) Production processes which meet the environmentally friendly requirements
- (2) Integrated development of heat dissipation module
- (3) Touch IME module development
- (4) Multi-functional keyboard module combining optical/electronic technology/metal shrapnel with flexible circuit printed board applications
- (5) Keyboard module with energy-saving optical design
- (6) Bluetooth tire pressure detector module
- (7) Automotive component module development
- (8) Multi-layer FPC development
- (9) Extra fine line FPC development
- (10) Double-sided COF board development
- (11) Fiber-optic communication FPC development
- (12) FPC substrate development
- (13) Development of FPC which meet the environmentally friendly requirements
- (14) Development of FPC for bezel-less monitor applications
- (15) High-speed signal FPC development
- (16) CCM & OLED flex-rigid PCB project
- (17) Heat sink (TGP) FPC development
- (18) Mini LED project development

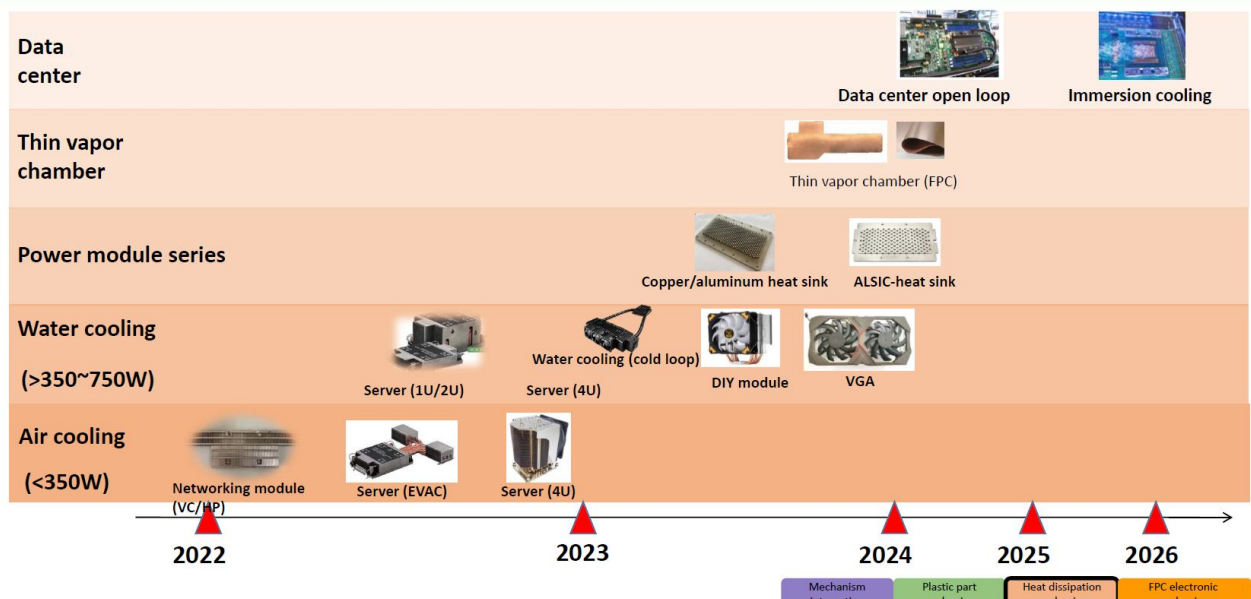
Mechanism integration R&D line



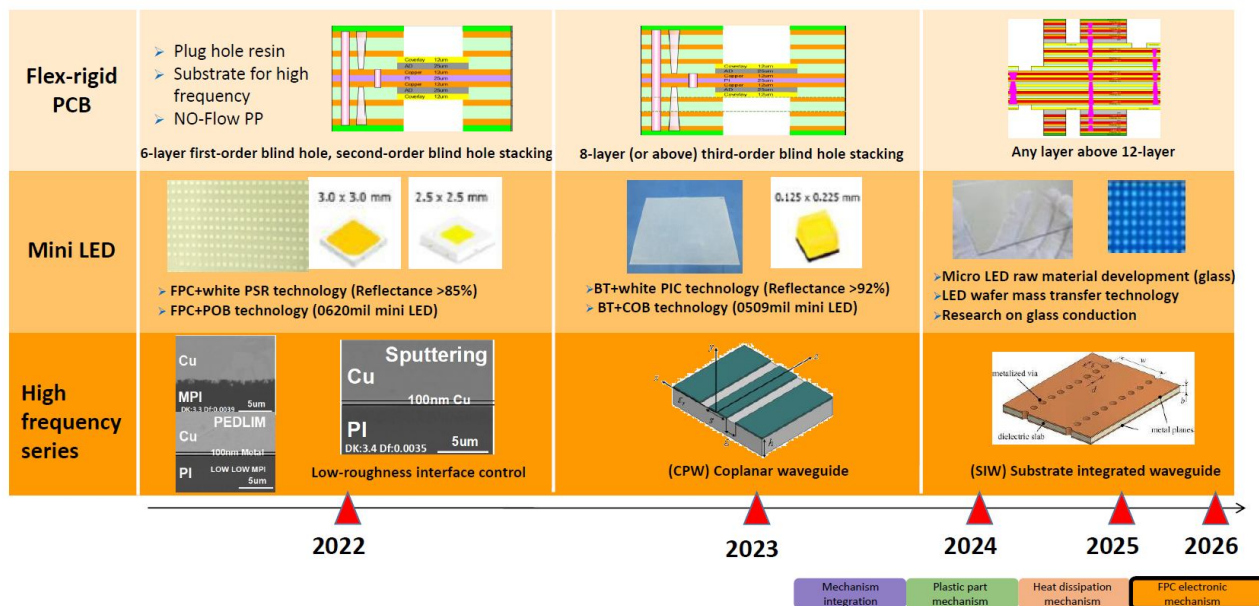
Plastic part mechanism R&D line



Heat dissipation mechanism R&D line



FPC electronic mechanism R&D line



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

1. Short-term business development plans

(1) Marketing strategies

- A. Actively participate in domestic and foreign trade shows to expand our sales reach, collect industry intelligence quickly, and enhance our marketing capabilities.
- B. Secure a close relationship with the customers through the sales premises of the existing re-invested companies overseas.
- C. Provide the portfolio of parts and accessories, expand the production and sales scale, help reduce the customer costs and provide one-stop services.
- D. Stimulate the increase in the portion of automated production, effectively take advantage of the production capacity and technology at each production base, improve the production efficiency and quality, shorten the delivery time, and decrease the production costs to strengthen the product competitiveness.
- E. Promote new technologies and improve the market adoption and awareness of new technologies

(2) Production policies

- A. To adapt to the changing operational situations, achieve the balance between the planned production capacity and estimated demand to improve the capacity utilization and production efficiency, while refining the smart workshop modification and managing the production using big data.
- B. With the headquarter in Taiwan serving as the R&D center, strengthen the technical support provided by our factories and overseas production locations. Also, make more premises and more diversified customer services available to enhance the production competitiveness.
- C. Effectively regulate and utilize each manufacturing base's production capacity, increase the proportion of automation in the production process, and promote the production efficiency of each factory.

(3) Products and R&D

- A. For R&D, focus on the advanced technologies, precision molds, and manufacturing technology integration for diverse product lineup and highly value-added products. Potential markets are selected to expand the niche.
 - B. We focus on the future development direction of major customers and grasp market opportunities to align R&D resources with the market trends.
 - C. Enhance engineering capabilities as well as big data system management, shorten product development time, reduce development costs, and continue to work on quality improvement.
- (4) Operation planning
- A. The Linkou Factory serves as the global operation and management headquarter and R&D base.
 - B. Provide the R&D, technical, sales, and management talents with long-term training, carry out the performance evaluation, and develop a new profit-sharing system for employees to boost human resources and maximize the Company's potential.
 - C. Streamline the workflow, improve the portion of automation, improve the management performance, and reinforce the concept of cost center management.
 - D. Continue to develop the technology capability and move towards product diversification to achieve the goal of becoming an international group.
- (5) Financial Planning
- A. Make flexible use of the hedging instruments, avoid the exchange rate fluctuation risks, and develop countermeasures to control the exchange rate risks.
 - B. Maintain a close relationship with financial institutions, gain visibility into the financial market trends, reduce capital costs, and increase the benefits of financial capital.
 - C. Follow the safe and stable principle to perform the financial planning based on the framework of the short-term, mid-term, and long-term capital requirements plans.
 - D. Enhance the cost and expense control, manage the capital expenditure, improve the operational efficiency, and build the long-term development strength.

2. Long-term development plan

- (1) Marketing strategies
- A. With the headquarters in Taiwan as the operation center, establish a global operation management and collaboration system, integrate and establish a long-term and stable international marketing network, and increase global sales volume and profits.
 - B. Adapt to the global massive economic development and increase customer service locations to serve local customers, enhance customer relations, and increase market share.
 - C. Filter the existing customer groups and identify the high-potential customers to increase the depth of collaboration.
- (2) Production policies
- A. Put the related ISO processes into practice and achieve the quality goals.
 - B. Enhance all manufacturing processes and automated production equipment to reduce incompliance caused by human factors.
 - C. Boost the production efficiency of overseas factories and reinforce the concept of cost center to effectively control the costs.
 - D. Continue to improve the early-period design quality, the technical capabilities for manufacturing processes, and the yield.

(3) Products and R&D

- A.Hire senior R&D staff for research and development of products.
- B.Add heat dissipation modules in addition to the existing modular integrated products of keyboard and FPC.
- C.Eliminate the inconvenience of the supply chain of fine line manufacturers to provide one-stop services and more options for the customers.

(4) Operation planning

After the short-term product development strategy works out, we will continuously invest in our technical capabilities and refine the technologies required by fine line and HF products to take the lead in the industrial technologies.

(5)Financial planning

We will enrich the operating capital, secure the financial structure and set up the mid-term and long-term capital to ensure a great long-term development strength for the Company's operation. From a long-term perspective, the Company hopes to built a comprehensive global network of sales and production by investing in R&D, production, marketing, finance, etc., and become a famous global leading supplier with our most excellent R&D team and most efficient production lines.

II. Overview of market and production & marketing

(I) Market analysis

1. Regions of distribution for the major products

Unit: NTD thousands

Year	2020		2021	
	Sales volume	Ratio	Sales volume	Ratio
America	183,191	3%	217,298	3%
Europe	39,827	1%	16,279	0%
Asia	3,979,917	72%	4,856,968	75%
Africa	22,229	0%	27,441	1%
Subtotal of overseas market	4,225,164	77%	5,117,986	79%
Domestic market	1,277,678	23%	1,360,569	21%
Total	5,502,842	100%	6,478,555	100%

2. Market share

(1) Mechanism integrated components (MVI)

The end brand manufacturers have gradually focused only on the control of key parts and components, while a few of mechanical components are controlled by the assembly factories themselves. For suppliers, the requirements regarding the price, the quality and the delivery time are all going to be the tough challenges. The solutions of modular products, which can enhance the competitiveness, is thus the Company's direction for integration and transformation.

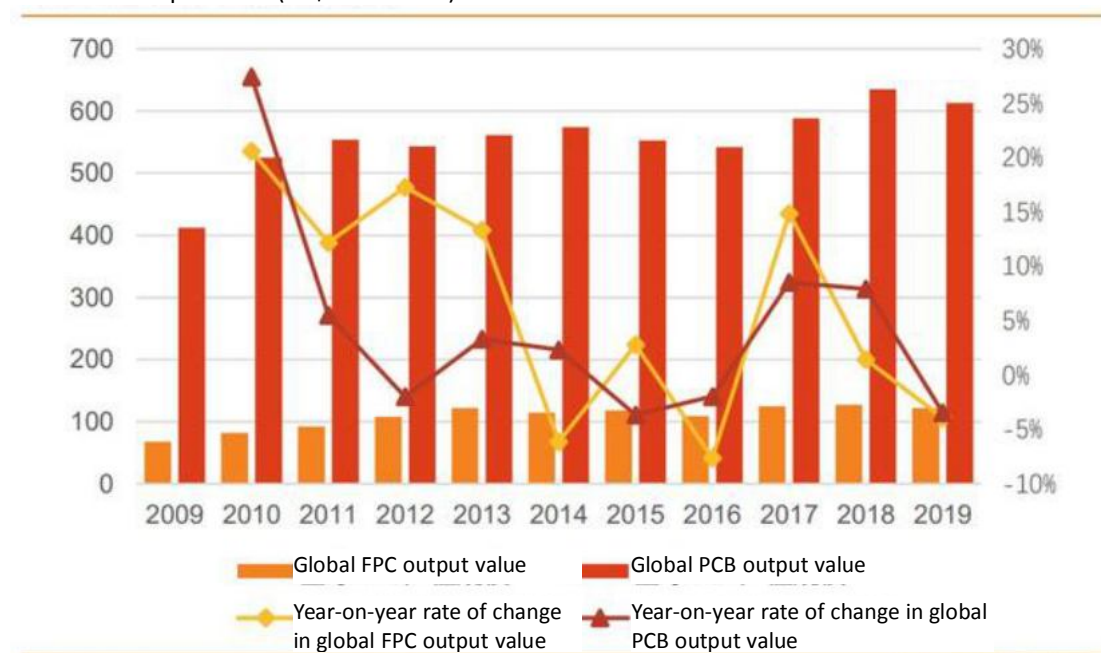
In addition, due to the pandemic and the geopolitical factors, the provision of local services has slowly become a key. The Company has premises in Taiwan, China and Southeast Asia to respond to the customers' needs in a timely manner. Also, we have developed consumer electronics, wearables and in-vehicle products as well, which helps avoid the impact on the

Company's resource appointment resulting from the high portion of a single product category and the extreme demand fluctuations during the low-peak period.

(2) Flex PCB (FPC)

FPC is a printed circuit board with high reliability and flexibility made of substrates such as polyimide or PET film. It features great pattern density, small volume, light weight, slimness, connection correspondence, bendability and 3D layout. With these incomparable advantages that other kinds of PCB don't have, FPC meets the requirements for the trends of intelligent, portable and slim products in the downstream electronic industry. According to the statistics from Prismark's research, during 2009 to 2019, the compound growth rate of FPC output value was 6%, which is higher than the growth rate of the PCB industry (4%). Moreover, with the continuously escalating end-use demand in recent years, the output value of FPC has still been increasing since 2020.

Global FPC output value (US\$100 million)



Source: Prismark, Qianzhan Industry Institute, Leading Industry Research

3. Future supply & demand and growth of market

(1) Supply

A. Mechanism integrated components (MVI)

As the demands for product diversity and customization keep changing and the rapid development is required, companies with the capabilities of self-development, design, production and integration have more opportunities to maintain their operations and profits. More and more companies have therefore provided one-stop services. In view of the material shortages that might often occur owing to the pandemic and the geopolitical factors, the resource integration ability and real-time logistics are also the key points that the customers will take into account.

B. Flex PCB (FPC)

The market of portable electronics, such as smartphones, wearables is expanding these days, and fiber-optic communication products have been emerging quickly, which drive the growth of the Taiwanese FPC industry. Because of the promising outlook of the

portable products, companies are actively expanding their production capacity to meet the demand for more FPC products in the future. Many FPC companies have started expansion of production capacity since last year and also actively engaged in the fine line products. The main reason is that the number of I/O in ICs has been increasing. The fabrication of fine lines has been used to determine the technical capabilities of FPC companies.

(2) Demand

A. Mechanism integrated components (MVI)

The need of data centers are still rising, so the overall demand is still considerable. Meanwhile, since the functions of the products nowadays are continuously improved, the demands for the quality, differentiated appearance, heat dissipation and integrated modular services will increase accordingly as well. As a result, the integrated services of mechanism and electronic materials will bring value-added effects to the customers and further catch their eye.

B. Flex PCB (FPC)

In addition to the existing consumer electronics and IoT products, automotive electronics will be an emerging high-tech field. It is expected that they accounts for 50% of the cost of one vehicle by 2020 and the global market will surpass US\$ 500 billion. Driving needs and governmental regulations are the two factors that make the safety system become the main growth driver of the automotive electronics. With the development of self-driving, Advanced Driver Assistance System (ADAS) has been drawn much attention and will be tightly integrated with the Telematics to provide active control safety.

4. Competitive niche

(1) R&D strength

The Company has 240 effective patents for its products in the countries of the world. The countries where we have obtained patents include those where markets are located, our manufacturing bases operate, competitors operate, and technologies are developed, such Taiwan, China, Japan, and Korea. There are 57 pending patents in several countries. For the mechanical manufacturing capabilities, the Company possesses the bonding technology of LSR and IME, etc. The technology, along with the Company's industry-leading FPC fine line manufacturing processes, continuous investment in R&D, and improved module integration capabilities, has become the greatest competitive niche of the Company.

(2) Product development capabilities

Due to the rapid changes in the market as well as the stricter technology and quality requirements, the Company has set up an internal control system and R&D team for the design and production aspects to deal with the customer need for customization, provide the real-time response, enhance the design quality, and reduce the error rate.

(3) Improved levels of automation

In response to the growing labor salary and improved yield during the production, companies are now turning to high automation manufacturing. With many years of experience in production automation and in-house development of automated machines, the Company has developed various good and efficient manufacturing processes for different products. The establishment of systematic information about the production traceability can represent the Company's quality control capability. As for the FPC, the Company has not only achieved nearly 90% automation for fine line production, but also been increasing the automation ratio in the back-end assembly section, further ensuring the

outstanding product quality, timely delivery, and cost savings.

(4) Global logistics model

The Company has established its overseas production bases and marketing centers to serve its local customers, collect market information, adjust production capacity, reduce production costs, and even win customer trust with the flexible shipping locations and short delivery time.

(5) Good relationship with end brand manufacturers

The Company has kept track of the technology R&D directions and trends of the end brand manufacturers to make sure that its R&D directions are aligned and thereby provide the services precisely meeting the requirements and enhance the product competitiveness.

(6) Diversified and integrated development

Aside from the existing mechanism and FPC technologies, heat dissipation modules and integrated services are also available to provide the customers with more diversified services.

5. Advantages and disadvantages for future development, and the countermeasures

(1) Advantages

Light weight, slimness and compactness are still the development trends of the products or wearables, and are also the development directions of all the electronics. In addition, whether the suppliers can provide diversified modular services to help reduce the supply chain management costs will also be a point that the customers will consider.

Currently, the Company has flex PCB (FPC) that is flexible, lightweight, able to be used to manufacture the PCB with high density layout or link boards, and thus irreplaceable. It can be applied to slim and lightweight smartphones, wearables, in-vehicle FPC, and so on. Furthermore, the emerging industries of AR/VR/MR, EVs and data centers are all going to stimulate the relevant demands. The Company's existing production strength and new technologies, together with the integrated modular services, will help boost the Company's competitiveness and visibility in the market.

(2) Disadvantages

The rise of China's suppliers has created an impact. Manufacturers are thus expanding the production capacity, and the price competition has become fiercer. As technology advances in the mobile communication industry with each passing day, the consumer needs also change very rapidly. The demand for diversified and personalized HMIs has increased different companies' costs of the material feeding technology research and the mass production technology development for sure. In addition, all the countries have been paying more and more attention to the ESG issues and environmental protection, which has sped up the increase in raw material costs and led to the supply shortage of raw materials. Furthermore, the supply chain disruption and imbalanced material inventory caused by the pandemic are challenges to the business management abilities of suppliers.

(3) Countermeasures

The Company has worked closely with the customers and suppliers in terms of supply and demand, gaining visibility into their demand and production status and precisely controlling its stock level. With clear sales prospecting strategies employed, it has focused on the promising industries with potential to avoid price war.

Also, the Company has been keeping track of the dynamic market trends in a timely manner and giving quick responses. With a view to conforming with the product development trends of the customers, it has aligned the development direction of the R&D unit and increased the R&D budgets to enhance the capabilities of product design, development and integration as well as stimulating the integrated talent development.

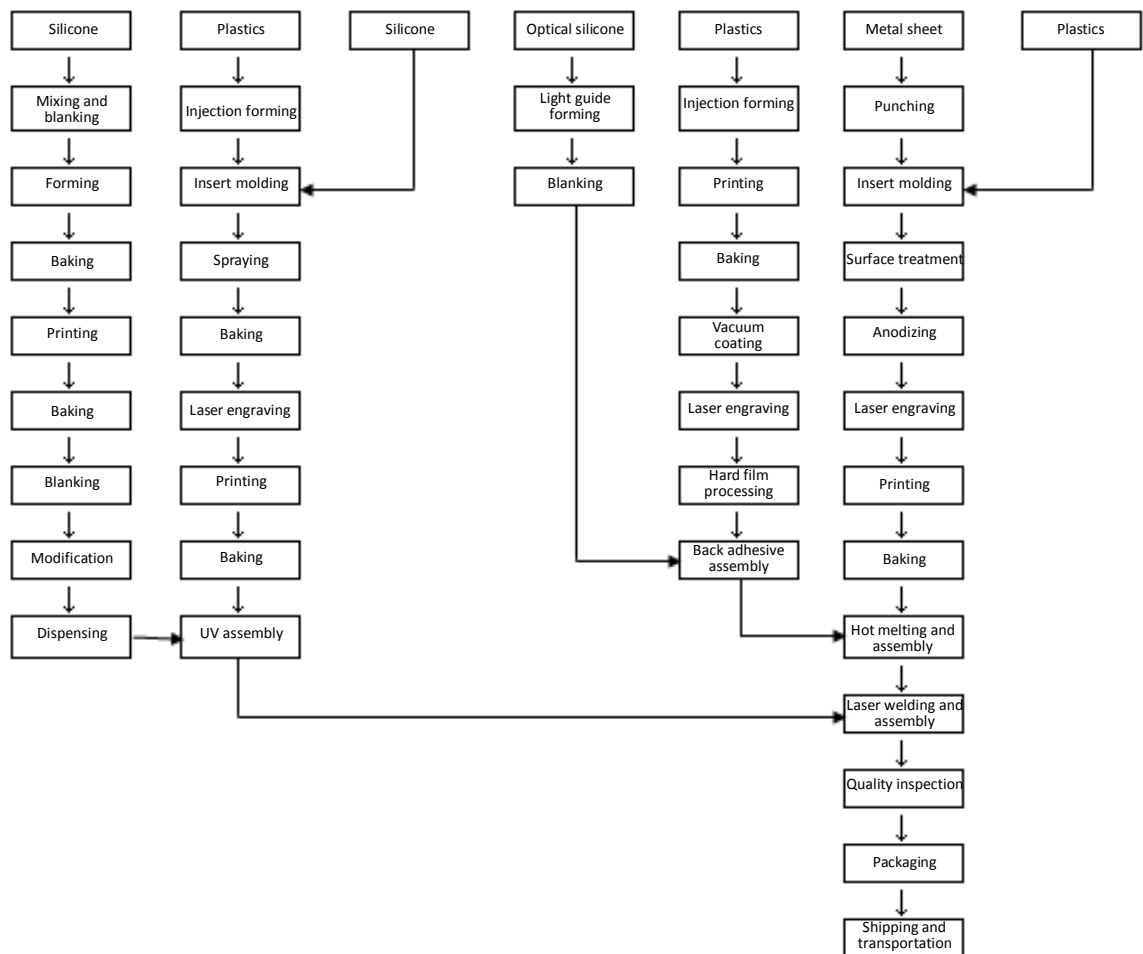
(II) Important purpose and manufacturing processes of main products

1. Important purpose of main products

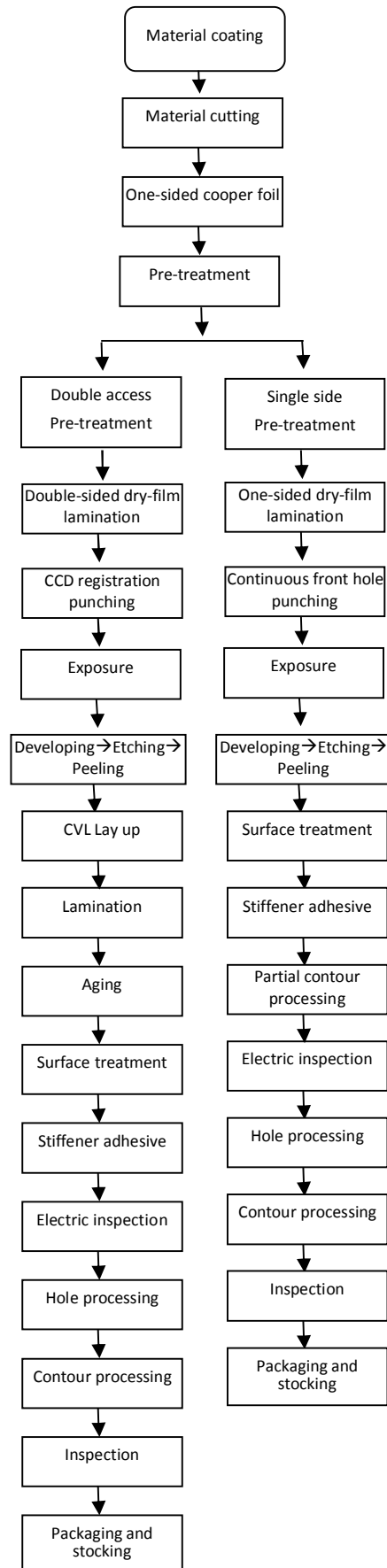
Main products	Purpose
Mechanism integrated components	Telephones, cellphones, controllers, wearables, smart home products, automotive electronic modules, industrial/server heat dissipation modules.
Flex PCB	Consumer electronics, such as smartphones, wearable products, in-vehicle products, automotive electronics, touch panels, high-end cameras.
Molds	Molds for mechanism molding and FPC.

2. Production and manufacturing processes

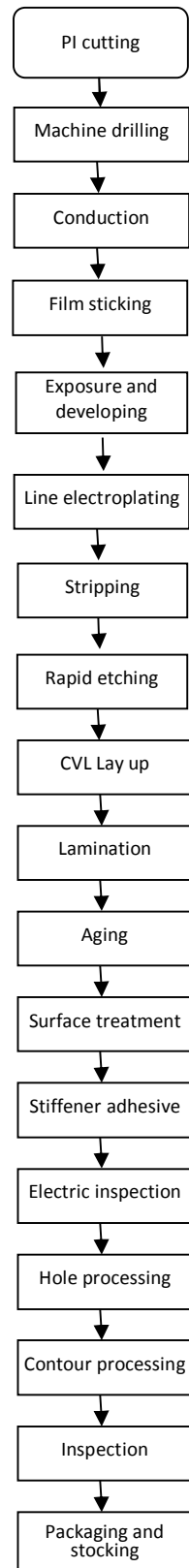
(1) Mechanism integrated components (MVI)



(2) Flex PCB (FPC)



(3) Flex PCB (FPC) - Fine line PEDLIM process



(III) Supply of main raw materials

1. Mechanism integrated components (MVI)

The main raw materials used for the mechanism integrated components produced by the Company are plastics, silicone rubber, polycarbonate, inks, and valuable components; there are only 4 suppliers of silicone rubber in the world. The Company has maintained a good relationship with each supplier for stable supply of raw materials. The Company is also an important customer of each supplier without any raw material supply shortage.

Main suppliers of raw materials for mechanism integrated components

Main raw materials	Regions of sourcing	Main suppliers	Current availability
Stainless steel	Domestic	Hotechnic Precious Hardware Limited	Good
Plastic and silicone rubber materials	Overseas	Shandechenxin Commerce Co., Ltd.	Good

2. Flex PCB (FPC)

The main raw materials used for FPC products of the Company are Flexible Copper Clad Laminate (FCCL), protective coatings, stiffener films, etc.; all of our suppliers are the famous international and domestic companies that have good product quality, delivery date, pricing, and aftersales services. The availability of raw materials used for our FPC products is very stable.

Major suppliers of Flex PCB raw materials

Main raw materials	Regions of sourcing	Main suppliers	Current availability
Flexible Copper Clad Laminate (FCCL)	Overseas	Du Pont China Holding Co., Ltd	Good
Protective coatings	Overseas	Kunshan KJD Electronic Co., Ltd.	Good
Stiffener films	Overseas	Suzhou Pinxing Electronics Ltd.	Good
Potassium gold cyanide	Overseas	Suzhou Xingrui Noble Metal Material Co., Ltd.	Good

(4) The name of the supplier (customer) that accounted for more than 10% of the total purchase (sale) in any of the last two years, and the proportion of the purchase (sale) amount, the reason for the changes

1. Major suppliers in the last two years and their total sales in any of the last two years, and the proportion of the purchase amount of each year:

Item	2020				2021				As of previous quarter, 2022			
	Name	Amount	Annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Annual net purchase ratio (%)	Relationship with the issuer	Name	Amount	Net procurement ratio as of the previous quarter of the current year (%)	Relationship with the issuer
1	Company A	165,040	5.84	None	Company A	196,930	5.72	None	Company A	65,150	7.00	None
2	Company B	110,196	3.90	None	Company B	126,864	3.69	None	Company B	52,780	5.67	None
3	Company C	85,633	3.03	None	Company C	109,831	3.19	None	Company C	48,012	5.16	None
4	Others	2,465,185	87.23	None	Others	3,008,198	87.4	None	Others	765,163	82.17	None
Total	Net procurement	2,826,054	100		Net procurement	3,441,823	100		Net procurement	931,104	100	

The reason for the changes is that the customers' sales may fluctuate over time.

2. Major customers in the last two years and their total purchase in any of the last two years, and the proportion of the purchase amount of each year:

Item No.	2020				2021				As of previous quarter, 2022			
	Name	Amount	Annual net sales ratio (%)	Relationship with the issuer	Name	Amount	Annual net sales ratio (%)	Relationship with the issuer	Name	Amount	Net sales ratio as of the previous quarter of the current year (%)	Relationship with the issuer
1	Company I	555,542	10	None	Company I	937,676	14	None	Company I	436,043	25	None
2	Company T	499,350	9	None	Company T	786,086	12	None	Company T	196,226	11	None
3	Others	4,447,950	81	None	Others	4,754,793	74	None	Others	1,119,771	64	None
Total	Net sales	5,502,842	100		Net sales	6,478,555	100		Net sales	1,752,040	100	

The reason for the changes is that the Group adjusted the overseas production percentage based on the overall resources planning. As a result, the purchase amount for external factories has been increased.

(V) Production value over the last two (2) years

Unit of production volume: thousand pcs (sets); unit of production value: thousand dollars

Year Production Quantity value Main products (or by department)	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Mechanism integrated component products	210,380	56,145	771,473	209,747	71,176	970,603
Flex PCB products	375,907	188,180	3,520,145	358,471	171,761	3,945,103
Total	586,287	244,325	4,291,619	568,218	242,937	4,915,706

(VI) Sales value over the last two years

Unit of sale volume: thousand; unit of sales value: thousand

Year Sales Volume value Main products (or by department)	2020				2021			
	Domestic market		Export		Domestic market		Export	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Mechanism integrated component products	9,609	333,531	51,601	1,034,558	8,981	396,933	72,589	1,300,810
Flex PCB products	44,921	944,148	116,746	3,190,605	37,926	963,636	151,073	3,817,176
Total	54,530	1,277,679	168,347	4,225,163	46,907	1,360,569	223,662	5,117,986

III. Employees

Year		2020	2021	April 18, 2022
Number of employees	Direct labor	1819	2123	1977
	Indirect labor	1234	833	823
	Total	3053	2956	2800
Average age		30.5	35.6	35.9
Average years of service		3	4.22	4.75
Qualification	Doctoral degree	0.04%	0.01%	0.01%
	Master's degree	0.7%	0.7%	0.7%
	College	20.1%	27.5%	28%
	Senior high school	19.16%	31%	36.29%
	Below senior high school	60%	40.79%	35%

IV. Environment protection expenditure information

(i) Any losses suffered by the Company in the most recent year and up to the publication date of this annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, for which the punishment dates, the punishment reference numbers, the violated provisions, the substance of the legal violations, and the content of the punishment shall be specified), and disclosure of an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Description of the incident	Improvement measures
1.Punishment date: March 29, 2021 2.Punishment reference No.: Fa-Zhi-Zi No. 258 in 2021 3.Provision violated: Item IV., Article 46 of the Waste Disposal Act 4. Content of the violated provision: Conducting waste storage, clearance, disposal without obtaining the waste clearance and disposal permission pursuant to Article 41, Paragraph 1; or storing, clearing and disposing of waste not in accordance with the content designated in the waste clearance and disposal permission. 5. Content of the punishment: A fine of NT\$332,000.	The Company has paid the fine within the specified period and requested the responsible unit to comply with the laws and regulations.

(ii) The estimate of possible expenses that could be incurred in the future and the corresponding measures:

All kinds of wastes are entrusted to qualified treatment plants as per laws and regulations, and the Company will continuously improve the educational training regarding the relevant regulations and disposal procedures.

V. Labor-management relations

(I) Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements made between employers and employees, and the protection of employees' rights:

1. The Company provides: labor and health insurance, pension reserve, arrear wage payment

- funds, clinics, breastfeeding rooms, and reading rooms.
- The Company specially provides: holiday and performance bonuses, physical examinations, employee dividend and stock option system, in-service training grants, meal subsidies, employee cafeterias, employee dormitories, swimming pools, sauna, fitness gyms, table tennis rooms, billiard rooms, and parking lots for cars and scooters.
 - The Employee Welfare Committee was established to: provide employee welfares, such as subsidies for various trip activities, discounts at contracted stores, free movie watching, lectures, art activities, family days, and kids activities.
 - Studying and training: To stay competitive, put organizational strategies into practice, and improve employee performance, the Company has formulated the "Employee's Training and Education Regulations" to plan the overall training courses based on the working requirements and give the orientation to new employees; the Company also provide internal on-job training courses and subsidies for external training and education to encourage its employees to receive training in different aspects, and provide various books to help them improve their working skills.

Employee training in 2021:

Courses	Training time	Hours	Total training costs
Various external and internal training courses	2021/1/1-2021/12/31	2176	NT\$2,461,057
Total			

- Retirement system: The retirement application and pension standards are implemented in accordance with the Labor Standards Act, Labor Pension Act and Employment Retirement Regulations. The pension of the employees are deposited to Central Trust of China or their individual pension accounts.
 - The labor-management relations and implementation: The Company's labor-management relations are always harmony and a good communication channel has been established with the Employee Mailbox. Comprehensive regulations have been established for employee motivation, training, and retirement to take care of the employees' and Company's interests.
- (II) Any losses suffered by the Company in the most recent year and up to the publication date of this annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, for which the punishment dates, the punishment reference numbers, the violated provisions, the substance of the legal violations, and the content of the punishment shall be specified), and disclosure of an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

1. Losses due to labor disputes:

Description of the incident	Amount of the fine (NT\$1,000)	Improvement measures
<p>4.Punishment date: October 26, 2021</p> <p>5.Punishment reference No.: Fu-Lao-Tiau-Zi No. 1100260092</p> <p>6.Provision violated: Paragraph 2, Article 24 of the Labor Standards Act</p> <p>7.Content of the violated provision: In accordance with Article 36, an employer shall pay a worker overtime wages when required to work on the rest days. When the overtime work does not exceed two hours, the worker shall be paid, in addition to the regular hourly wage, at least an additional one and one-third of the regular hourly rate. When the overtime</p>	20	<p>1. The Company has paid the fine on November 6, 2021.</p> <p>2. The overtime pay calculation method of the pay calculation system has been corrected to include the night shift allowance into the calculation.</p>

<p>work is over two hours, the worker shall be paid, in addition to the regular hourly wage, at least an additional one and two-thirds of the regular hourly rate.</p> <p>8. Content of the punishment: The night shift allowance, which should be counted as a part of the wage, was not included in the total wage. Thus, the wage for working on the rest days was less than the amount that should be paid.</p>		
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2. The estimate of possible expenses that could be incurred due to labor disputes in the future and the corresponding measures:

The Company effectively communicates with the employees through various channels, and instantly responds to employees' opinions. The labor-management relation is harmony without any major employment disputes; with a good interaction between the employees and management, it is expected that losses may not arise as a result of employment disputes.

VI. Information security management

- (I) Information security risk management structure, information security policy, specific management plans and investment in information security management resources:

1. Organization

The Smart Promotion Division is a department independent of the users' units, and is responsible for formulating and implementing the information security policy, disseminating information security messages, raising the employees awareness of information security, collecting as well as improving the technology, products or procedures of the organization's information security management system, and carrying out the transformation of working hour digitalization. The Smart Promotion Division collaborates with the Company's audit unit to work on the internal and external audits regarding information security.

2. Information security risk management mechanism:

The network security, computer information file security, device security, e-mail security, and control of access to information systems are under management to achieve information security management.

3. Information security policy:

3-1. The goal of information security:

The goal is to ensure the security of the Company's systems, equipment, computer information files and network, and establish a safe and reliable computer operation environment, thereby guaranteeing the Company's interests and the sustainable operations of the information system of each unit.

3-2. The scope of information security:

- 1) Computer system security management.
- 2) Network security management.
- 3) System assess control.
- 4) Information assets security management.
- 5) Physical and environmental security management.
- 6) Information security audits.

3-3. Principles and standards of information security:

- 1) To protect the information systems and files, detection and preventive measures shall be adopted to prevent any attack and infection resulting from the computer viruses, and an

active invasion detection system shall be established to deal with any invasion and malicious attack, thereby meeting the requirements regarding computer data security.

- 2) To prevent any disruption of the material information assets and key operations or communication systems of the Company due to any natural disaster or serious man-made incident, a policy on the sustainable operation planning of the information systems shall be developed.

3-4. Relevant regulations to be observed by the employees:

- 1) In order to maintain the integrity of data, the computer data and equipment shall not be destroyed, carried out of the place, lent to others, or improperly revised.
- 2) The employees shall comply with the Company's policy and regulations regarding the email sending and receiving and the use of Internet, and shall not install any software not authorized by the Information Department and software without copyright.
- 3) If an employee has accessed the host, he or she shall exit the machine when the task is completed or when the machine will not be used for a long while, so as to avoid confidential data breach,
- 4) Data sabotage or machine crash.
- 5) The location of ICT equipment shall not only be subject to the principal of convenience but also be a place away from water, coffee, exposure to sunlight or humidity; the equipment in an acid or alkaline environment shall have a protective cover to ensure a longer service life.
- 6) When the computer equipment fails to operate normally, the user shall immediately inform the information unit for a check or repair.

4. Specific management plans for information security:

4-1. Internet information security control:

- 1) The firewall shall be established.
- 2) The email security control shall be implemented.
- 3) Regular virus scanning shall be performed for the computer systems and data storage media.
- 4) The use of different network services shall be subject to the information security policy.

4-2. Data access control:

- 1) The computer equipment shall be kept by the designated personnel and with the account and password set.
- 2) Different access permissions shall be given according to the competency.
- 3) The original authority of the transferred personnel shall be canceled.
- 4) The confidential and sensitive data as well as the software with copyright shall be removed or overridden before the equipment is scrapped.

4-3. Responsive recovery mechanism:

- 1) The system backup mechanism shall be set up to implement the remote backup.
- 2) The emergency response plans shall be reviewed on a regular basis.
- 3) The computer network security control measures shall be reviewed regularly.

4-4. Emergency reporting procedure

When any information security incident happens, the unit encountering the incident shall report to the security team of the Information Division to identify the incident type, find out the cause, handle the matter in a timely manner and record the incident.

- (II) Any losses suffered by the Company in the most recent year and up to the publication date of this annual report due to significant information security incidents, and disclosure of an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: Up to the

publication date of this annual report, there has been no significant information security incidents causing damages to the Company's business. The above-mentioned information security policy is implemented to minimize the loss.

VII. Major contracts

Nature of contract	Principals	Duration	Contents	Restrictive clause
Supply and sale contract	Confidentiality and non-disclosure		Purchase of our products, delivery models, products, specifications, delivery period and quantity, and other related regulations	Non-disclosure agreement
Material Purchase and Sales Agreement	Confidentiality and non-disclosure		Purchase of our products, delivery models, products, specifications, delivery period and quantity, and other related regulations	
Material Purchase and Sales Agreement	Confidentiality and non-disclosure		The quality, objectives and needs of the purchased products and other related regulations	

VI. Overview of finance

i. Condensed balance sheet and comprehensive income statement of the most recent five years

(i) Condensed balance sheet and income statement

1. Consolidated Condensed balance sheet - IFRSs

Unit: NTD thousands

Item \ Year		Financial information for the most recent 5 years (Note 1)				
		2017	2018	2019	2020	2021
Current asset		6,443,373	5,952,614	4,970,193	5,960,814	5,701,430
Real estate, plant and equipment		2,906,448	2,850,428	2,921,587	2,783,419	2,734,585
Intangible asset		-	-	-	-	-
Other assets		244,959	198,254	136,475	215,923	199,971
Total assets		10,275,814	9,670,923	8,489,255	9,460,234	9,065,970
Current liabilities	Before distribution	3,574,656	3,217,071	2,331,010	3,599,329	2,766,615
	After distribution	3,574,656	3,370,839	2,484,778	3,748,097	2,915,383
Non-current liabilities		811,198	469,520	299,944	157,421	567,110
Total liabilities	Before distribution	4,385,854	3,686,591	2,630,954	3,756,750	3,333,725
	After distribution	4,385,854	3,840,359	2,784,722	3,905,518	3,482,493
Equity attributable to the parent company		5,889,960	5,984,332	5,858,301	5,703,484	5,732,245
Share capital		3,356,506	3,172,676	3,075,366	3,075,366	3,075,366
Capital surplus		2,325,439	2,219,748	2,163,711	2,086,827	2,054,098
Retained earnings	Before distribution	832,927	915,745	954,930	998,016	1,100,000
	After distribution	832,927	761,977	878,046	849,248	951,232
Other equities		(85,217)	(137,012)	(335,706)	(295,397)	(335,891)
Treasury stock		(539,695)	(186,825)	-	(161,328)	(161,328)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	5,889,960	5,984,332	5,858,301	5,703,484	5,732,245
	After distribution	5,889,960	5,830,564	5,704,533	5,554,716	5,583,477

Note 1: The above information has been attested or reviewed by CPA.

2. Consolidated Condensed comprehensive income statement - IFRSs

Unit: NTD thousands

Item \ Year		Financial information for the most recent 5 years (Note)				
		2017	2018	2019	2020	2021
Operating revenues		7,180,059	7,231,688	6,148,946	5,502,842	6,478,555
Operating gross profits		126,760	510,575	864,211	744,435	803,934
Operating profits or losses		(326,663)	82,618	280,795	195,687	208,110
Non-operating incomes and expenses		(37,503)	97,854	244	-5,674	59,532
Net profits before tax		(364,166)	180,472	281,039	190,013	267,642
Net profits from continuing operations for the period		(298,473)	145,110	226,792	120,190	222,893
Losses from discontinued operations		-	-	-	-	-
Net profits (losses) for the period		(298,473)	145,110	226,792	120,190	222,893

Other comprehensive income for the period (net after tax)	(160,701)	(51,342)	(199,055)	40,089	(45,364)
Total comprehensive income for the period	(459,174)	93,768	27,737	160,279	177,529
Net profits attributable to shareholders of parent company	(298,473)	145,110	226,792	120,190	222,893
Net profits attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to shareholders of parent company	(459,174)	93,768	27,737	160,279	177,529
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	(0.97)	0.47	0.74	0.40	0.75

Note: The above information has been attested or reviewed by CPA.

3. Standalone Condensed balance sheet - IFRSs

Unit: NTD thousands

Item \ Year		Financial information for the most recent 5 years (Note 1)				
		2017	2018	2019	2020	2021
Current asset		3,133,335	2,748,969	2,286,360	2,828,792	2,355,219
Real estate, plant and equipment		740,208	685,625	916,464	852,685	815,796
Intangible asset		-	-	-	-	-
Other assets		55,299	37,312	32,332	63,748	46,440
Total assets		9,238,824	8,967,255	8,459,597	9,039,291	8,570,639
Current liabilities	Before distribution	2,536,793	2,515,335	2,304,491	3,200,672	2,283,991
	After distribution	2,536,793	2,669,103	2,458,259	3,349,440	2,432,759
Non-current liabilities		812,071	467,588	296,805	135,135	554,403
Total liabilities	Before distribution	3,348,864	2,982,923	2,601,296	3,335,807	2,838,394
	After distribution	3,348,864	3,136,691	2,755,064	3,484,575	2,987,162
Equity attributable to the parent company		5,889,960	5,984,332	5,858,301	5,703,484	5,732,245
Share capital		3,356,506	3,172,676	3,075,366	3,075,366	3,075,366
Capital surplus		2,325,439	2,219,748	2,163,711	2,086,827	2,054,098
Retained earnings	Before distribution	832,927	915,745	954,930	998,016	1,100,000
	After distribution	832,927	761,977	878,046	849,248	951,232
Other equities		(85,217)	(137,012)	(335,706)	(295,397)	(335,891)
Treasury stock		(539,695)	(186,825)	-	(161,328)	(161,328)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	5,889,960	5,984,332	5,858,301	5,703,484	5,732,245
	After distribution	5,889,960	5,830,564	5,704,533	5,554,716	5,583,477

Note 1: The above information has been attested or reviewed by CPA.

Note 2: The distribution of cash dividends for 2021 has been resolved by the Board of Directors.

Note 3: Not yet resolved by The Board of Directors.

4. Standalone Condensed comprehensive income statement - IFRSs

Unit: NTD thousands

Item \ Year	Financial information for the most recent 5 years				
	2017	2018	2019	2020	2021
Operating revenues	4,901,142	4,652,792	4,087,876	3,637,810	3,996,676
Operating gross profits	11,255	8,092	158,057	270,514	277,848
Operating profits or losses	(179,536)	(155,800)	(15,530)	115,789	110,666
Non-operating incomes and expenses	(164,194)	284,187	244,938	39,621	136,111
Net profits before tax	(343,730)	128,387	229,408	155,410	246,777
Net profits from continuing operations for the period	(298,473)	145,110	226,792	120,190	222,893
Losses from discontinued operations	-	-	-	-	-
Net profits (losses) for the period	(298,473)	145,110	226,792	120,190	222,893
Other comprehensive income for the period (net after tax)	(160,701)	(51,342)	(199,055)	40,089	(45,364)
Total comprehensive income for the period	(459,174)	93,768	27,737	160,279	177,529
Net profits attributable to shareholders of parent company	(298,473)	145,110	226,792	120,190	222,893
Net profits attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to shareholders of parent company	(459,174)	93,768	27,737	160,279	177,529
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	(0.97)	0.47	0.74	0.40	0.75

Note: The above information has been attested or reviewed by CPA.

(ii) The name of attesting CPA for the most recent five years and the audit opinions.

Year	CPA Name	Audit opinions
2017	Lin Yi-Hui, Chen Hui-Ming	Unqualified opinions
2018	Lin Yi-Hui, Chen Hui-Ming	Unqualified opinions
2019	Lin Yi-Hui, Chih Jui-Chuan	Unqualified opinions
2020	Lin Yi-Hui, Chih Jui-Chuan	Unqualified opinions
2021	Hsieh Ming-Chung, Liu Shu-Lin	Unqualified opinions

II. Financial analysis for the latest 5 years

(i). Consolidated financial analysis - IFRSs

Analysis (Note 3)		Year (Note 1)	Financial information for the most recent 5 years				
			2017	2018	2019	2020	2021
Capital structure (%)	Debt to assets ratio		42.68	38.12	30.99	39.71	36.77
	Long-term capital to property, plant, and equipment ratio		207.94	226.42	210.78	210.56	230.36
Solvency (%)	Current ratio		180.25	185.03	213.22	165.61	206.08
	Quick ratio		147.79	156.59	181.01	137.5	165.38
	Times interest earned ratio		(8.64)	6.76	12.02	13.58	22.22
Operating performance	Accounts receivable turnover rate (times)		2.71	2.49	2.34	2.27	2.61
	Average collection days		134.70	146.58	155.98	160.79	139.84
	Inventory turnover rate (times)		7.43	6.98	7.09	5.83	5.66
	Accounts payables turnover rate (times)		4.12	4.08	4.09	3.27	3.57
	Average sales days		49.13	52.29	51.48	62.6	64.48
	PPE turnover rate (times)		2.23	2.54	2.10	1.98	2.37
	Total asset turnover rate (times)		0.70	0.75	0.72	0.58	0.71
Profitability	Return on assets (%)		(2.60)	1.72	2.72	1.47	2.52
	Return on equity (%)		(4.87)	2.44	3.83	2.08	3.90
	Net profits before tax to paid-in capital ratio (%)		(10.85)	5.69	9.14	6.18	8.70
	Net profit margin (%)		(4.16)	2.01	3.69	2.18	3.44
	Earnings per share (NT\$)		(0.97)	0.47	0.74	0.40	0.75
Cash flow	Cash flow ratio (%)		0.00	11.57	56.13	12.37	14.30
	Cash flow adequacy ratio (%)		99.69	94.20	91.86	80.25	85.36
	Cash reinvestment ratio (%)		0.00	3.65	11.18	2.86	2.39
Leverage	Operating leverage		(0.39)	6.42	2.59	3.08	2.93
	Financial leverage		0.90	1.61	1.10	1.08	1.06

Please explain the reasons for changes in each financial ratio during the most recent 2 years:

- (1) Current ratio: The increase in current ratio in 2021 was mainly due to the decrease in current liabilities in the current period compared to the previous period.
- (2) Quick ratio: The increase in quick ratio in 2021 was mainly due to the decrease in current liabilities in the current period compared to the previous period.
- (3) Times interest earned ratio: The increase in interest coverage multiplier in 2021 was mainly due to the increase in earnings before interest and taxes in the current period compared to the previous period.
- (4) Property, plant, and equipment turnover rate: The increase in property, plant, and equipment turnover rate in 2021 was mainly due to the increase in net sales in the current period compared to the previous period.
- (5) Total assets turnover rate: The increase in total assets turnover rate in 2021 was mainly due to the increase in net sales in the current period compared to the previous period.
- (6) Return on assets: The increase in return on assets in 2021 was mainly due to the increase in net profits after tax in the current period compared to the previous period.
- (7) Return on equity: The increase in return on equity in 2021 was mainly due to the increase in net profits after tax in the current period compared to the previous period.
- (8) Net profits before tax to paid-in capital ratio: The increase in the ratio in 2021 was mainly due to the increase in net profits before tax in the current period compared to the previous period.
- (9) Net profit margin: The increase in net profit margin in 2021 was mainly due to the increase in net profits after tax in the current period compared to the previous period.
- (10) Earnings per share: The increase in earnings per share in 2021 was mainly due to the increase in net profits after tax in the current period compared to the previous period.

Note: The above information has been attested or reviewed by CPA.

(ii). Standalone financial analysis - IFRSs

Analysis (Note 3)		Year (Note 1)	Financial information for the most recent 5 years				
			2017	2018	2019	2020	2021
Capital structure (%)	Debt to assets ratio		36.25	33.26	30.75	36.90	33.12
	Long-term capital to property, plant, and equipment ratio		905.43	941.03	671.61	684.73	770.62
Solvency (%)	Current ratio		123.52	109.29	99.21	88.38	103.12
	Quick ratio		120.18	106.82	94.90	85.06	99.49
	Times interest earned ratio		(7.42)	5.12	11.82	15.63	26.18
Operating performance	Accounts receivable turnover rate (times)		2.58	2.30	2.38	2.40	2.67
	Average collection days		141.57	158.69	153.36	152.08	136.70
	Inventory turnover rate (times)		102.66	77.88	58.99	38.08	46.09
	Accounts payables turnover rate (times)		5.05	4.54	3.70	2.40	2.68
	Average sales days		3.56	4.68	6.18	9.58	7.91
	PPE turnover rate (times)		6.62	6.79	4.46	4.27	4.90
	Total asset turnover rate (times)		0.53	0.52	0.48	0.40	0.47
Profitability	Return on assets (%)		(2.82)	1.88	2.80	1.47	2.62
	Return on equity (%)		(4.87)	2.44	3.83	2.08	3.90
	Income before tax to paid-in capital ratio (%)		(10.24)	4.05	7.46	5.05	8.02
	Net profit margin (%)		(6.09)	3.12	5.55	3.30	5.58
	Earnings per share (NT\$)		(0.97)	0.47	0.74	0.40	0.75
Cash flow	Cash flow ratio (%)		0.00	0.00	33.23	15.19	5.14
	Cash flow adequacy ratio (%)		89.33	110.22	168.70	180.56	177.90
	Cash reinvestment ratio (%)		0.00	0.00	33.26	22.77	-1.68
Leverage	Operating leverage		0.38	0.29	(5.84)	1.87	1.92
	Financial leverage		0.81	0.83	0.42	1.10	1.10
<p>Please explain the reasons for changes in each financial ratio (up to 20%) during the most recent 2 years:</p> <p>(1) Times interest earned ratio: The increase in interest coverage multiplier in 2021 was mainly due to the increase in earnings before interest and taxes in the current period compared to the previous period.</p> <p>(2) Inventory turnover rate: The increase in inventory turnover rate in 2021 was mainly due to the decrease in average inventory in the current period compared to the previous period.</p> <p>(3) Return on assets: The increase in return on assets in 2021 was mainly due to the increase in net profits after tax in the current period compared to the previous period.</p> <p>(4) Return on equity: The increase in return on equity in 2021 was mainly due to the increase in net profits after tax in the current period compared to the previous period.</p> <p>(5) Net profits before tax to paid-in capital ratio: The increase in the ratio in 2021 was mainly due to the increase in net profits before tax in the current period compared to the previous period.</p> <p>(6) Net profit margin: The increase in net profit margin in 2021 was mainly due to the increase in net profits after tax in the current period compared to the previous period.</p> <p>(7) Earnings per share: The increase in earnings per share in 2021 was mainly due to the increase in net profits after tax in the current period compared to the previous period.</p> <p>(8) Cash flow ratio: The decrease in cash flow ratio in 2021 was mainly due to the decrease in cash flow from operating activities in the current period compared to the previous period.</p> <p>(9) Cash reinvestment ratio: The decrease in cash reinvestment ratio in 2021 was mainly due to the decrease in cash flow from operating activities in the current period compared to the previous period.</p>							

Note: The above information has been attested or reviewed by CPA.

****The formula for calculating each of the above ratios is as follows;**

1. Capital structure
 - (1) Debt to assets ratio = Total liabilities/total assets.
 - (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.
2. Solvency
 - (1) Current ratio = Current assets/current liabilities.
 - (2) Quick ratio = (Current assets-inventory-prepaid expenses)/current liabilities.
 - (3) Times interest earned ratio = net profits before tax and interest expense/interest expense for the period.
3. Operating performance
 - (1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales/balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).
 - (2) Average collection days = 365/receivables turnover rate.
 - (3) Inventory turnover rate = costs of goods sold/average inventory.
 - (4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold/balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
 - (5) Average sales days = 365/inventory turnover rate.
 - (6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment.
 - (7) Total assets turnover rate = net sales/average total assets.
4. Profitability
 - (1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets.
 - (2) Return on equity = net profits after tax/average total equity.
 - (3) Net profits margin = net profits after tax/net sales.
 - (4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding. (Note 1)
5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years/sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years.
 - (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capitals). (Note 2)
6. Leverage:
 - (1) Operating leverage = (net operating revenues - variable operating costs and expenses)/operating profits.
 - (2) Financial leverage = operating profits/(operating profits - interest expense).

Note 1: Special attention should be paid to the following when using the above earnings per share calculation formula;

1. Weighted average quantity of shares is on the basis of common stock, not the outstanding shares as of the end of the year.
2. If there is a cash capital increase or treasury transaction, the outstanding period should be considered for weighted-average stock calculation.
3. If any additional shares were issued against retained earnings or capital surplus, the full year or half-year earnings per share must be adjusted proportionally and retroactively, regardless of when the additional stocks were issued.
4. If the preferred stock is unconvertible cumulative preferred stock, the dividend for the year (whether the dividend is paid or not) should be deducted from the net income or added to the net loss. If preference shares were non-cumulative, the preference shares dividends must be deducted from after tax net profit; no adjustment is required from after tax net loss.

Note 2: The following shall be considered in assessing cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflow for annual capital investments.
3. The increase in inventory is included only when the balance at the ending is greater than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as "zero".
4. Cash dividend includes cash dividend for common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment before subtracting by accumulated depreciation.

Note 3: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved,

please note the reasonableness and consistency.

Note 4: In the case of shares issued by the Company with no par value or a par value other than NT\$10 per share, said calculation about the ratio of the paid-in capital shall be replaced by the equity attributable to the parent company identified in the balance sheet.

- iii. **Audit Committee's audit report of the financial statements for the most recent year:**
See page 84.
- iv. **Financial statements for the most recent year:** See pages 94-164.
- v. **Standalone financial statements audited and attested by CPA for the most recent year:**
See pages 165-227.
- vi. **If the Company or any of its affiliated companies had, in the latest year up until the publication of this annual report, experienced financial distress, the impacts to the Company's financial status must be disclosed:** None.

Audit Committee's Audit Report

The Company's Board of Directors prepared the 2021 financial statements. Deloitte & Touche has audited the financial statements and issued an audit report. The above-mentioned business report, financial statements and earnings distribution proposal have been audited by the Audit Committee, and no inconsistencies were found. The audit report is thus presented pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

To:

2022 Regular Shareholders' Meeting of ICHIA TECHNOLOGIES INC.

Audit Committee convener: Huang Chin-Ming

March 24, 2022

VII. Review and analysis of financial status and financial performance and risk

i. Financial position

(i) Comparative analysis of financial position

Unit: NTD thousands; %

Item \ Year	2020	2021	Difference	
			Amount	%
Current asset	5,960,814	5,701,430	(259,384)	-4%
Property, Plant and Equipment	2,783,419	2,734,585	(48,834)	-2%
Other assets	215,923	199,971	(15,952)	-7%
Total assets	9,460,234	9,065,970	(394,264)	-4%
Current liabilities	3,599,329	2,766,615	(832,714)	-23%
Non-current liabilities	157,421	567,110	409,689	260%
Total liabilities	3,756,750	3,333,725	(423,025)	-11%
Share capital	3,075,366	3,075,366	0	0%
Capital surplus	2,086,827	2,054,098	(32,729)	-2%
Retained earnings	998,016	1,100,000	101,984	10%
Total shareholders' equity	5,703,484	5,732,245	28,761	1%

(ii) Analysis of changes in the percentage of increase or decrease in the last two years;

1. Assets: The decrease in current assets in 2021 was mainly due to the decrease in cash and cash equivalents in the current period; the decrease in other assets in 2021 was mainly due to the decrease in refundable deposits and long-term prepaid expenses in the current period.
2. Liabilities: The decrease in current liabilities in 2021 was mainly due to the decrease in short-term borrowings in the current period; the increase in non-current liabilities in 2021 was mainly due to the increase in long-term borrowings in the current period.

ii. Financial performance

(i) Analysis of operating results for the last two years

Unit: NTD thousands; %

Item	2020	2021	Increase (decrease) amount	Change percentage (%)
Net operating revenues	5,502,842	6,478,555	975,713	18%
Operating costs	4,758,407	5,674,621	916,214	19%
Operating gross profits	744,435	803,934	59,499	8%
Operating expenses	548,748	595,824	47,076	9%
Operating profits	195,687	208,110	12,423	6%
Non-operating incomes and expenses	(5,674)	59,532	65,206	-1149%
Net profits before tax for the period	190,013	267,642	77,629	41%
Income tax expenses	(69,823)	(44,749)	25,074	-36%
Net profits after tax for the period	120,190	222,893	102,703	85%

(ii) Analysis of changes in the percentage of increase or decrease in the last two years;

1. Operating profits: The increase in operating profits in 2021 was mainly due to the increase in

operating revenues in 2021.

2. Non-operating income and expenses: The increase in non-operating income and expenses in 2021 was mainly due to the decrease in foreign currency exchange loss in 2021.
3. Net profits before tax: The increase in net profits before tax in 2021 was mainly due to the increase in operating profits and non-operating income in 2021.

iii. Cash flow

- (i) Analysis of changes in the cash flow for the most recent two years:

Unit: NTD thousands

Item \ Year	2020	2021	Increase (decrease) %
Operating activities	445,221	395,611	-11%
Investment activities	(734,219)	(462,905)	37%
Financing activities	298,737	(347,410)	-216%

Explanation:

1. Operating activities: Mainly due to the decrease in accounts payable in the current period compared to the previous period.
2. Investment activities: Mainly due to the decrease in the disposal of financial assets measured at fair value through profit or loss in the current period, and the increase in prepayments for equipment compared to the previous period.
3. Financing activities: Mainly due to the decrease in short-term loans in the current period compared to the previous period.

- (ii) Improvement plan for liquidity deficiency: The Company has no liquidity deficiency.

- (iii) Cash flow analysis for the coming year

Unit: NTD thousands

Cash balance at beginning of the period	Estimated full-year net cash flow from operating activities	Estimated full-year cash outflow	Estimated cash surplus (shortage)	Remedy for estimated cash shortage	
				Investment plan	Financial plan
1,868,780	500,000	400,000	1,968,780	N/A	N/A

iv. Major capital expenditure and its impact on finance and business matters of the Company in the most recent year: None.

v. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year

- (i) Investment policy for the most recent year:

The Company's main considerations in making investments are its core process capability and customer needs. It has not made any diversified investment activities in recent years.

- (ii) Main reasons for profit or loss on investment and improvement plans:

In 2021, the material shortages in the supply chain continued due to the impact of the COVID-19 pandemic, which has still brought great challenges to the Company's overall operation. In addition to continuously increasing the proportion of automation, the Company has also enhanced its core technology and process capability to maintain its competitiveness in the industry, and has built up its R&D and process capability for FPC integrated component products, developed existing customers

and explored new customers to enhance its operating performance.

(iii) Investment plan for the coming year: None.

vi. Analysis and assessment of risks for the most recent year and up to the publication date of the annual report

(i) Impact of interest and exchange rate fluctuations and inflation on the profit and loss of the Company, and the future countermeasures:

1. Impact on the Company's profit or loss

(1) Changes in interest rates: Fluctuations in interest rates affect the increase or decrease in interest expense on bank loans, which in turn affects the Company's profit or loss.

(2) Changes in exchange rates: The Company's imports and exports are mainly denominated in foreign currencies, so fluctuations in exchange rates will partially affect the Company's profit and loss.

(3) Inflation: Inflation of raw materials will increase the Company's cost of goods and indirectly affect part of the profit or loss.

2. Future countermeasures

(1) Countermeasures for changes in interest rates: The Company regularly tracks and analyzes fluctuations in general economic and market interest rates, and evaluates whether to enter into interest rate swap contracts to hedge interest rate risk at any time.

(2) Countermeasures for exchange rate fluctuations: The Company's response to exchange rate fluctuations is mainly through natural hedging and forward exchange contracts to hedge the exchange rate risk.

(3) Countermeasures for inflation: In response to possible inflation in raw materials, the Company will, through the introduction of strategic materials, strengthen the bargaining power to suppliers to reduce the purchase cost of materials, while timely transferring costs to customer quotations. If necessary, the Company will also evaluate ways to hedge the risk of price increases in raw materials by means of commodity hedging.

(ii) Policies on high-risk, high-leverage investments, lending funds to others, endorsement and guarantee and derivative transactions, main reasons for profits or losses and future countermeasures: The Company does not engage in high-risk investments, and all investments are made upon careful evaluation. The lending of funds to others and the endorsement of guarantees are made to 100%-owned affiliated enterprises, and derivative financial instruments are operated mainly for hedging purposes. All operations are carefully executed with possible risks taken into account.

(iii) Future R&D plans and expected R&D expenses

Future R&D plans are detailed on page 59 of this annual report, and the budget for R&D expenses for 2022 is \$211,000 thousand.

(iv) Impact of changes in domestic and foreign important policies and laws on the Company's finance and business matters and countermeasures: The Company operates in accordance with domestic and foreign laws and regulations, and regularly reviews and revises the Company's internal management rules and regulations to comply with the laws and regulations.

(v) The effect of technological and industrial changes on finance and business matters of the Company, and countermeasures: None.

(vi) Impact of corporate image change on corporate crisis management and countermeasures: The Company operates under the management philosophy of honesty, diligence, innovation, and

achievement unlimited. The Company has a good corporate image and has not experienced any incidents that endanger its corporate image over the long term. In the future, we will continue to fulfill our corporate social responsibility and strengthen our corporate governance to achieve the goal of sustainable operations.

- (vii) Expected benefits, possible risks to mergers and acquisitions and countermeasures: The Company has not made any mergers and acquisitions in the most recent year up to the date of publication of the annual report.
- (viii) Expected benefits, possible risks and countermeasures for plant expansion: None.
- (ix) Risks associated with the concentration of purchases or sales and countermeasures: None.
- (x) The impact on the Company and risks of the massive transfer or change of shares of directors, supervisors or major shareholders with 10% stake or more in the most recent year and in the current year up to the date of publication of the annual report and countermeasures: None.
- (xi) Impact and risk associated with changes in management rights, and countermeasures: N/A.
- (xii) For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any director, supervisor, the general manager, any person with actual responsibility for the firm and any major shareholder holding a more than 10% of the shares, and the affiliated companies. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date of the annual report: None.
- (xiii) Other major risks in the most recent year and in the current year up to the date of publication of the annual report and corresponding measures: The Company has established a comprehensive information security mechanism and related management methods, and conducts annual assessments for the upgrade and backup of related software and hardware equipment to ensure the normal operation of the operating system. For the most recent year up to the date of publication of the annual report, there has been no significant information security incidents in the Company.

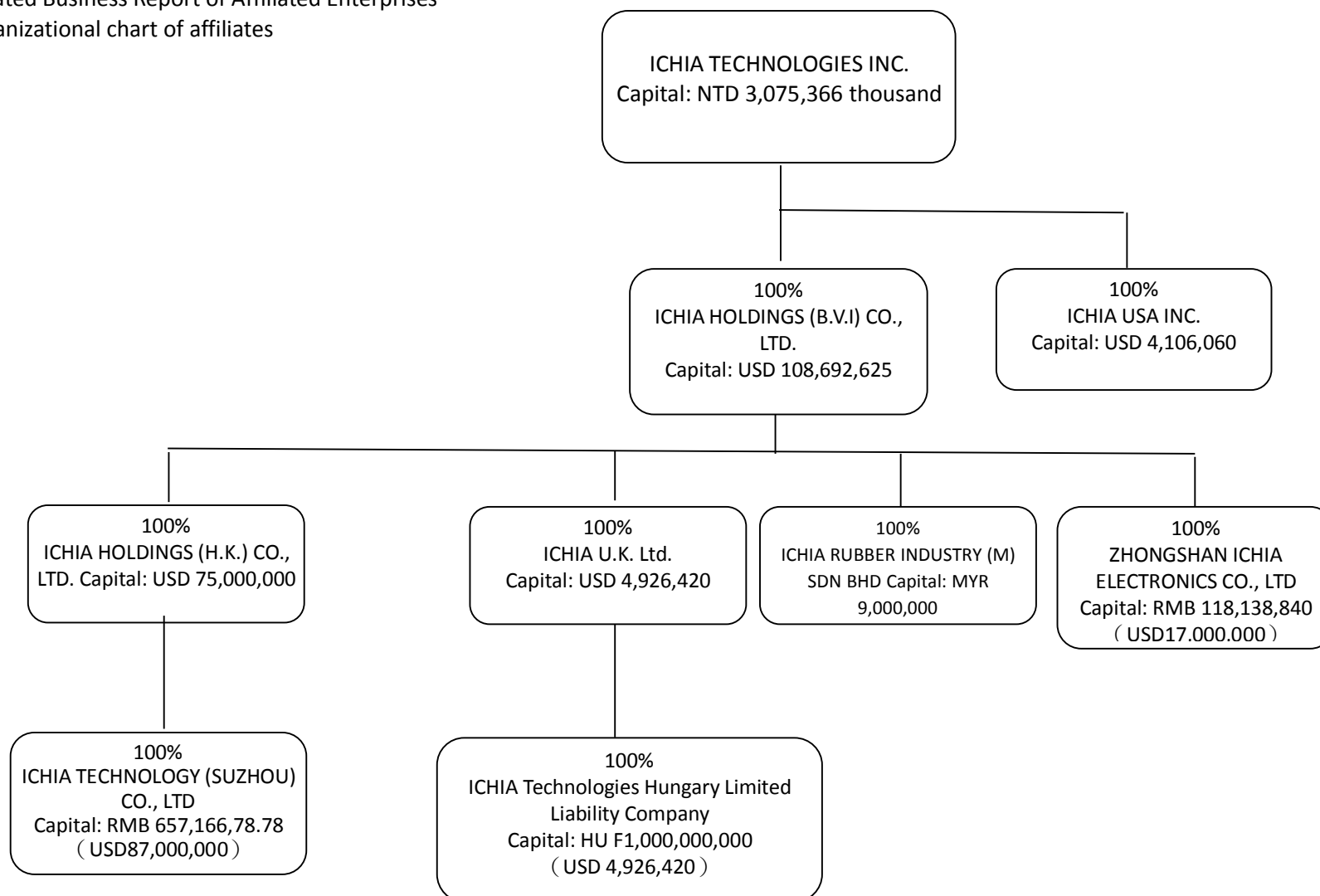
vii. Other important disclosures: None.

viii. Special notes

i. Information on affiliate enterprises

(i). Consolidated Business Report of Affiliated Enterprises

1. Organizational chart of affiliates



2. Basic information on affiliates

In Thousands of NTD unless otherwise indicated

Name of enterprise	Date of incorporation	Address	Paid-in capital	Principal business or production items
ICHIA TECHNOLOGIES INC.	1989.11.7	No. 268, Huaya 2nd Rd., Guishan Dist., Taoyuan City	NTD3,075,366	Engaged in the manufacturing, processing, and trading of various components and materials for electronics, home appliances, electronic engineering, electrical equipment, communications (telecommunications), and computers, as well as the import and export of domestic and foreign products and agency, distribution, tender and quotation business.
ICHIA HOLDINGS (B.V.I) CO., LTD.	1997.9.9	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, B.V.I	USD 108,692,625	Engaged in investments for holding.
ICHIA USA INC.	1993.9.9	1057 Tierra Del Rey, Suite G, Chula Vista, CA 91910 U.S.A.	USD 4,106,060	Manufacturing, processing and trading of various electronic components and materials for various electronic and telecommunication computers.
ICHIA RUBBER INDUSTRY (M) SDN BHD	1994.3.30	977-978 Solok Perusahaan 3, Prai Industrial Estate, 13600 Prai, Province Welllesley, Penang, Malaysia.	MYR 9,000,000	Manufacturing and sale of rubber, plastic keypads and flexible printed circuit boards.
ICHIA TECHNOLOGY (SUZHOU) CO., LTD	2001.12.11	No. 118, Jinshan Road, Suzhou New District, Suzhou City, Jiangsu Province, China	RMB 657,166,78.78	Manufacturing and sale of rubber, plastic keypads and flexible printed circuit boards.
ICHIA U.K. LTD	2002.8.13	OMC Chambers, Wickhams Cay I, Road Town, Tortola, British Virgin Islands	USD 4,926,420	Various investment businesses
ICHIA Technologies Hungary Limited Liability Company	93.9	2900 Komárom, Bánki Donát u. 2. Hungary	HUF 1,000,000,000	Manufacturing, processing and trading of rubber and plastic keypads.
ZHONGSHAN ICHIA ELECTRONICS CO., LTD	2002.6.28	No. 26, Yixian Road, Torch Development Zone, Zhangjiabian, Zhongshan City, Guangdong Province, China	RMB 118,138,840	Manufacturing, processing and trading of various electronic components and materials for various electronic and telecommunication computers.
ICHIA HOLDINGS (H.K.) CO., LTD.	2008.1.4	151 Gloucester Road, Wanchai, Hong Kong Room 1004, National Health Centre	USD 75,000,000	Various investment businesses.

3. For those presumed to be in a controlling and subordinate relationship, the common shareholder information: None.

4. The industry covered by the business of all affiliated companies

Name of enterprise	Controlling (subordinate) company	Controlling (subordinate) relationship	The division of business between affiliated companies
ICHIA TECHNOLOGIES INC.	Controlling company	-	Group headquarter
ICHIA USA INC.	Subordinate company	Shareholding Control	Responsible for manufacturing and sales in the Americas
ICHIA HOLDINGS (B.V.I) CO., LTD.	Subordinate company	Shareholding Control	Engaged in investments for holding
ICHIA RUBBER INDUSTRY (M) SDN BHD	Subordinate company	Shareholding Control	Responsible for manufacturing and sales in the Southeast Asian market
ZHONGSHAN ICHIA ELECTRONICS CO., LTD	Subordinate company	Shareholding Control	Engaged in the processing of various types of keypads outsourced by ICHIA (BVI) and manufacturing and sales in China
ICHIA TECHNOLOGY (SUZHOU) CO., LTD	Subordinate company	Shareholding Control	Responsible for manufacturing and sales in Eastern and Northern China markets
ICHIA U.K. LTD.	Subordinate company	Shareholding Control	Various investment businesses
ICHIA Technologies Hungary Limited Liability Company	Subordinate company	Shareholding Control	Responsible for manufacturing and sales in the European market
ICHIA HOLDINGS (H.K.) CO., LTD.	Subordinate company	Shareholding Control	Engaged in investments for holding

5. The names of directors, supervisors and general managers of the affiliated companies and their shareholdings or capital contributions to the companies

Name of enterprise	Title	Name or representative	Shareholding as of April 18, 2022	
			Number of shares	Shareholding Percentage
Controlling company ICHIA TECHNOLOGIES INC.	Chairman	Representative of Creative Investment Co., Ltd.: Huang Chiu-Yung	18,372,480	5.97%
	Vice Chairman	Huang Li-Lin	4,732,083	1.54%
	Director	Huang Tzu-Cheng	1,285,000	0.42%
	Director	Representative of Fa La Li Investment Co., Ltd.: Huang Tzu-Hsuan	18,377,481	5.98%
	Independent director	Chen Tai-Jan	0	0%
	Independent director	Huang Chin-Ming	0	0%
	Independent director	Hsu Wan-Lung	0	0%
ICHIA HOLDINGS (B.V.I) CO., LTD.	Chairman	Representative of ICHIA TECHNOLOGIES INC.: Huang Chiu-Yung	USD108,692,625	100%
	General Manager	Huang Li-Lin	0	0%

ICHIA USA INC.	Chairman	Representative of ICHIA TECHNOLOGIES INC.: Huang Chiu-Yung	USD4,106,060	100%
	Director	Huang Li-Lin	0	0%
	Director	Huang Wen-Chieh	0	0%
ICHIA RUBBER INDUSTRY (M) SDN BHD	Chairman	Hung Chien-Cheng	MYR9,000,000	100%
	Director	Huang Chiu-Yung	0	0%
	Director	Huang Li-Lin	0	0%
	Director	Huang Ti-Ju	0	0%
ICHIA TECHNOLOGY (SUZHOU) CO., LTD	Chairman and general manager	Representative of ICHIA TECHNOLOGIES INC.: Tseng Kung-Sheng	RMB657,166,785.78	100%
	Director	Huang Li-Lin	0	0%
	Director	Sun Yung-Hsiang	0	0%
	Supervisor	Huang Yen-Hsiang	0	0%
ICHIA U.K. LTD.	Chairman	Representative of ICHIA TECHNOLOGIES INC.: Huang Chiu-Yung	USD4,926,420	100%
ICHIA Technologies Hungary Limited Liability Company	Managing director	Representative of ICHIA TECHNOLOGIES INC.: Huang Li-Lin	HUF1,000,000,000	100%
ZHONGSHAN ICHIA ELECTRONICS CO., LTD	Chairman and general manager	Representative of ICHIA TECHNOLOGIES INC.: Wu Feng-Hsin	RMB118,138,840	100%
	Director	Huang Li-Lin		0%
	Director	Huang Chin-Yuan		0%
	Supervisor	Huang Yen-Hsiang		0%
ICHIA HOLDINGS (H.K.) CO., LTD.	Chairman	Representative of ICHIA TECHNOLOGIES INC.: Huang Chiu-Yung	USD75,000,000	100%
	Director	Huang Li-Lin		0%

6. Business overview of affiliates

Unit: NTD thousands

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating profits (losses)	Profits or losses for the period	Earnings per share (EPS) (NT\$)
ICHIA TECHNOLOGIES INC.	3,075,365	8,570,639	2,838,394	5,732,244	3,996,676	110,666	222,895	0.75
ICHIA HOLDINGS (B.V.I) CO., LTD.	3,008,612	5,178,289	-	5,178,289	-	(130)	141,327	-
ICHIA USA INC.	113,656	47,804	10,133	37,672	25,268	(1,139)	1,453	-
ICHIA HOLDINGS (H.K.) CO., LTD.	2,076,000	3,891,569	-	3,891,569	-	(171)	112,289	-
ICHIA RUBBER INDUSTRY (M) SDN BHD	57,195	130,593	27,953	102,639	120,860	14,253	13,386	-
ICHIA TECHNOLOGY (SUZHOU) CO., LTD	2,853,079	5,749,263	1,849,318	3,899,945	4,892,296	69,251	110,947	-
Ichia U.K. Ltd.	136,363	(31,080)	-	(31,080)	-	-	(4,037)	-
ICHIA Technologies Hungary Limited Liability Company	84,867	25,520	56,601	(31,081)	-	(826)	(4,096)	-
Supervisor of ZHONGSHAN ICHIA ELECTRONICS CO., LTD	512,898	1,038,220	277,590	760,630	848,623	15,829	19,764	-

(ii) Consolidated financial statements of affiliated companies: The information required to be disclosed in the consolidated financial statements of affiliated companies has been disclosed in the consolidated financial statements, and the Company shall not prepare separate consolidated financial statements of affiliated companies.

(iii) Relationship report: N/A.

ii. Private placement of marketable securities in the most recent year and up to the publication date of the annual report: None.

iii. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent year or during the current year up to the date of publication of the annual report: None.

iv. Other supplementary disclosure: None.

v. Any of the situations listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company's securities, which has occurred during the most recent year or during the current year up to the date of publication of the annual report:
None.

Appendix 1

Statement of Consolidated Financial Statements of Affiliated Enterprises

The companies to be included in the consolidated financial statements of affiliated enterprises in 2021 (from January 1, 2021 to December 31, 2021) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to the IAS 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated enterprises separately.

Declared by:

Company name: ICHIA TECHNOLOGIES INC.

Corporate director: Creative Investment Co., Ltd.

Representative: Huang Chiu-Yung

March 24,2022

Independent Auditor's Report

To the Board of Directors and Shareholders of ICHIA TECHNOLOGIES INC. :

Audit opinions

We have audited the accompanying consolidated balance sheet of ICHIA TECHNOLOGIES INC. and subsidiaries as of December 31, 2021 and 2020, and the related consolidated comprehensive income statements, consolidated statement of changes in shareholders' equity, consolidated cash flow statements, and notes to the consolidated financial statements (including significant accounting policies) for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ICHIA TECHNOLOGIES INC. and subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations issued by the Financial Supervisory Commission.

Basis for opinions

We conclude our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of ICHIA TECHNOLOGIES INC. and subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2021 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2021 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries were as follows:

Authenticity of revenues recognized from sales to specific customers

ICHIA TECHNOLOGIES INC. and subsidiaries manufacture a wide range of flexible printed circuit boards and mechanism integrated components (MVI) for the

automotive and consumer electronics markets. The sales revenue is a major indicator for the management to evaluate the sales performance. Since the sales revenue from major customers occupies a substantial percentage of the overall sales revenues, the authenticity of the sales revenues recognized from sales to major customers with more significant changes in the increase and proportion of the sales revenue is included as key audit matters in this year's consolidated financial statements.

We have also performed the following major audit procedures with respect to the above key audit matters:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. Conduct random inspection of the sales revenue from major customers and check relevant certificates and documents to make sure of the authenticity of the recognition.
3. Examine whether there are any abnormalities in the collection after the credit period granted to specific customers.

Other Matters

We have also audited the stand-alone financial statements of ICHIA TECHNOLOGIES INC. as of and for the year ended December 31, 2021 and 2020 on which we have issued an unqualified opinion.

Responsibilities of Management and Those in Charge of Governance of the Consolidated Financial Statements

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

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

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 internal control effective in ICHIA TECHNOLOGIES INC. and subsidiaries.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ICHIA TECHNOLOGIES INC. and subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ICHIA TECHNOLOGIES INC. and subsidiaries to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes), whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2021 consolidated financial statements of ICHIA TECHNOLOGIES INC. and subsidiaries and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte Touche Tohmatsu Limited

CPA: Steven Hsieh

CPA: Liu Shu-Lin

Financial Supervisory Commission
approval document

Jin-Guan-Zheng-Shen-Zi No. 1000028068

Financial Supervisory Commission
approval document

Jin-Guan-Zheng-Shen-Zi No. 1050024633

March 24, 2022

ICHIA TECHNOLOGIES INC. and subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousands

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,448,846	16	\$ 1,868,780	20
1110	Financial assets measured at fair value through profit or loss – current (Notes 4 and 7)	171,751	2	53,861	1
1136	Financial assets measured at amortized cost – current (Notes 4 and 8)	516,212	6	471,907	5
1150	Notes receivable – net (Notes 4 and 9)	42	–	–	–
1170	Accounts receivables – net (Notes 4 and 9)	2,383,695	26	2,468,869	26
1220	Current income tax assets (Note 4 and 22)	10,369	–	634	–
130X	Inventories (Notes 4 and 10)	1,047,506	12	957,653	10
1470	Other current assets (Note 14)	123,009	1	139,110	1
11XX	Total current assets	<u>5,701,430</u>	<u>63</u>	<u>5,960,814</u>	<u>63</u>
	Noncurrent assets				
1535	Financial assets measured at amortized cost – non-current (Notes 4 and 8)	149,641	2	170,247	2
1600	Property, plant and equipment (Notes 4 and 12)	2,734,585	30	2,783,419	30
1755	Right of use assets (Note 13)	125,336	1	131,803	1
1840	Deferred income tax assets (Notes 4 and 22)	155,007	2	198,028	2
1975	Net defined benefit Asset –non-current (Notes 4 and 18)	15,022	–	19,789	–
1990	Other non-current assets (Note 14)	184,949	2	196,134	2
15XX	Total non-current assets	<u>3,364,540</u>	<u>37</u>	<u>3,499,420</u>	<u>37</u>
1XXX	Total assets	<u>\$ 9,065,970</u>	<u>100</u>	<u>\$ 9,460,234</u>	<u>100</u>
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4 and 15)	\$ 1,004,059	11	\$ 1,445,882	15
2170	Accounts payable – non-related parties (Note 16)	1,481,654	17	1,693,628	18
2200	Other payables (Note 17)	255,594	3	248,804	3
2230	Income tax liabilities in current period (Notes 4 and 22)	5,532	–	8,250	–
2280	Lease liabilities – current (Notes 4 and 13)	1,298	–	1,266	–
2130	Contract liabilities – current (Note 20)	5,221	–	7,114	–
2320	Long-term loans maturing within one year or operating cycle (Notes 4 and 15)	–	–	167,191	2
2399	Other current liabilities (Note 17)	13,257	–	27,194	–
21XX	Total current liabilities	<u>2,766,615</u>	<u>31</u>	<u>3,599,329</u>	<u>38</u>
	Non-current liabilities				
2541	Long-term loans (Notes 4 and 15)	345,000	4	126,527	2
2542	Long-term notes payable (Note 15)	199,935	2	–	–
2570	Deferred income tax liabilities (Notes 4 and 22)	14,482	–	22,391	–
2580	Lease liabilities – non-current (Notes 4 and 13)	661	–	1,959	–
2645	Guarantee deposits received	7,032	–	6,544	–
25XX	Total non-current liabilities	<u>567,110</u>	<u>6</u>	<u>157,421</u>	<u>2</u>
2XXX	Total liabilities	<u>3,333,725</u>	<u>37</u>	<u>3,756,750</u>	<u>40</u>
	Other equity (Note 19)				
3110	Common stock	3,075,366	34	3,075,366	32
3200	Capital surplus	2,054,098	23	2,086,827	22
	Retained earnings				
3310	Legal reserve	585,590	7	573,593	6
3320	Special reserve	295,397	3	335,706	4
3350	Undistributed earnings	219,013	2	88,717	1
3300	Total retained earnings	<u>1,100,000</u>	<u>12</u>	<u>998,016</u>	<u>11</u>
3490	Other equities	(335,891)	(4)	(295,397)	(3)
3500	Treasury stock	(161,328)	(2)	(161,328)	(2)
3XXX	Total equity	<u>5,732,245</u>	<u>63</u>	<u>5,703,484</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 9,065,970</u>	<u>100</u>	<u>\$ 9,460,234</u>	<u>100</u>

The attached notes are part of the consolidated financial statements.

Corporate director:
Creative Investment Co., Ltd.

Managerial officer:
Tseng Kung-Sheng

Chief Accounting Officer:
Cheng Ching-Yi

Representative:
Huang Chiu-Yung

ICHIA TECHNOLOGIES INC. and subsidiaries
Consolidated Comprehensive Income Statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousand;
earnings per share: NTD dollar

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenues (Notes 4 and 20)				
4110	Sales revenues	\$ 6,522,564	101	\$ 5,582,757	101
4170	Sales return	(6,537)	-	(15,409)	-
4190	Sales discounts and allowances	(37,472)	(1)	(64,506)	(1)
4000	Total operating revenues	6,478,555	100	5,502,842	100
5000	Operating costs (Note 4, 10 and 21)	(5,674,621)	(88)	(4,758,407)	(87)
5900	Operating gross profits	803,934	12	744,435	13
	Operating expenses (Note 21)				
6100	Promotional expenses	187,720	3	176,257	3
6200	Administrative expenses	220,557	3	210,483	4
6300	R&D expenses	191,765	3	176,144	3
6450	Expected profit on reversal of credit impairment	(4,218)	-	(14,136)	-
6000	Total operating expenses	595,824	9	548,748	10
6900	Operating income	208,110	3	195,687	3
	Non-operating incomes and expenses (Notes 21)				
7100	Interest incomes	18,323	-	23,732	-
7010	Other incomes	50,546	1	39,221	1
7020	Other gains and losses	3,274	-	(53,517)	(1)
7050	Financial costs	(12,611)	-	(15,110)	-
7000	Total non-operating revenues and expenses	59,532	1	(5,674)	-
7900	Net profits before tax	267,642	4	190,013	3
7950	Income tax expenses (Notes 4 and 22)	(44,749)	-	(69,823)	(1)
8200	Net profits for the year	222,893	4	120,190	2

Code		2021		2020	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Titles not reclassified as profit or loss				
8311	Remeasurement of defined benefit plan (Note 18)	(\$ 4,870)	-	(\$ 220)	-
8360	Titles likely to be reclassified to profit or loss subsequent				
8361	Exchange differences in the financial statement translation of foreign operations	(40,494)	(1)	40,309	1
8300	Other comprehensive income (after tax) in the year	(45,364)	(1)	40,089	1
8500	Total comprehensive income in the current year	<u>\$ 177,529</u>	<u>3</u>	<u>\$ 160,279</u>	<u>3</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 0.75</u>		<u>\$ 0.40</u>	
9810	Diluted	<u>\$ 0.75</u>		<u>\$ 0.39</u>	

The attached notes are part of the consolidated financial statements.

Corporate director:
Creative Investment Co., Ltd.

Managerial officer:
Tseng Kung-Sheng

Chief Accounting Officer:
Cheng Ching-Yi

Representative:
Huang Chiu-Yung

ICHIA TECHNOLOGIES INC. and subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousands

Code		Common stock		Retained earnings			Other equity Exchange differences in the financial statement translation of foreign operations	Treasury stock	Total equity
		Number of shares (thousand shares)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings		
A1	Balance as of January 1, 2020	307,536	\$3,075,366	\$2,163,711	\$ 550,914	\$ 137,012	\$ 267,004	(\$ 335,706)	\$ 5,858,301
	Allocation and distribution of earnings in 2019								
B1	Legal reserve	-	-	-	22,679	-	(22,679)	-	-
B3	Earnings set aside as a special reserve	-	-	-	-	198,694	(198,694)	-	-
B5	Cash dividend for shareholders	-	-	(76,884)	-	-	(76,884)	-	(153,768)
L1	Purchase of treasury stock	-	-	-	-	-	-	(161,328)	(161,328)
D1	Net profit in 2020	-	-	-	-	-	120,190	-	120,190
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	(220)	40,309	40,089
D5	Total comprehensive income in 2020	-	-	-	-	-	119,970	40,309	160,279
Z1	Balance as of December 31, 2020	307,536	3,075,366	2,086,827	573,593	335,706	88,717	(295,397)	5,703,484
	Allocation and distribution of earnings in 2020								
B1	Legal reserve	-	-	-	11,997	-	(11,997)	-	-
B5	Cash dividend for shareholders	-	-	(32,729)	-	-	(116,039)	-	(148,768)
B17	Reversal of special reserve	-	-	-	-	(40,309)	40,309	-	-
D1	Net profit for 2021	-	-	-	-	-	222,893	-	222,893
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	(4,870)	(40,494)	(45,364)
D5	Total comprehensive income in 2021	-	-	-	-	-	218,023	(40,494)	177,529
Z1	Balance on December 31, 2021	<u>307,536</u>	<u>\$3,075,366</u>	<u>\$2,054,098</u>	<u>\$ 585,590</u>	<u>\$ 295,397</u>	<u>\$ 219,013</u>	<u>(\$ 335,891)</u>	<u>\$5,732,245</u>

The attached notes are part of the consolidated financial statements.

Corporate director:
Creative Investment Co., Ltd.

Representative:
Huang Chiu-Yung

Managerial officer:
Tseng Kung-Sheng

Chief Accounting Officer:
Cheng Ching-Yi

ICHIA TECHNOLOGIES INC. and subsidiaries
Consolidated Cash Flow Statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousands

Code		2021	2020
	Cash flow from operating activities		
A10000	Profit before tax for the year	\$ 267,642	\$ 190,013
A20010	Profit and loss items		
A20300	Expected profit on reversal of credit impairment	(4,218)	(14,136)
A20100	Depreciation expense	401,106	406,411
A20400	Net gains on financial assets and liabilities measured at fair value through profit or loss	(38,601)	(54,434)
A20900	Financial costs	12,611	15,110
A21200	Interest incomes	(18,323)	(23,732)
A23800	Inventory devaluation and obsolescence gains from price recovery	(52,678)	(4,804)
A22500	Gain on disposal of property, plant and equipment	(2,099)	(2,680)
A23700	Impairment loss (reversal profit) of property, plant and equipment	(1,704)	92
A30000	Net changes in operating assets and liabilities		
A31130	Notes and accounts receivable	89,348	(237,228)
A31200	Inventories	(36,014)	(281,429)
A31240	Other current assets	19,799	(15,254)
A31990	Other operating assets	(103)	(143)
A32125	Contract liabilities	(1,893)	1,528
A32150	Accounts payable	(211,974)	475,046
A32180	Other payables	6,899	11,734
A32230	Other current liabilities	(13,937)	4,190
A33000	Cash generated from operations	415,861	470,284
A33100	Interest received	14,625	20,574
A33300	Interest paid	(12,785)	(15,031)
A33500	Income tax paid	(22,090)	(30,606)
AAAA	Net cash inflow from operating activities	<u>395,611</u>	<u>445,221</u>
	Cash flows from investment activities		
B00040	Acquisition of financial assets measured at amortized cost	(211,754)	(500,547)
B00050	Disposal of financial assets measured at amortized cost	183,830	6,718
B00100	Acquisition of financial assets measured at fair value through profit or loss	(1,946,141)	(1,923,238)

Code		2021	2020
B00200	Disposal of financial assets measured at fair value through profit or loss	\$ 1,866,047	\$ 2,002,398
B02700	Purchase of property, plants, and equipment	(59,923)	(28,983)
B02800	Disposal of property, plant, and equipment	20,258	17,363
B03700	Increase in refundable deposit	(4,951)	(1,758)
B03800	Decrease in refundable deposit	14,688	2,292
B06700	Increase in other non-current assets	-	(16,855)
B06800	Decrease in other non-current assets	12,301	-
B07100	Increase in prepayments for equipment	(337,260)	(291,609)
BBBB	Net cash outflow from investment	(462,905)	(734,219)
Cash flows from financing activities			
C00100	Increase in short-term loans	5,593,738	6,183,464
C00200	Decrease in short-term loans	(6,043,137)	(5,404,203)
C01600	Borrowing of long-term loan	345,000	-
C01700	Repayment of long-term loans	(293,718)	(165,344)
C01800	Increase in long-term note payables	200,000	-
C03000	Collection of guarantee deposits received	741	826
C03100	Refund of guarantee deposits received	-	(289)
C04500	Distribution of cash dividends	(148,768)	(153,768)
C04900	Repurchase cost of treasury stock	-	(161,328)
C04020	Repayment of principal for lease	(1,266)	(621)
CCCC	Net cash inflow (outflow) from financing activities	(347,410)	298,737
DDDD	Effect of changes in the exchange rate on cash and cash equivalents	(5,230)	17,640
EEEE	Net increase (decrease) in cash and cash equivalents	(419,934)	27,379
E00100	Balance of cash and cash equivalents - beginning of the year	1,868,780	1,841,401
E00200	Balance of cash and cash equivalents - end of year	\$ 1,448,846	\$ 1,868,780

The attached notes are part of the consolidated financial statements.

Corporate director:
Creative Investment Co., Ltd.

Managerial officer:
Tseng Kung-Sheng

Chief Accounting Officer:
Cheng Ching-Yi

Representative:
Huang Chiu-Yung

ICHIA TECHNOLOGIES INC. and subsidiaries
Notes to the Consolidated Financial Statements
January 1 to December 31, 2021 and 2020
(Amounts NTD thousand, unless otherwise stated)

i. Company History

ICHIA TECHNOLOGIES INC. (hereinafter referred to as the Company) was established in November 1989 to manufacture, process, and trade various components (conductive silicone elastomers, plastic keys, keyboard assemblies, input devices, and flexible printed circuit boards) and materials for electronics, home appliances, electronical engineering, electrical equipment, communications (telecommunications), and computers, as well as to import and export domestic and foreign products and to engage in the agency, distribution, tender and quotation business.

The Company's shares have been listed on the Taiwan Stock Exchange since January 14, 2000.

The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the functional currency of the Company.

ii. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved at the board meeting on March 24, 2022.

iii. Application of New and Revised Standards and Interpretations

(i) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS"), Interpretations ("IFRICs") and Interpretations ("SICs") (hereinafter referred to as "IFRSs") endorsed by the Financial Supervisory Commission ("FSC") and issued to be effective

The adoption of the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Consolidated Company's accounting policies:

(ii) FSC-approved IFRSs to be applied in 2022

The new/amended/revised standards or interpretations	Effective date of IASB publication
"Annual Improvements to IFRS Standards 2018–2020"	January 1, 2022 (Note 1)
Amendment to IFRS 3, "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendment to IAS 16 "Property, Plant and Equipment: Price Before Reaching the Intended State of Use"	January 1, 2022 (Note 3)
Amendment to IAS 37 "Onerous Contracts – Cost of Performing Contracts"	January 1, 2022 (Note 4)

Note 1: The amendment to IFRS 9 applies to swaps or changes in the terms of financial liabilities that occur in annual reporting periods beginning after January 1, 2022; the amendment to IAS 41 “Agriculture” applies to fair value measurements in annual reporting periods beginning after January 1, 2022; and the amendment to IFRS 1 “First-time Adoption of IFRSs” applies retrospectively to annual reporting periods beginning after January 1, 2022.

Note 2: This amendment applies to business mergers for which the acquisition date falls within the annual reporting period after January 1, 2022.

Note 3: This amendment applies to plant, property and equipment that begins to operate in the manner such as location and condition expected by management after January 1, 2021.

Note 4: This amendment applies to contracts with unfulfilled obligations as of January 1, 2022.

Up to the approval and release date of the consolidated financial statements, the Consolidated Company considered that the amendments to other standards and interpretations would not have material impact on the financial position and performance of the Consolidated Company after assessment.

(iii) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

<u>The new/amended/revised standards or interpretations</u>	<u>Effective date of IASB publication (Note 1)</u>
Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendment to IAS 1 “Disclosure of Accounting Policies”	Sunday, January 1, 2023 (Note 2)
Amendment to IAS 8 “Definition of Accounting Estimates”	Sunday, January 1, 2023 (Note 3)
Amendment to IAS 12, “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”	Sunday, January 1, 2023 (Note 4)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

Note 2: This amendment will be prospective application for annual reporting periods beginning after January 1, 2023.

Note 3: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

Note 4: Except for the recognition of deferred income tax for the temporary differences related to leasing and decommissioning obligation on January 1, 2022, the amendments are applicable to transactions closed after January 1, 2022.

The Consolidated Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Consolidated Company to the date the consolidated financial statements are approved and released, and will make appropriate disclosure after the evaluation.

iv. Summary of Significant Accounting Policies

(i) Compliance Statement

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and published by the FSC.

(ii) Basis of preparation

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

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation date (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(iii) Standards in differentiating current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and

3. Cash and cash equivalents (excluding those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months after the balance sheet date, and
3. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(iv) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The consolidated comprehensive income statements include the operating profits or losses of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Consolidated Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, gains and losses have been eliminated.

For details of subsidiaries, shareholding percentage and business scope, see Note 11 and Exhibit 5.

(v) Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing the stand-alone financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss, except for the following:

1. Exchange differences arising from hedging transactions to hedge part of the exchange rate risk; and
2. For a monetary item receivable from or payable to a foreign operation, of which the settlement is neither planned nor likely to occur in the foreseeable future (and therefore forms part of the net investment in the foreign operation), the exchange difference is recognized initially in other comprehensive income and is reclassified from equity to profit or loss upon disposal of the net investment.

The foreign non-currency items measured at fair value are translated

in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the consolidated financial reports, the assets and liabilities of overseas operating institutions (including the subsidiaries and affiliates in the countries of business operation or those using currencies different from the Company's) were converted to NTD based on the exchange rate quoted on every balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income.

If the Consolidated Company disposes of its entire equity interest in a foreign operation, or disposes of part of its equity interest in a subsidiary that includes a foreign operation and loses control, or the retained equity interest after disposing of a joint agreement of a foreign operation or an affiliate is a financial asset and is accounted for as a financial instrument, all cumulative translation differences attributable to the Company's shareholders and related to the foreign operation are reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the accumulated exchange differences are included in the non-controlling interests of the subsidiary on a pro rata basis, but are not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the cumulative exchange differences are reclassified to profit or loss in proportion to the disposal.

(vi) Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods, work in process and in-transit. Inventories are valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventories are valued at standard costs before book closing and adjusted upon book closing to approximate cost calculated on a weighted-average basis.

(vii) Property, plant and equipment

Property, plant, and equipment shall be recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

Except for land owned by the Company, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. If the lease period is shorter than the useful life, depreciation is provided over the lease period. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in prospective application accounting estimates.

In removing property, plant, and equipment from the book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss.

- (viii) Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs.

The Consolidated Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value less costs to sell and its value in use. If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

- (ix) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the Consolidated Company becomes a party to the contracts of such instruments.

For the initial recognition of the financial assets and financial

liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1) Type of measurement

The types of financial assets held by the Consolidated Company are financial assets measured at fair value through profit or loss and financial assets at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments investments not designated by the Consolidated Company as being measured at fair value through other comprehensive income, and investments in debt instruments not qualified for classification as being measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value. For determination of the fair value, please refer to Note 26.

B. Financial assets at amortized cost

The Consolidated Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

- a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
- b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets (including cash and cash equivalents, accounts receivable measured at amortized cost) after initial recognition, are measured at their total carrying amount determined using the effective interest method, less amortized cost of any impairment loss, with any foreign currency exchange gain or loss recognized

in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- b. Interest income on financial assets that are not credit-impaired upon acquisition or creation but become credit-impaired subsequently is calculated using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulties, defaulted, or where it is probable that the debtor will declare bankruptcy or other financial reorganization, or where an active market for the financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Consolidated Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) based on expected credit loss on each balance sheet date.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

For internal credit risk management purposes, the Consolidated Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

- A. There is internal or external information indicating that the debtor is no longer able to pay their debts.
- B. Payments are overdue for more than 90 days, unless there is reasonable and supporting information showing that the delayed default benchmark is more appropriate.

All impairment losses on financial assets are accounted for by reducing the carrying amount through an allowance account.

(3) The derecognition of financial assets

The Consolidated Company has financial assets derecognized only when the contractual rights from the cash flows of a financial asset become invalid or when the financial assets are transferred, and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as profit or loss. When investments in debt instruments measured at fair value through other comprehensive income are derecognized as a whole, the difference between the carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income is recognized as profit or loss. When investments in equity instruments measured at fair value through comprehensive income are entirely derecognized, the accumulated profit or loss shall be directly transferred to retained earnings without being classified as profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities held for trading are measured at fair value, and the related gains or losses are recognized in other gains and losses. The fair value is determined as described in Note 26.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference

between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

3. Derivatives

The derivatives entered into by the Consolidated Company include forward exchange contracts, which are used to manage the Consolidated Company's interest rate and exchange rate risks.

Derivatives are initially recognized at fair value when the derivative contracts are entered into and subsequently remeasured at fair value at the balance sheet date. Gains or losses arising from subsequent measurements are recognized directly in profit or loss, except for derivatives designated as effective hedging instruments, for which the point of recognition in profit or loss will depend on the nature of the hedging. When the fair value of the derivatives is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

For derivatives embedded in asset master contracts within the scope of IFRS 9 "Financial Instruments", the classification of financial assets shall be determined based on the overall contract. A derivative is considered to be a separate derivative if it is embedded in an asset master contract that is not within the scope of IFRS 9 (e.g., embedded in a master contract of a financial liability) and the embedded derivative meets the definition of a derivative, the risks and characteristics of which are not closely related to those of the master contract and the hybrid contract is not measured at fair value through profit or loss.

(x) Revenue recognition

The Consolidated Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Merchandise sales revenues

Merchandise sales revenues are derived from sales of electronic parts and components. The Consolidated Company recognizes revenues and accounts receivable at the point when the products arrive at the customer's designated location because the customer has the right to determine resale prices and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence.

(xi) Lease

The Consolidated Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Consolidated Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

For an operating lease, the net lease payments of the lease incentives are recognized as income on a straight-line basis over the relevant lease periods. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease period.

2. The Consolidated Company is the lessor

Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease period, the right-of-use assets and lease liabilities of other leases are recognized starting from the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measured amount of lease liability, the lease payment paid before the lease commencement date net of the lease incentives collected, the original direct costs, and the estimated cost of the recovered underlying assets), and then subsequently measured at the net cost of the accumulated depreciation and accumulated impairment loss; also, the remeasured amount of the lease liability is adjusted. Right-of-use assets are expressed separately in the consolidated balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease period, whichever is sooner.

Lease liabilities are measured initially at the present value of lease payments (including fixed benefits). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease period. If a change in the lease period results in a change in future lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is

recognized in profit or loss. Lease liabilities are expressed separately in the consolidated balance sheet.

(xii) Borrowing costs

Borrowing costs directly attributable to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities have achieved their intended use or sale condition.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the above, all other loan costs are recognized as profit and loss upon occurring.

(xiii) Government subsidies

Government subsidies are recognized as other incomes only when it is reasonably certain that the Consolidated Company will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to revenues are recognized on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Consolidated Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Consolidated Company and have no future related costs.

(xiv) Employee benefits

1. Short-term employee benefits

Liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current and prior service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial

gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(xv) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax for the period

The Consolidated Company determines income (loss) for the period in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates income tax payable (recoverable) accordingly.

Additional income tax on unappropriated earnings calculated in accordance with the Republic of China Income Tax Act is recognized in the year in which resolutions are made at the shareholder meeting.

The adjustment to prior years' income tax payable is booked as current period's income tax.

2. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized, such as deductions for temporary differences, loss carryforwards and investment tax credits.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, affiliates and joint ventures, except where the Consolidated Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset, and part of the asset should be adjusted down. Deferred tax assets that are not recognized as such initially are reviewed on each balance sheet date and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequence resulting from the book value of the assets or liabilities expected by the consolidated company to be recovered or liquidated on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity, which are respectively recognized in other comprehensive income or directly included in the equity.

v. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When adopting accounting policies, the Consolidated Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

Management will review estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

vi. Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 956	\$ 1,019
Bank checking accounts and demand deposits	926,828	1,671,437
Cash equivalents (investments with an original maturity of less than 3 months)		
Bank acceptance bills	31,075	18,268
Bank time deposits	406,896	149,567
Bonds with repurchase agreement	83,091	28,489
	<u>\$ 1,448,846</u>	<u>\$ 1,868,780</u>

The interest rate ranges for bank deposits as of the balance sheet date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bank demand deposits	0.01%~0.385%	0.01%~0.385%
Bank time deposits	0.04%~0.21%	0.30%~2.025%
Bonds with repurchase agreement	0.28%~0.29%	0.40%

vii. Financial instruments at fair value through profit or loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Derivatives (not designated for hedging)		
- Forward foreign exchange contracts (1)	\$ 8,307	\$ 33,860
Non-derivative financial assets		
- Fund beneficiary certificates	163,444	20,001
	<u>\$ 171,751</u>	<u>\$ 53,861</u>

(i) Forward foreign exchange contracts not subject to hedge accounting and outstanding at the balance sheet date were as follows:

December 31, 2021

	<u>Currency</u>	<u>Expiration Date</u>	<u>Contract Amount (Thousands)</u>
Sale of forward foreign exchange	RMB to USD	February 1, 2021 to January 18, 2022	RMB 32,169/USD 5,000
Sale of forward foreign exchange	RMB to USD	June 1, 2021 to February 18, 2022	RMB 32,244/USD 5,000

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	Currency	Expiration Date	Contract Amount (Thousands)
Sale of forward foreign exchange	RMB to USD	July 20, 2021 to March 18, 2022	RMB 32,310/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 9, 2021 to April 19, 2022	RMB 32,017/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to January 18, 2022	RMB 6,722/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to February 15, 2022	RMB 6,734/USD 1,000
Sale of forward foreign exchange	RMB to USD	February 1, 2021 to March 15, 2022	RMB 6,617/USD 1,000
Sale of forward foreign exchange	RMB to USD	June 1, 2021 to April 15, 2022	RMB 6,496/USD 1,000
Sale of forward foreign exchange	RMB to USD	July 28, 2021 to May 16, 2022	RMB 6,635/USD 1,000
Sale of forward foreign exchange	RMB to USD	November 5, 2021 to June 16, 2022	RMB 9,755/USD 1,500
Sale of forward foreign exchange	RMB to USD	November 5, 2021 to July 15, 2022	RMB 9,774/USD 1,500
Sale of forward foreign exchange	RMB to USD	November 5, 2021 to August 16, 2022	RMB 9,795/USD 1,500
Sale of forward foreign exchange	RMB to USD	November 5, 2021 to September 16, 2022	RMB 9,815/USD 1,500
Sale of forward foreign exchange	RMB to USD	December 9, 2021 to October 17, 2022	RMB 6,482/USD 1,000

December 31, 2020

	Currency	Expiration Date	Contract Amount (Thousands)
Sale of forward foreign exchange	RMB to USD	August 3, 2020 to January 19, 2021	RMB 14,091/USD 2,000
Sale of forward foreign exchange	RMB to USD	August 3, 2020 to January 19, 2021	RMB 21,129/USD 3,000
Sale of forward foreign exchange	RMB to USD	August 6, 2020 to February 22, 2021	RMB 21,090/USD 3,000
Sale of forward foreign exchange	RMB to USD	September 14, 2020 to April 19, 2021	RMB 20,769/USD 3,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to May 18, 2021	RMB 33,085/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to June 18, 2021	RMB 33,110/USD 5,000

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	Currency	Expiration Date	Contract Amount (Thousands)
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to July 19, 2021	RMB 33,225/USD 5,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to August 19, 2021	RMB 33,290/USD 5,000
Sale of forward foreign exchange	RMB to USD	June 2, 2020 to January 15, 2021	RMB 3,581/USD 500
Sale of forward foreign exchange	RMB to USD	July 13, 2020 to February 18, 2021	RMB 3,536/USD 500
Sale of forward foreign exchange	RMB to USD	August 3, 2020 to March 15, 2021	RMB 3,530/USD 500
Sale of forward foreign exchange	RMB to USD	August 3, 2020 to April 15, 2021	RMB 3,536/USD 500
Sale of forward foreign exchange	RMB to USD	September 4, 2020 to May 14, 2021	RMB 3,469/USD 500
Sale of forward foreign exchange	RMB to USD	September 4, 2020 to June 15, 2021	RMB 3,475/USD 500
Sale of forward foreign exchange	RMB to USD	September 4, 2020 to July 15, 2021	RMB 3,480/USD 500
Sale of forward foreign exchange	RMB to USD	September 4, 2020 to August 16, 2021	RMB 3,485/USD 500
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to September 15, 2021	RMB 3,334/USD 500
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to October 15, 2021	RMB 6,681/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to November 15, 2021	RMB 6,695/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to December 15, 2021	RMB 6,708/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to January 18, 2022	RMB 6,722/USD 1,000
Sale of forward foreign exchange	RMB to USD	December 4, 2020 to February 15, 2022	RMB 6,734/USD 1,000

The purpose of the Consolidated Company's forward exchange transactions is to hedge the risk of foreign currency assets and liabilities arising from exchange rate fluctuations.

viii. Financial assets at amortized cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Time deposits with original maturity of more than 3 months (1)	\$ 509,700	\$ 458,813
Pledge of time deposits (1)	<u>6,512</u>	<u>13,094</u>
	<u>\$ 516,212</u>	<u>\$ 471,907</u>
<u>Noncurrent</u>		
Time deposits with original maturity of more than 3 months (2)	\$ 43,415	\$ 43,648
Pledge of time deposits (2)	2,127	2,127
Restricted foreign exchange deposits with offshore funds (3)	<u>104,099</u>	<u>124,472</u>
	<u>\$ 149,641</u>	<u>\$ 170,247</u>

- (i) As of December 31, 2021 and 2020, the interest rate ranges for time deposits with original maturity over 3 months were 0.66% to 3.39% and 1.35% to 3.4% per annum, respectively.
- (ii) As of December 31, 2021 and 2020, the market interest rate for time deposits with original maturity over one year was 0.84% to 4.18% and 0.84% to 4.18% per annum, respectively.
- (iii) On August 26, 2020, the Consolidated Company remitted NTD 146,285 thousand (USD 5,000 thousand) in accordance with the “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” and deposited the net amount after tax in a dedicated account for foreign exchange deposits, as approved by the National Taxation Bureau of the Northern Area, Ministry of Finance. The deposits in the dedicated account are subject to restrictions on the free use of the funds as prescribed by law, except for financial investments or real investments and part of the free use of the funds as prescribed by law, which can be withdrawn in three-year increments after five years from the date of deposit in the dedicated account.
- (iv) For information on pledges of financial assets measured at amortized cost, see Note 28.

ix. Notes/Accounts receivable and overdue receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 42	\$ –
Less: Allowance for loss	<u>–</u>	<u>–</u>
	<u>\$ 42</u>	<u>\$ –</u>

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	December 31, 2021	December 31, 2020
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 2,385,150	\$ 2,469,955
Less: Allowance for loss	(1,455)	(1,086)
	<u>\$ 2,383,695</u>	<u>\$ 2,468,869</u>
 <u>Overdue receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 51,830	\$ 57,107
Less: Allowance for loss	(51,830)	(57,107)
	<u>\$ -</u>	<u>\$ -</u>

Accounts receivable

The average credit period of the Consolidated Company's merchandise sales is 150 days. In determining the collectibility of accounts receivable, the Consolidated Company considers any changes in the credit quality of the accounts receivable from the original credit grant date to the balance sheet date. To mitigate credit risk, the Consolidated Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue accounts receivable. In addition, the Consolidated Company reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The Consolidated Company uses the simplified method of IFRS 9 to recognize an allowance for losses on accounts receivable based on the expected credit losses over the life of the accounts. Expected credit losses for the duration are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as GDP forecasts and industry outlook. Since the Consolidated Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the allowance matrix only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation or the debt is overdue for more than 365 days, the Consolidated Company reclassifies the amount directly to overdue receivable and continues the collection activities, and the amount recovered is offset against the related overdue receivable.

The Consolidated Company's loss allowance for notes and accounts receivable measured using the provision matrix are as follows:

Notes receivable

December 31, 2021

	Not overdue	Past due 1~180 days	Past due 180~365 days	Total
Expected credit loss rate	0%	0%	0%	-
Total carrying amount	\$ 42	\$ -	\$ -	\$ 42
Allowance for loss (Expected credit losses over the duration)	-	-	-	-
Amortized cost	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>

No changes in loss allowance for notes receivable in 2021.

Accounts receivable

December 31, 2021

	Not overdue	Past due 1~180 days	Past due 181~365 days	Total
Expected credit loss rate	0%	0.81%	12.74%	-
Total carrying amount	\$2,207,637	\$ 177,356	\$ 157	\$2,385,150
Allowance for loss (Expected credit losses over the duration)	-	(1,435)	(20)	(1,455)
Amortized cost	<u>\$2,207,637</u>	<u>\$ 175,921</u>	<u>\$ 137</u>	<u>\$2,383,695</u>

December 31, 2020

	Not overdue	Past due 1~180 days	Past due 181~365 days	Total
Expected credit loss rate	0.01%	0.49%	10.65%	-
Total carrying amount	\$2,311,593	\$ 156,560	\$ 1,802	\$2,469,955
Allowance for loss (Expected credit losses over the duration)	(126)	(768)	(192)	(1,086)
Amortized cost	<u>\$2,311,467</u>	<u>\$ 155,792</u>	<u>\$ 1,610</u>	<u>\$2,468,869</u>

Information on the changes in the allowance for losses on accounts receivable is as follows:

	2021	2020
Balance at the beginning of the year	\$ 1,086	\$ 1,743
Add: Provision for impairment loss for the year	1,550	1,083
Less: Actual write off for the year	(375)	(361)
Less: Reclassification for the year	(815)	(1,391)
Foreign currency translation difference	9	12
Balance at the end of the year	<u>\$ 1,455</u>	<u>\$ 1,086</u>

Information on the changes in the allowance for losses on overdue receivables is as follows:

	2021	2020
Balance at the beginning of the year	\$ 57,107	\$ 95,658
Add: Reclassification for the year	815	1,391
Less: Actual write off for the year	(317)	(24,724)
Less: Reversal of impairment loss for the year	(5,768)	(15,219)
Foreign currency translation difference	(7)	1
Balance at the end of the year	<u>\$ 51,830</u>	<u>\$ 57,107</u>

x. Inventories

	December 31, 2021	December 31, 2020
Finished goods	\$ 285,482	\$ 262,445
Semi-finished goods	73,940	57,205
Work in progress	156,108	228,036
Raw materials	501,601	364,732
In-transit	<u>30,375</u>	<u>45,235</u>
	<u>\$ 1,047,506</u>	<u>\$ 957,653</u>

The nature of cost of goods sold is as follows:

	2021	2020
Cost of inventories sold	\$ 5,772,925	\$ 4,777,176
Gain on reversal of loss on decline in value of inventories	(52,678)	(4,804)
Others	(45,626)	(13,965)
	<u>\$ 5,674,621</u>	<u>\$ 4,758,407</u>

(i) The increase in net realizable value of inventories was due to the disposal of slow-moving inventories and the reversal of allowances and slow-moving inventories.

xi. Subsidiaries

Subsidiaries Included in Consolidated Financial Statements

Entities covered by the consolidated financial statements are as follows:

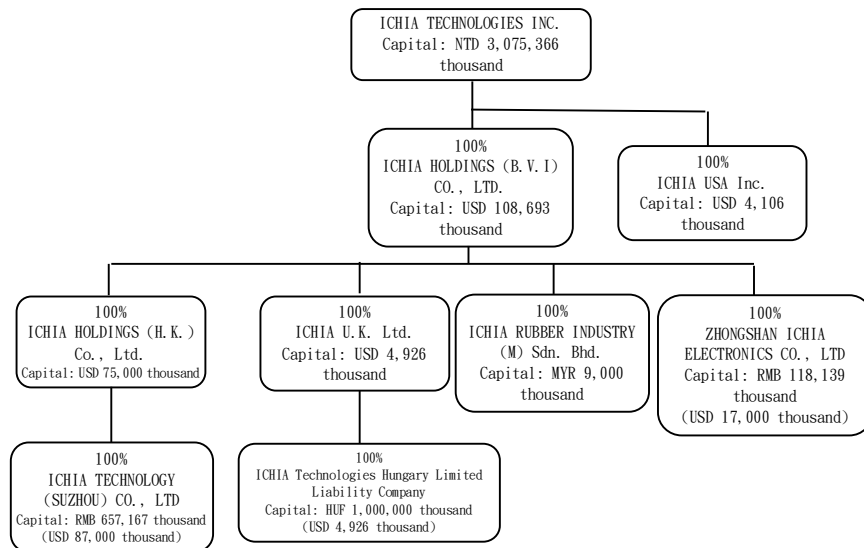
Investor	Subsidiary name	Business nature	Shareholding percentage		Description
			December 31, 2021	December 31, 2020	
ICHIA TECHNOLOGIES INC.	ICHIA USA INC. (hereafter referred to as ICHIA USA).	Manufacturing, processing and trading of various electronic components and materials	100%	100%	-
	ICHIA HOLDINGS (B.V.I) CO., LTD. (hereafter referred to as BVI-ICHIA)	Various investment businesses	100%	100%	-

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Investor	Subsidiary name	Business nature	Shareholding percentage		Description
			December 31, 2021	December 31, 2020	
BVI-ICHIA	ICHIA RUBBER INDUSTRY (M) SDN BHD (hereinafter referred to as ICHIA Malaysia)	Manufacturing, processing and trading of various electronic components and materials	100%	100%	-
	ICHIA UK LTD.	Various investment businesses	100%	100%	-
	ICHIA HOLDINGS (H.K.) CO., LTD. (hereafter referred to as ICHIA H.K.)	Various investment businesses	100%	100%	-
	ZHONGSHAN ICHIA ELECTRONICS CO., LTD. (hereafter referred to as ZHONGSHAN ICHIA)	Manufacturing, processing and trading of rubber and plastic keypads	100%	100%	-
ICHIA U.K. LTD.	Ichia Hungary Ltd. (hereafter referred to as ICHIA Hungary)	Manufacturing, processing and trading of rubber and plastic keypads	100%	100%	-
ICHIA H.K.	ICHIA TECHNOLOGY (SUZHOU) CO., LTD. (hereafter referred to as ICHIA SUZHOU)	Manufacturing, processing and trading of rubber and plastic keypads and flexible printed circuit boards	100%	100%	-

As of December 31, 2021, the Company's investment relationships and shareholdings with its investees over which it has control are shown as below:



The Company and the above investees included in the consolidated financial statements are collectively referred to as the Consolidated Company.

The financial statements of the subsidiaries included in the consolidated financial statements have been audited by the CPA.

xii. Property, plant and equipment

Self-use

	Self-owned land	Buildings	Machinery and equipment	Other equipment	Total
<u>Cost</u>					
Balance as of January 1, 2021	\$ 523,927	\$2,585,467	\$3,671,597	\$ 973,847	\$7,754,838
Addition	-	38,809	14,399	6,715	59,923
		((((
Disposal	-	45,996)	635,598)	73,387)	754,981)
Reclassification	-	18,914	260,447	46,952	326,313
	(((((
Net exchange differences	<u>215</u>)	<u>30,237</u>)	<u>16,735</u>)	<u>4,011</u>)	<u>51,198</u>)
Balance as of December 31, 2021	<u>\$ 523,712</u>	<u>\$2,566,957</u>	<u>\$3,294,110</u>	<u>\$ 950,116</u>	<u>\$7,334,895</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2021	\$ -	\$1,619,597	\$2,506,242	\$ 845,580	\$4,971,419
		((((
Disposal	-	46,816)	609,854)	73,116)	729,786)
Depreciation expense	-	91,948	251,493	51,885	395,326
		((
Reversal of impairment loss	-	1,704)	-	-	1,704)
	(((((
Net exchange differences	<u>-</u>	<u>20,241</u>)	<u>11,221</u>)	<u>3,483</u>)	<u>34,945</u>)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$1,642,784</u>	<u>\$2,136,660</u>	<u>\$ 820,866</u>	<u>\$4,600,310</u>
Net as of December 31, 2021	<u>\$ 523,712</u>	<u>\$ 924,173</u>	<u>\$1,157,450</u>	<u>\$ 129,250</u>	<u>\$2,734,585</u>
<u>Cost</u>					
Balance as of January 1, 2020	\$ 524,333	\$2,569,774	\$3,562,524	\$ 963,643	\$7,620,274
Addition	-	11,679	9,854	7,450	28,983
		((((
Disposal	-	28,287)	130,115)	39,046)	197,448)
Reclassification	-	18,254	181,898	30,394	230,546
	(
Net exchange differences	<u>406</u>)	<u>14,047</u>	<u>47,436</u>	<u>11,406</u>	<u>72,483</u>
Balance as of December 31, 2020	<u>\$ 523,927</u>	<u>\$2,585,467</u>	<u>\$3,671,597</u>	<u>\$ 973,847</u>	<u>\$7,754,838</u>
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2020	\$ -	\$1,539,804	\$2,344,167	\$ 814,716	\$4,698,687
		((((
Disposal	-	28,287)	116,024)	37,164)	181,475)
Depreciation expense	-	100,002	243,748	57,582	401,332
Impairment loss	-	92	-	-	92
Net exchange differences	<u>-</u>	<u>7,986</u>	<u>34,351</u>	<u>10,446</u>	<u>52,783</u>
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$1,619,597</u>	<u>\$2,506,242</u>	<u>\$ 845,580</u>	<u>\$4,971,419</u>
Net as of December 31, 2020	<u>\$ 523,927</u>	<u>\$ 965,870</u>	<u>\$1,165,355</u>	<u>\$ 128,267</u>	<u>\$2,783,419</u>

The Consolidated Company assesses the recoverable amount of assets for operating use as of the reporting date for impairment and uses the value in use as the basis for calculating the recoverable amount. The calculation of the value in use is based on the estimated cash flows of the Consolidated Company's future financial projections.

The recoverable amount of the impaired assets was evaluated to be lower than that of the previous years, therefore, the Consolidated Company recorded

impairment losses of \$92 thousand in 2020. The impairment loss is included in other gains and losses in the consolidated comprehensive income statements.

The recoverable value of the part of the buildings that the Consolidated Company has recorded as impairment in 2021 was evaluated to be rising. Hence, \$1,740 thousand was reversed from the impairment loss of the previous year. The impairment loss is included in other gains and losses in the consolidated comprehensive income statements.

Depreciation expense is provided on a straight-line basis over the following useful life:

Building	
Main structure	51 years
Elevator equipment	16 years
Air conditioning system	26 years
Improvement to main structures	4 to 51 years
Machinery and equipment	13 years
Other equipment	16 years

For the amount of property, plant and equipment used as collaterals for loans, please refer to Note 28.

xiii. Lease Agreement

(i) Right-of-use assets.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use assets		
Land	\$ 123,413	\$ 128,598
Transportation equipment	<u>1,923</u>	<u>3,205</u>
	<u>\$ 125,336</u>	<u>\$ 131,803</u>
	<u>2021</u>	<u>2020</u>
Addition of right-of-use assets.	<u>\$ -</u>	<u>\$ 3,846</u>
Depreciation expense of right-of-use assets		
Land	\$ 4,498	\$ 4,438
Transportation equipment	<u>1,282</u>	<u>641</u>
	<u>\$ 5,780</u>	<u>\$ 5,079</u>

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of the Consolidated Company's right-of-use assets in 2021 and 2020.

Right-of-use asset – Land refers to its use rights in Mainland China.

(ii) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carry amount of lease liabilities		
Current	<u>\$ 1,298</u>	<u>\$ 1,266</u>
Noncurrent	<u>\$ 661</u>	<u>\$ 1,959</u>

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Transportation equipment	2.5%	2.5%

(iii) Information on other leases

	<u>2021</u>	<u>2020</u>
Short-term lease expenses	<u>\$ 5,080</u>	<u>\$ 7,887</u>
Low-value asset lease expenses	<u>\$ 255</u>	<u>\$ 556</u>
Total cash (outflow) from leases	<u>(\$ 6,667)</u>	<u>(\$ 9,109)</u>

The Consolidated Company has elected to apply the recognition exemption to leases of buildings, structures and office equipment that qualify as short-term leases and certain other equipment that qualify as low-value asset leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

The amount of short-term lease commitments for which the recognition exemption was applicable (including short-term lease commitments commencing after the balance sheet date) was \$3,069 thousand and \$35,796 thousand as of December 31, 2021 and 2020, respectively.

The Consolidated Company has no commitments to enter into leases for periods beginning after the balance sheet date.

xiv. Other assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Tax overpaid retained	\$ 20,143	\$ 53,397
Prepaid expenses	66,590	54,018
Prepayments for goods	11,989	6,199
Business tax refund receivable	5,114	8,213
Non-operating receivables	11,162	7,464
Temporary payments	4,554	1,711
Others	<u>3,457</u>	<u>8,108</u>
	<u>\$ 123,009</u>	<u>\$ 139,110</u>
<u>Noncurrent</u>		
Prepaid equipment (Note 29)	\$ 126,755	\$ 115,808
Refundable deposits	15,246	25,077
Long-term prepaid expenses	<u>42,948</u>	<u>55,249</u>
	<u>\$ 184,949</u>	<u>\$ 196,134</u>

xv. Borrowings

(i) Short-term borrowings

	December 31, 2021	December 31, 2020
<u>Unsecured borrowings</u>		
Credit facility borrowings	\$ 1,004,059	\$ 1,445,882

As of December 31, 2021 and 2020, the interest rates on bank borrowings for operating turnover ranged from 0.35% to 0.85% and 0.89% to 1.036%, respectively.

(ii) Long-term borrowings

	December 31, 2021	December 31, 2020
<u>Secured borrowings</u> (Note 28)		
Bank borrowings	\$ 345,000	\$ 293,718
Less: Classified as due within 1 year	-	(167,191)
Long-term borrowings	\$ 345,000	\$ 126,527

The bank borrowings were secured by pledges of the Consolidated Company's self-owned land and buildings (see Note 28). The effective interest rates were 1.01% and 1.03% per annum for the years ended December 31, 2021 and 2020, respectively. The Consolidated Company received a new drawdown of \$345,000 thousand bank borrowing at a rate of 1.01% and matured on December 13, 2026. The interest is paid every month during the period from the first to the second year and amortized together with the principal during the period from the third to the fifth year. The purpose of this drawdown is to raise funds for operating turnover.

The Consolidated Company's borrowings consist of:

	Maturity date	Major terms and conditions	Effective interest rate	December 31, 2021	December 31, 2020
Floating rate borrowings:	2022-09-11	Chang Hwa Commercial Bank, Ltd.			
		The borrowing amount is \$500,000 thousand with interest rates ranging from 1.0% to 1.5% to finance the medium-term operating turnover. The borrowing period is from September 11, 2017 to September 11, 2022, with monthly interest deductions. Repayment is made on the 11th day of each month, starting from October 11, 2019, in 36 equal installments of principal and interest. The borrowing was completely settled on December 31, 2021.	1.03%	\$ -	\$ 293,718
	2026-09-30	Chang Hwa Commercial Bank, Ltd.			
		The borrowing amount is \$499,512 thousand with an interest rate of 1.01% to finance the medium-term operating turnover. The borrowing period is from September 30, 2021 to September 30, 2026, with monthly interest deductions. Repayment is made on the 13th day	1.01%	345,000	-

of each month, starting from January 13, 2023, in 36 equal installments of principal and interest.

Less: Classified as due within 1 year
Long-term borrowings

- (167,191)
\$ 345,000 \$ 126,527

(iii) Long-term notes payable

	December 31, 2021	December 31, 2020
Commercial paper payable	\$ 200,000	\$ -
Less: Discount on long-term notes payable	(65)	-
Long-term borrowings	\$ 199,935	\$ -

Undue long-term notes payable follows:

December 31, 2021

Guarantee/acc eptance inst.	Par value	Discount value	Carrying amount	Interest rate range	Collatera l	Carrying amount of collatera l
<u>Commercial paper payable</u>						
IBFC	\$200,000	\$ 65	\$199,935	1.19%	None	\$ -

The Company entered into a contract on bank guaranteed revolving release, underwriting and purchase of commercial paper with International Bills Finance Corporation, and can perform circular release of 60-day bank guaranteed commercial paper within 3 years. The Company uses \$200,000 thousand from the underwriting facility on January 18, 2021. The contract expires on January 17, 2024.

xvi. Accounts payable

	December 31, 2021	December 31, 2020
<u>Accounts payable</u>		
Occurred due to business	\$ 1,481,654	\$ 1,693,628

The average credit period for the purchase of some goods is one to three months, and no interest is accrued on the accounts payable. The Consolidated Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit periods.

xvii. Other liabilities

	December 31, 2021	December 31, 2020
<u>Current</u>		
Other payables		
Salaries and bonuses payable	\$ 127,551	\$ 126,910
Leave payables	50,006	48,946
Interest payables	804	979
Other expense payables	77,233	71,969

	<u>\$ 255,594</u>	<u>\$ 248,804</u>
Other liabilities		
Temporary receipts	\$ 12,995	\$ 26,879
Others	<u>262</u>	<u>315</u>
	<u>\$ 13,257</u>	<u>\$ 27,194</u>

xviii. Retirement benefit plan

(i) Defined contribution plan

The pension system of the Consolidated Company under the “Labor Pension Act” is a government-administered defined contribution pension plan with 6% of employees’ monthly salaries contributed to the personal accounts at the Bureau of Labor Insurance.

(ii) Defined benefit plan

The pension system of the Consolidated Company under the “Labor Standards Act” is a government-administered defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The Company appropriates 2% of the total monthly wage of an employee as the pension and remit the amount to the labor pension reserve fund account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, the Company will make up the difference in one appropriation before the end of March the following year. The management of the dedicated account is entrusted to the Bureau of Labor Funds, Ministry of Labor. The Consolidated Company has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets for defined benefit plan are shown below.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 18,790	\$ 25,558
Fair value of plan assets	(<u>33,812</u>)	(<u>45,347</u>)
Net defined benefit assets	(<u>\$ 15,022</u>)	(<u>\$ 19,789</u>)

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
January 1, 2020	<u>\$ 23,716</u>	(<u>\$ 43,582</u>)	(<u>\$ 19,866</u>)
Service costs			
Service costs for the period	56	-	56
Interest expenses	<u>237</u>	(<u>436</u>)	(<u>199</u>)

(incomes)			
Recognized in profit or loss	<u>293</u>	(<u>436</u>)	(<u>143</u>)
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(1,329)	(1,329)
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Actuarial losses			
- Change in financial assumptions	\$ 450	\$ -	\$ 450
- Adjustments through experience	<u>1,099</u>	<u>-</u>	<u>1,099</u>
Recognized in other comprehensive income	<u>1,549</u>	(<u>1,329</u>)	<u>220</u>
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2020	<u>25,558</u>	(<u>45,347</u>)	(<u>19,789</u>)
Service costs			
Service costs for the period	55	-	55
Interest expenses (incomes)	<u>205</u>	(<u>363</u>)	(<u>158</u>)
Recognized in profit or loss	<u>260</u>	(<u>363</u>)	(<u>103</u>)
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(402)	(402)
Actuarial losses			
- Change in financial assumptions	238	-	238
- Adjustments through experience	<u>5,034</u>	<u>-</u>	<u>5,034</u>
Recognized in other comprehensive income	<u>5,272</u>	(<u>402</u>)	<u>4,870</u>
Benefit payments	(<u>12,300</u>)	<u>12,300</u>	<u>-</u>
December 31, 2021	<u>\$ 18,790</u>	(<u>\$ 33,812</u>)	(<u>\$ 15,022</u>)

The amounts recognized in profit or loss for defined benefit plan are summarized by function as follows:

	2021	2020
Operating costs	(\$ 10)	(\$ 15)
Promotional expenses	(3)	(4)
Administrative expenses	(80)	(110)
R&D expenses	(<u>10</u>)	(<u>14</u>)
	(<u>\$ 103</u>)	(<u>\$ 143</u>)

The subsidiaries in the Consolidated Company are exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Consolidated Company’s plan assets is based on the income at a rate no less than the local bank’s 2-year time deposit rate.
2. Interest rate risk: A decrease in interest rates on government/corporate bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member’s salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Consolidated Company’s defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.65%	0.80%
Expected rate of salary increase	3.00%	3.00%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate		
Increase by 0.25%	(\$ <u>389</u>)	(\$ <u>556</u>)
Decrease by 0.25%	<u>\$ 405</u>	<u>\$ 577</u>
Expected rate of salary increase		
Increase by 1%	<u>\$ 1,676</u>	<u>\$ 2,385</u>
Decrease by 1%	(<u>\$ 1,466</u>)	(<u>\$ 2,097</u>)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Average duration to maturity of defined benefit obligations	13.8 years	13.7 years

xix. Equity

(i) Common stock

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized number of shares (thousand shares)	<u>600,000</u>	<u>600,000</u>
Authorized capital stock	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (thousand shares)	<u>307,536</u>	<u>307,536</u>
Issued capital stock	<u>\$ 3,075,366</u>	<u>\$ 3,075,366</u>

The issued common stock has a face value of NT\$10 per share and each share is entitled to one voting right and receiving dividends.

30,000 thousand shares of the authorized capital stock were reserved for the issuance of convertible bonds and employee restricted stock options.

On March 18, 2020, the Company's Board of Directors resolved to increase the authorized capital to \$6,000,000 thousand, and on June 12, 2010, the resolution was approved by the regular shareholders' meeting.

(ii) Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>For loss make-up, payment in cash or capitalization as equity (1)</u>		
Stock issue premium	\$ 772,829	\$ 805,558
Corporate bond conversion premium	1,238,407	1,238,407
Gain on disposal of assets	167	167
Consolidation excess	<u>42,695</u>	<u>42,695</u>
	<u>\$ 2,054,098</u>	<u>\$ 2,086,827</u>

- Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(iii) Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy of the Company's Articles of Incorporation, if there are any net earnings as indicated in the final accounts, the Company shall pay tax and make up for the accumulated losses, and then set aside 10% as legal reserve, and the rest shall be set aside as special reserve or offset by reversal of special reserve as required by law; if there are still remaining earnings, the Board of Directors shall prepare a proposal for the distribution of the

remainder together with the accumulated unappropriated earnings at the beginning of the period, and submit it to the shareholder meeting for resolution on the distribution of dividends to shareholders.. The Company's policy on the distribution of employees' and directors' remuneration as stipulated in the Company's Articles of Incorporation is described in Note 21(7) Employees' Remuneration and Directors' Remuneration.

Based on the resolution of a majority of directors at the meeting attended by two-thirds of the total number of directors, the Company shall distribute the dividend and bonus, in whole or in part, in the form of cash and report to the shareholders' meeting.

The legal reserve should be appropriated until the balance reaches the Company's total paid-in capital. The legal reserve may be used to make up for losses. If the Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to capitalization as equity.

The distribution of earnings for 2020 and 2019 is described below:

	2020	2019
Legal reserve	\$ 11,997	\$ 22,679
Special reserve	(\$ 40,309)	\$ 198,694
Cash dividends	\$ 116,039	\$ 76,884
Cash dividends per share (NTD)	\$ 0.39	\$ 0.25

The above cash dividends were distributed following the resolutions made in Board of Directors meetings dated May 11, 2021 and March 18, 2020, respectively; the distribution of remaining earnings was resolved at the annual general meeting held on July 20, 2021 and June 12, 2020, respectively.

The Company held the general shareholders' meetings on July 20, 2021 and June 12, 2020 to resolve the distribution of the capital surplus amounting to \$32,729 thousand (\$0.11 per share) and \$76,884 thousand (\$0.25 per share) in cash.

The Board of Directors proposed the following earnings distribution for 2021 on March 24, 2022:

	Earnings distribution proposal
Legal reserve	\$ 21,802
Special reserve	\$ 40,494
Cash dividends	\$ 148,768
Cash dividends per share	\$ 0.5

The distribution of the aforementioned cash dividends has been approved by the Board of Directors. The remainder is pending resolution at the shareholders' meeting scheduled for June 16, 2022.

(iv) Treasury stock

Reason for recovery	Transfer of shares to employees (thousand shares)	Repurchase for retirement (thousand shares)	Shares of parent company held by subsidiaries (thousand shares)	Total (thousand shares)
Number of shares as of January 1, 2021	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of December 31, 2021	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of January 1, 2020	-	-	-	-
Increase in the period	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Number of shares as of December 31, 2020	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>

On July 27, 2020, the Board of Directors resolved to repurchase 10,000 thousand shares of the Company's common stock to employees for the period from July 28, 2020 to September 25, 2020 at a price range of \$12 to \$18 in order to motivate employees and enhance their cohesiveness to the Company. As of the end of the repurchase period (September 25, 2020), the Company had repurchased 10,000 thousand shares for a total of \$161,328 thousand.

The repurchased shares shall be transferred to employees within 5 years in accordance with the Securities and Exchange Act. If the shares are not transferred after the expiration date, they shall be considered as unissued shares of the Company and shall be registered for change.

Treasury stock held by the Company cannot be pledged under the Securities and Exchange Act, and is not entitled to dividend distribution or voting rights.

xx. Revenues

	2021	2020
Customer contract revenues		
Merchandise sales revenues	<u>\$ 6,478,555</u>	<u>\$ 5,502,842</u>
<u>Contract balance</u>		
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable (Note 9)	<u>\$2,383,695</u>	<u>\$2,468,869</u>
Contract liabilities - current		
Merchandise sales	<u>\$ 5,221</u>	<u>\$ 7,114</u>

The change in contract liabilities mainly arises from the difference

between the point at which performance obligations are satisfied and the point at which customers pay.

xxi. Net profits before tax

(i) Interest incomes

	2021	2020
Bank deposits	\$ 3,117	\$ 4,576
Bonds with repurchase agreement	75	13
Financial assets at amortized cost	15,065	18,952
Imputed interest on deposits	16	191
Others	50	-
	<u>\$ 18,323</u>	<u>\$ 23,732</u>

(ii) Other incomes

	2021	2020
Lease incomes		
Rental incomes from operating lease		
- Rental incomes from dormitory and parking lot	\$ 1,012	\$ 835
- Rental incomes from housing	3,825	1,245
	<u>4,837</u>	<u>2,080</u>
Government subsidy incomes	31,759	16,547
Compensation incomes	7,436	6,036
Others	6,514	14,558
	<u>\$ 50,546</u>	<u>\$ 39,221</u>

(iii) Other incomes (expenses)

	2021	2020
Gain (loss) on financial assets and financial liabilities (Note 7)		
Financial assets mandatorily measured at fair value through profit or loss		
- Realized	\$ 30,136	\$ 21,824
- Unrealized	8,465	33,104
	<u>38,601</u>	<u>54,928</u>
Financial liabilities held for trading		
- Realized	-	(472)
- Unrealized	-	(22)
	<u>-</u>	<u>(494)</u>
	<u>38,601</u>	<u>54,434</u>
Net foreign currency exchange loss	(30,743)	(107,018)
Gain on disposal of property,	2,099	2,680

plant and equipment		
Impairment reversal profit (loss)		
of property, plant and equipment	1,704	(92)
Others	(8,387)	(3,521)
	<u>\$ 3,274</u>	<u>(\$ 53,517)</u>

(iv) Financial costs

	2021	2020
Interest on bank borrowings	\$ 12,545	\$ 15,065
Interest on lease liabilities	66	45
	<u>\$ 12,611</u>	<u>\$ 15,110</u>

No interest capitalization in 2021 and 2020.

(v) Depreciation and amortization

	2021	2020
Depreciation expense is		
summarized by function		
Operating costs	\$ 382,720	\$ 384,086
Operating expenses	18,386	22,325
	<u>\$ 401,106</u>	<u>\$ 406,411</u>

(vi) Employee benefit expenses

	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 5,819	\$ 5,312
Defined benefit plan (Note 18)	(103)	(143)
	<u>5,716</u>	<u>5,169</u>
Other employee benefits	<u>1,396,885</u>	<u>1,273,520</u>
Total employee benefit expenses	<u>\$ 1,402,601</u>	<u>\$ 1,278,689</u>
Summarized by function		
Operating costs	\$ 1,119,320	\$ 1,015,805
Operating expenses	283,281	262,884
	<u>\$ 1,402,601</u>	<u>\$ 1,278,689</u>

(vii) Employees' remuneration and directors' remuneration.

In accordance with the Company's Articles of Incorporation, the Company appropriates no less than 1% and no more than 3% of the profits before tax to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. The estimated remuneration to employees and directors for the years ended 2021 and 2020 were resolved by the Board of Directors on March 24, 2022 and March 16, 2021, respectively, as follow:

Estimated percentage

	2021	2020
Remuneration to employees	2.33%	4.18%

Remuneration to directors	1.94%	2.94%
<u>Amount</u>		
	2021	2020
	Cash	Cash
Remuneration to employees	\$ 6,000	\$ 7,000
Remuneration to directors	5,000	4,919

If there is a change in the amount of the consolidated financial statements after the date of its issuance, the amount is adjusted in the following year in accordance with the rules related to changes in accounting estimates.

There was no difference between the actual amount of employees' and directors' and supervisors' remuneration paid for 2020 and 2019 and the amount recognized in the consolidated financial statements in 2020 and 2019.

Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration of employees, directors and supervisors resolved by the Board of Directors of the Company.

(viii) Foreign currency exchange gains (losses)

	2021	2020
Total foreign currency		
exchange gains	\$ 138,682	\$ 176,696
Total foreign currency		
exchange (losses)	(169,425)	(283,714)
Net gains (losses)	(\$ 30,743)	(\$ 107,018)

xx. Income tax

(i) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	2021	2020
Income tax for the period		
Occurred in the year	\$ 17,100	\$ 24,351
Prior year adjustment	(6,988)	8,527
Repatriation of offshore funds	-	11,792
	<u>10,112</u>	<u>44,670</u>
Deferred tax		
Occurred in the year	37,425	27,220
Prior year adjustment	(2,788)	(2,067)
	<u>34,637</u>	<u>25,153</u>
Income tax expenses recognized in profit or loss	<u>\$ 44,749</u>	<u>\$ 69,823</u>

The reconciliation of accounting income to income tax expense is as follows:

	2021	2020
Net profits before tax	<u>\$ 267,642</u>	<u>\$ 190,013</u>
Income tax expenses at statutory tax rate on net profits before tax (20%)	\$ 53,528	\$ 38,003
Non-deductible expenses for tax purposes	4,111	15,383
Tax-exempt incomes	(58)	(1,049)
Unrecognized loss carryforwards	2,129	3,539
Effect of consolidated entities with different tax rates	9,292	6,826
Adjustments to prior years' deferred tax expenses recorded in the year	(2,788)	(2,067)
Adjustments to prior years' current income tax expenses recorded in the year	(6,988)	8,527
Additional deductions for R&D expenses	(14,477)	(11,131)
Repatriation of offshore funds	<u>—</u>	<u>11,792</u>
Income tax expenses recognized in profit or loss	<u>\$ 44,749</u>	<u>\$ 69,823</u>

In July 2019, the President of Taiwan announced the promulgation of “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, with new rules that if a profit-seeking enterprise applies for repatriation of funds within the approved period from August 15, 2019 to August 14, 2020, the tax rate applicable to the repatriation of funds is reduced from 20% to 8% and the repatriated funds should be deposited into a dedicated account, and the receiving bank will deduct the tax when the funds are deposited into the dedicated account. On August 26, 2020, the Consolidated Company was approved to remit \$147,400 thousand (USD 5,000 thousand) by the National Taxation Bureau, Ministry of Finance, and the tax amount was \$11,792 thousand based on the applicable tax rate of 8%.

(ii) Current income tax assets and liabilities

	December 31, 2021	December 31, 2020
Current income tax assets		
Tax refund receivable	<u>\$ 10,369</u>	<u>\$ 634</u>
Current tax liabilities		

Income tax payables		\$ 5,532		\$ 8,250
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(iii) Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2021

	Balance at the beginning of the year	Recognized in profit or loss	Exchange difference	Balance at the end of the year
Deferred tax assets				
Temporary difference				
Leave payables	\$ 11,708	\$ 289	(\$ 52)	\$ 11,945
Defined benefit pension plan	933	21	-	954
Unrealized loss on decline in value of inventories	63,737	(13,254)	(238)	50,245
Allowance for loss	8,672	(779)	(7)	7,886
Impairment of property, plant and equipment	1,216	-	-	1,216
Accrued expenses	16,160	174	(76)	16,258
Depreciation of property, plant and equipment	49,565	(8,674)	(198)	40,693
Others	263	(194)	-	69
	152,254	(22,417)	(571)	129,266
Loss carryforwards	45,774	(20,033)	-	25,741
	<u>\$ 198,028</u>	<u>(\$ 42,450)</u>	<u>(\$ 571)</u>	<u>\$ 155,007</u>
Deferred tax liabilities				
Temporary difference				
Unrealized exchange gains	(\$ 5,339)	(\$ 3,127)	\$ -	(\$ 8,466)
Financial assets at fair value through profit or loss	(8,403)	6,316	8	(2,079)
Depreciation of property, plant and equipment	(8,649)	4,624	88	(3,937)
	<u>(\$ 22,391)</u>	<u>\$ 7,813</u>	<u>\$ 96</u>	<u>(\$ 14,482)</u>

2020

	Balance at the beginning of the year	Recognized in profit or loss	Exchange difference	Balance at the end of the year
Deferred tax assets				
Temporary difference				
Leave payables	\$ 11,270	\$ 289	\$ 149	\$ 11,708
Defined benefit pension plan	962	(29)	-	933
Unrealized loss on decline in value of inventories	63,407	(642)	972	63,737
Allowance for loss	16,211	(7,521)	(18)	8,672
Impairment of property,	2,022	(796)	(10)	1,216

plant and equipment				
Accrued expenses	12,893	2,987	280	16,160

	Balance at the beginning of the year	Recognized in profit or loss	Exchange difference	Balance at the end of the year
Unrealized exchange gains	(\$ 238)	\$ 238	\$ -	\$ -
Depreciation of property, plant and equipment	-	48,770	795	49,565
Others	<u>35,332</u>	<u>(35,069)</u>	<u>-</u>	<u>263</u>
	141,859	8,227	2,168	152,254
Loss carryforwards	<u>57,083</u>	<u>(11,309)</u>	<u>-</u>	<u>45,774</u>
	<u>\$ 198,942</u>	<u>(\$ 3,082)</u>	<u>\$ 2,168</u>	<u>\$ 198,028</u>
Deferred tax liabilities				
Temporary difference				
Unrealized exchange gains	\$ -	(\$ 5,339)	\$ -	(\$ 5,339)
Financial assets at fair value through profit or loss	-	(8,184)	(219)	(8,403)
Depreciation of property, plant and equipment	<u>-</u>	<u>(8,548)</u>	<u>(101)</u>	<u>(8,649)</u>
	<u>\$ -</u>	<u>(\$ 22,071)</u>	<u>(\$ 320)</u>	<u>(\$ 22,391)</u>

(iv) Unused loss carryforwards for deferred tax assets not recognized in the consolidated balance sheets

	December 31, 2021	December 31, 2020
Loss carryforwards		
Expire in 2029	<u>\$ 28,339</u>	<u>\$ 17,693</u>

(v) Information on unused loss carryforwards

Information on loss carryforwards for the year ended December 31, 2021 is as follows:

Not yet used balance	Final year of use
\$ 72,887	116
71,149	117
<u>13,012</u>	118
<u>\$ 157,048</u>	

(vi) Income tax assessment

The Company's income tax returns have been assessed by the tax authorities up to 2019, but not yet for 2020.

xxiii. Earnings per share

Weighted-average number of shares of common stock used to calculate earnings per share is as follows:

Net profits for the year

	2021	2020
Net profits used to calculate basic earnings per share	<u>\$ 222,893</u>	<u>\$ 120,190</u>
Net profits used to calculate diluted earnings per share	<u>\$ 222,893</u>	<u>\$ 120,190</u>

Number of shares

Unit: Thousand shares

	2021	2020
Weighted-average number of shares of common stock used to calculate basic earnings per share	297,536	304,024
Impact of potential common stock with dilutive effect:		
Remuneration to employees	<u>427</u>	<u>540</u>
Weighted-average number of shares of common stock used to calculate diluted earnings per share	<u>297,963</u>	<u>304,564</u>

If the Consolidated Company may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. The diluting effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

xxiv. Capital risk management

The Consolidated Company engages in capital management to ensure that the Group's enterprises can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Consolidated Company's capital structure consists of the Consolidated Company's net debt (i.e., borrowings less cash and cash equivalents) and equity attributable to the shareholders of the Company (i.e., capital stock, capital surplus, retained earnings and other equity).

The Consolidated Company is not subject to any other external capital requirements.

The Consolidated Company's key management reviews the Group's capital structure annually, which includes consideration of the cost of various types of capital and the associated risks. The Consolidated Company will balance its overall capital structure by paying dividends, issuing new shares,

repurchasing shares and issuing new debt or paying off old debt, as recommended by key management.

xxv. Disposal of subsidiary

(i) On August 10, 2020, the Board of Directors of the Consolidated Company approved the liquidation of ICHIA INTERNATIONAL, and the liquidation was completed and a liquidation certificate was obtained on September 28, 2020.

(ii) Repatriated funds of liquidated stock

	ICHIA INTERNATIONAL
Cash and cash equivalents (repatriated funds of liquidated stock)	\$ <u>22,772</u>

(iii) Analysis of lost of controlled assets and liabilities at the date of loss of control

	Disposal of ICHIA INTERNATIONAL
Current asset	
Cash and cash equivalents	\$ <u>22,772</u>
Net assets disposed of	\$ <u>22,772</u>

(iv) Gain on disposal of subsidiary

	2020
Repatriated funds of liquidated stock	\$ <u>22,772</u>
Net assets disposed of	(<u>22,772</u>)
Gain on disposal	\$ <u>—</u>

(v) Net cash inflow from disposal of subsidiary

	2020
Consideration received in cash and cash equivalents	\$ <u>22,772</u>
Less: Cash and cash equivalents disposed of	(<u>22,772</u>)
	\$ <u>—</u>

xxvi. Financial instruments

(i) Fair value information – Financial instruments that are not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value on the balance sheet approximate their fair values

(ii) Fair value information – Financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificates	\$ 163,444	\$ –	\$ –	\$ 163,444
Derivatives	–	8,307	–	8,307
	<u>\$ 163,444</u>	<u>\$ 8,307</u>	<u>\$ –</u>	<u>\$ 171,751</u>

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificates	\$ 20,001	\$ –	\$ –	\$ 20,001
Derivatives	–	33,860	–	33,860
	<u>\$ 20,001</u>	<u>\$ 33,860</u>	<u>\$ –</u>	<u>\$ 53,861</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2021 and 2020.

2. Level 2 fair value measurement valuation techniques and input values

<u>Class of financial instruments</u>	<u>Valuation techniques and input values</u>
Derivatives – Forward foreign exchange contracts	The discounted cash flow method: The future cash flows are estimated based on observable forward exchange rates and contracted exchange rates at the end of the period, and are discounted at a rate that reflects the credit risk of each counterparty.

(iii) Types of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial asset</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 171,751	\$ 53,861
Financial assets at amortized cost (Note 1)	4,513,682	5,004,880
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	3,115,717	3,512,720

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes receivable, accounts receivable and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, including short-term borrowings, accounts payable, other payables (excluding employee benefits payable), long-term borrowings due within one year or operating cycle, long-term borrowings, long-terms notes payable, and deposits received.

(iv) Financial risk management objectives and policies

The Consolidated Company's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, and borrowings. The risks associated with the operations of the above financial instruments include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The main financial risks to which the Consolidated Company is exposed as a result of its operating activities are changes in foreign currency exchange rates (see (1) below) and changes in interest rates (see (2) below).

(1) Exchange rate risk

The Consolidated Company engages in foreign currency-denominated sales and purchase transactions, which expose the Consolidated Company to exchange rate risk. The Consolidated Company manages its exposure to exchange rate risk by using forward exchange contracts and options to the extent permitted by policy.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements) and the carrying amounts of derivative instruments with exchange rate risk exposure as of the balance sheet date are described in Note 31.

Sensitivity analysis

The Consolidated Company is primarily affected by fluctuations in the USD exchange rate.

The sensitivity analysis of the Consolidated Company in the exchange rate of NTD (functional currency) to any related foreign currencies increasing or decreasing by 1% is described in the following table. 1% is the sensitivity percentage used for the Group's internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible

range of changes in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency monetary items and forward exchange contracts designated as cash flow hedges, and adjusts their period-end translation by a 1% change in exchange rates. The negative amount for USD below represents the decrease in net profits before tax when NTD strengthens by 1% against USD, and the positive amount when NTD depreciates by 1% against USD.

	Impact of USD	
	2021	2020
Profit (loss)	<u>\$ 8,785</u>	<u>\$ 14,117</u>

(i) Mainly derived from the Consolidated Company's receivables and payables that were outstanding at the balance sheet date and not hedged for cash flow.

(2) Interest rate risk

The Consolidated Company's bank deposits and borrowed funds carry both fixed and floating interest rates, resulting in interest rate risk.

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fair value interest rate risk		
– Financial assets	\$ 1,155,840	\$ 820,210
– Financial liabilities	1,004,059	1,445,882
Cash flow interest rate risk		
– Financial assets	926,828	1,671,437
– Financial liabilities	544,935	293,718

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding during the reporting period. The rate of change used in reporting interest rates internally to key management is a 0.25% basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased/decreased by 0.25% basis points, with all other variables held constant, the Consolidated Company's net profits before tax would have decreased/increased by \$1,362 thousand and \$734 thousand for 2021 and 2020, respectively.

(3) Other price risk

The Consolidated Company has equity price risk due to its investment in equity securities.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If the equity price had increased/decreased by 10%, profits or losses before tax for 2021 and 2020 would have increased/decreased by \$16,344 thousand and \$2,000 thousand, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss.

There was no significant change in the sensitivity of the Consolidated Company's investment in equity securities compared with the previous year.

2. Credit risk

Credit risk refers to the risk of financial loss due to default on contract obligations by the counterparties. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk of financial loss due to non-performance by counterparties and the provision of financial guarantees by the Consolidated Company was mainly due to:

- (1) The carrying amount of financial assets recognized in the consolidated balance sheets.
- (2) The maximum amount that the Consolidated Company may be required to pay for the provision of financial guarantees, regardless of the likelihood of occurrence.

The Consolidated Company's primary potential credit risk arises from financial instruments such as cash and cash equivalents and accounts receivable. The Consolidated Company's cash is deposited with various banks and financial institutions. The cash is held in time deposits with maturities of approximately 3 months, which have high liquidity and flexibility and enjoy high interest rates with near-zero risk. The Consolidated Company controls its exposure to the credit risk of each financial institution and believes that the Consolidated Company's cash and cash equivalents are not subject to significant concentrations of credit risk.

The counterparties of the Consolidated Company's accounts receivable are customers in the electronics industry. In order to reduce the credit risk of accounts receivable, the Consolidated Company's management has assigned a dedicated team to establish credit management rules and regulations and to be responsible for credit limit determination, credit approval and other monitoring procedures

for the credit management of accounts receivable.

In addition, the Consolidated Company reviews the recoverable amounts of accounts receivable on a case-by-case basis every month to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk is limited.

The Consolidated Company's credit risk is mainly concentrated in the Consolidated Company's top ten customers. As of December 31, 2021 and 2020, the percentage of total accounts receivable from the aforementioned customers was 62.51% and 58.03%, respectively.

3. Liquidity risk

The Consolidated Company manages and maintains sufficient balance of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management monitors the use of bank financing facilities and ensures compliance with the terms and conditions of the borrowing agreements.

Bank borrowings are an important source of liquidity for the Consolidated Company. See (2) below for a description of the Consolidated Company's unused financing facilities as of December 31, 2021 and 2020.

(1) Liquidity and interest rate risk of non-derivative financial liabilities.

The analysis of the remaining contract maturities of non-derivative financial liabilities is prepared using the undiscounted cash flows of financial liabilities (including principal and estimated interest) based on the earliest possible date on which the Consolidated Company could be required to make repayment. Therefore, bank borrowings that the Consolidated Company may be required to repay immediately are shown in the the earliest period below, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contract repayment dates.

December 31, 2021

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Accounts payable	\$1,481,654	\$ -	\$ -	\$ -	\$1,481,654
Other payables	75,518	-	-	-	75,518
Borrowings	1,004,863	345,000	199,935	-	1,549,798
Lease liabilities	1,332	666	-	-	1,998
	<u>\$2,563,367</u>	<u>\$ 345,666</u>	<u>\$ 199,935</u>	<u>\$ -</u>	<u>\$3,108,968</u>

December 31, 2020

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$1,693,628	\$ -	\$ -	\$ -	\$1,693,628
Other payables	70,732	-	-	-	70,732
Borrowings	1,614,052	126,527	-	-	1,740,579
Lease liabilities	1,332	1,332	666	-	3,330
	<u>\$3,379,744</u>	<u>\$ 127,859</u>	<u>\$ 666</u>	<u>\$ -</u>	<u>\$3,508,269</u>

(2) Financing facilities

	December 31, 2021	December 31, 2020
Unsecured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 1,204,059	\$ 1,445,882
Financing facilities unused	<u>3,786,205</u>	<u>3,227,395</u>
	<u>\$ 4,990,264</u>	<u>\$ 4,673,277</u>
Secured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 345,000	\$ 500,000
Financing facilities unused	<u>154,512</u>	<u>-</u>
	<u>\$ 499,512</u>	<u>\$ 500,000</u>

xxvii. Related party transactions

All transactions, account balances, incomes and expenses between the Company and its subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in this note. In addition to those disclosed in other notes, the transactions between the Company and other related parties are as follows:

Key management remuneration

	2021	2020
Short-term employee benefits	\$ 19,661	\$ 20,521
Post-employment benefits	<u>380</u>	<u>358</u>
	<u>\$ 20,041</u>	<u>\$ 20,879</u>

The remuneration of directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

xxviii. Pledged assets

The following assets have been pledged as collaterals for borrowings and

tariff guarantees for imported raw materials:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Pledged time deposits (recorded as financial assets at amortized cost - current)	\$ 6,512	\$ 13,094
Pledged time deposits (recorded as financial assets at amortized cost - noncurrent)	2,127	2,127
Self-owned land	227,663	227,663
Buildings - net	<u>78,702</u>	<u>79,568</u>
	<u>\$ 315,004</u>	<u>\$ 322,452</u>

xxix. Significant contingent liabilities and unrecognized contract commitments

- (i) The total contract amount of the equipment contracted by the Consolidated Company with vendors was NTD 225,408 thousand. As of December 31, 2021, the Consolidated Company had paid NTD 126,755 thousand (recorded as prepayment for equipment) and the remaining NTD 98,653 thousand had not been paid.
- (ii) As of December 31, 2021, the Consolidated Company had guaranteed for cooperative education and provided a reserve for the issuance of refundable deposit notes (including long-term borrowings and short-term borrowings) of approximately NTD 1,825,000 thousand and USD 8,500 thousand, respectively.
- (iii) As of December 31, 2021, the Consolidated Company had received NTD 6,938 thousand in guarantee deposit notes for the purchase of equipment and construction.

xxx. Other matters

As assessed by the Consolidated Company, the global COVID-19 pandemic did not have material effect on the ability of going concern, impairment of assets, and financing risk of the Consolidated Company.

xxxi. Information on foreign currency assets and liabilities with significant effect

The following information is expressed in aggregate in foreign currencies other than the entities of the Consolidated Company's functional currencies, and the exchange rates disclosed represent the rates at which such foreign currencies were converted to the functional currency. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2021

<u>Foreign currency</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
Foreign currency			

<u>assets</u>				
<u>Monetary items</u>				
USD	\$	68,881	27.680 (USD : NTD)	\$ 1,906,640
USD		67,484	6.3757 (USD : RMB)	<u>1,867,945</u>
				<u>\$ 3,774,585</u>

Foreign currency
liabilities

<u>Monetary items</u>			
USD	70,951	27.680 (USD : NTD)	\$ 1,963,912
USD	33,678	6.3757 (USD : RMB)	<u>932,215</u>
			\$ 2,896,127

December 31, 2020

Foreign assets	currency	Foreign currency	Exchange rate	Carrying amount
<u>Monetary items</u>				
USD		\$ 79,426	28.48 (USD : NTD)	\$ 2,261,953
USD		71,604	6.5249 (USD : RMB)	<u>2,039,281</u>
				\$ 4,301,234

Foreign currency
liabilities

<u>Monetary items</u>			
USD	70,291	28.48 (USD : NTD)	\$ 2,002,007
USD	31,166	6.5249 (USD : RMB)	<u>887,553</u>
			\$ 2,889,560

The Consolidated Company's foreign currency exchange gains and losses (realized and unrealized) amounted to \$30,743 thousand and \$107,018 thousand for 2021 and 2020, respectively. Due to the wide variety of foreign currency transactions and the functional currencies of the entities of the Group, it is not possible to disclose the exchange gains and losses by each major currency.

xxxii. Other disclosures

- (i) Significant transactions and (ii) information on the investee enterprises:

No.	Item	Description
1	Lending funds to others	Exhibit 1
2	Endorsements and guarantees for others.	None
3	Marketable securities held at the end of the period. (Excluding investment in subsidiaries, affiliated enterprises and joint venture interests)	Exhibit 2
4	The cumulative amount of purchases or sales of the same marketable securities reaches at least NTD 300 million or 20% of the paid-in capital.	None

5	Acquisition of real estate amounting to at least NTD 300 million or 20% of the paid-in capital.	None
6	Disposal of real estate amounting to at least NTD 300 million or 20% of the paid-in capital.	None
7	Purchase or sale with related parties amounting to at least NTD 100 million or 20% of the paid-in capital.	Exhibit 3
8	Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital.	Exhibit 4
9	Engagement in derivative transactions.	Note 7
10	Others: Business relationships and significant transactions between the parent and subsidiaries and between subsidiaries and the amounts involved.	Exhibit 7
11	Information on investees	Exhibit 5

(iii) Information on investment in Mainland China:

No.	Item	Description
1	The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China.	Exhibit 6
2	The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses:	
	(1) Amounts and percentages of purchases and related payables at the end of the period.	Exhibit 3
	(2) Amounts and percentages of sales and related receivables at the end of the period.	None
	(3) The amount of property transactions and the amount of gain or loss resulting from such transactions.	None
	(4) The ending balance of endorsement and guarantee of notes or provision of collateral and its purpose.	None
	(5) The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation.	None
	(6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.	None

(iv) Information on major shareholders:

Name, number and percentage of shares held by shareholders with 5% or more of the shares: Exhibit 8.

xxxiii. Segment information

(i) Financial information by industry and segment

The information provided to the chief business decision maker for allocating resources and measuring segment performance focuses on the

type of product or service delivered or provided. In accordance with IFRS 8 “Operating Segments”, the Consolidated Company does not have an operating segment that meets the requirements of the IFRS, and the Consolidated Company’s business is concentrated on the production and sale of flexible boards and keypads, and there is no division of industrial segments, so the segment revenues, operating results and segment assets are the same as those in the income statement and balance sheet.

(ii) Regional information

The Consolidated Company operates in two main regions – Asia, the Americas and Europe.

Information on the Consolidated Company’s revenues from external customers by region of operations and noncurrent assets by region of assets is presented below:

	Revenues from external customers		Noncurrent assets	
	2021	2020	December 31, 2021	December 31, 2020
America	\$ 217,298	\$ 183,191	\$ 23,256	\$ 24,790
Europe	16,279	39,827	24,908	26,231
Asia	6,217,537	5,257,595	2,996,706	3,060,335
Africa	27,441	22,229	–	–
	<u>\$ 6,478,555</u>	<u>\$ 5,502,842</u>	<u>\$ 3,044,870</u>	<u>\$ 3,111,356</u>

Noncurrent assets exclude financial instruments, deferred tax assets and assets arising from net defined benefit assets.

(iii) Information on major customers

Customers whose revenues accounted for more than 10% of the amount of revenues on the consolidated income statements were as follows:

Type of customer	2021		2020	
	Amount	Percentage of revenues on the consolidated income statement %	Amount	Percentage of revenues on the consolidated income statement %
Company I	\$ 937,676	14	\$ 555,542	10
Company T	786,086	12	499,350	9
	<u>\$ 1,723,762</u>	<u>26</u>	<u>\$ 1,054,892</u>	<u>19</u>

(iv) Revenues from major products

Analysis of the revenues of the Consolidated Company’s major products is as follows:

	2021	2020
Electronic components	<u>\$ 6,478,555</u>	<u>\$ 5,502,842</u>

ICHIA TECHNOLOGIES INC. and subsidiaries
Lending funds to others
January 1 to December 31, 2021

Exhibit 1

Unit: NTD and foreign currency in thousands,
unless otherwise indicated

No. (Note 1)	The lender company of funds	The borrower of funds	Transaction	Related party or not	Maximum balance for the period	Balance at the end of the period	Actual amounts drawn	Interest rate range	Nature of funds lending (Note 2)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds lending (Note 3)	The limit for total funds lending (Note 3)	Remarks
													Name	Value			
1	BVI-ICHIA	ICHIA Technologies Hungary Limited Liability Company	Other receivables - related party	Yes	\$ 56,499 (USD 1,980)	\$ 54,806 (USD 1,980)	\$ 52,869 (USD 1,910)	-	2	\$ -	Operating turnover	\$ -	None	\$ -	\$10,356,577 (Note 4)	\$10,356,577 (Note 4)	
		ICHIA TECHNOLOGIES INC.	Other receivables - related party	Yes	379,516 (USD 13,300)	368,144 (USD 13,300)	368,144 (USD 13,300)	-	2	-	Operating turnover	-	None	-	10,356,577 (Note 4)	10,356,577 (Note 4)	

Note 1: The number column is filled out as follows:

- (1) Fill in 0 for the issuer.
- (2) Investees are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The nature of the funds lending is described as follows:

- (1) Fill in 1 for those who have business transactions.
- (2) Fill in 2 for those in need of short-term financing.

Note 3: Calculation and amount of funds lending limits.

i. The limit for individual funds lending

- (1) The amount of funds lending of the Company to individual counterparties is limited to 30% of the Company's current net worth (December 31, 2021), in accordance with the Company's Operating Procedures for Lending Funds to Others.
- (2) The amount of funds lending of an investee to individual counterparties is limited to 200% of the investee's current net worth (December 31, 2021), in accordance with the investee's Operating Procedures for Lending Funds to Others.
- (3) The amount of funds lending of BVI-ICHIA to the Group's parent company is limited to 200% of BVI-ICHIA's current net worth (December 31, 2021) in accordance with BVI-ICHIA's Operating Procedures for Lending Funds to Others.

ii. The limit for total funds lending:

- (1) The cumulative amount of funds lending of the Company to external counterparties is limited to 40% of the Company's current net worth (December 31, 2021), in accordance with the Company's Operating Procedures for Lending Funds to Others.
- (2) The cumulative amount of funds lending of an investee is limited to 200% of the investee's current net worth (December 31, 2021), in accordance with the investee's Operating Procedures for Lending Funds to Others.
- (3) The cumulative amount of funds lending of BVI-ICHIA to the Group's parent company is limited to 200% of BVI-ICHIA's current net worth (December 31, 2021) in accordance with BVI-ICHIA's Operating Procedures for Lending Funds to Others.

iii. The Company's funds lending limit was calculated based on the net worth of the Company's financial statements reviewed by CPA; the investee's funds lending limit was calculated based on the net worth of the investee's financial statements in foreign currencies reviewed by CPA.

v. The funds lending limits here are presented in NTD. If foreign currencies are involved, they are translated into NTD at the prevailing exchange rate on the date of the financial statements. (The spot exchange rate for USD as of December 31, 2021 was 27.68.)

Note 4: The funds lending between companies outside of the Republic of China in which the Company directly or indirectly holds 100% of the voting rights is not subject to the funds lending limits in Note 3.

ICHIA TECHNOLOGIES INC. and subsidiaries
Marketable securities held at the end of the period
December 31, 2021

Exhibit 2

Unit: NTD and foreign currency in thousands,
unless otherwise indicated

Subsidiaries held	Type and name of marketable securities (Note 1)	Relationship with the issuer of marketable securities	Account in the book	Period end				Remarks
				Number of shares	Carrying amount	Shareholding (%)	Fair value	
ICHIA TECHNOLOGIES INC.	Fund beneficiary certificates							
	RSIT Enhanced Money Market Fund	None	Financial assets at fair value through profit or loss – Current	1,656,548	\$ 20,002	–	\$ 20,002	
	Jih Sun Money Market Fund	"	"	1,335,122	20,010	–	20,010	
	Sinopac TWD Money Market Fund	"	"	1,423,873	20,001	–	20,001	
	Fubon Chi-Hsiang Money Market Fund	"	"	1,263,616	20,001	–	20,001	
	Cathay Taiwan Money Market Fund	"	"	1,592,560	20,001	–	20,001	
	FSITC Taiwan Money Market	"	"	1,293,000	20,004	–	20,004	
ICHIA SUZHOU	Fund beneficiary certificates							
	CIFM RMB Money Market Fund	"	"	10,000,000	43,425	–	43,425	
					<u>\$ 163,444</u>		<u>\$ 163,444</u>	

Note 1: Marketable securities referred to here are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9 “Financial Instruments”.

Note 2: For information on investments in subsidiaries, affiliates and joint venture interests, please refer to Exhibit 5 and Exhibit 6.

ICHIA TECHNOLOGIES INC. and subsidiaries
Purchase and sales with related-parties amounting to NT\$100 million or more than 20% of the paid-in capital
January 1 to December 31, 2021

Exhibit 3

Unit: NTD thousand,
unless otherwise indicated

Purchase (sale) company	Trading partner name	Relationship	Transactions				The circumstances and reasons why the trading terms are different from those of ordinary transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Purchase (sale) company	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
ICHIA TECHNOLOGIES INC.	ICHIA SUZHOU	The same affiliate	Purchase	\$2,882,688	80	30 days from monthly cut-off day	-	-	(\$ 1,047,838)	(76)	
	ZHONGSHAN ICHIA	"	"	497,994	14	"	-	-	(207,932)	(15)	

ICHIA TECHNOLOGIES INC. and subsidiaries
Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital.
December 31, 2021

Exhibit 4

Unit: NTD thousand,
unless otherwise indicated

Companies with accounts receivable	Trading partner name	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Receivables from related parties collected during the subsequent period	Amount of allowance for bad debts
					Amount	Processing method		
ICHIA SUZHOU	ICHIA TECHNOLOGIES INC.	The same affiliate	Accounts receivable \$ 1,047,838	2.42	\$ -	-	\$ 212,818	\$ -
ZHONGSHAN ICHIA	ICHIA TECHNOLOGIES INC.	The same affiliate	Accounts receivable 207,932	2.55	-	-	59,462	-
BVI-ICHIA	ICHIA TECHNOLOGIES INC.	The same affiliate	Other receivables 368,144	Note	-	-	-	-

Note: The turnover rate is not calculated because it is mainly due to other receivables arising from the lending of funds.

ICHIA TECHNOLOGIES INC. and subsidiaries
Information on investees, locations,, etc.
January 1 to December 31, 2021

Exhibit 5

Unit: NTD and foreign currency in thousands,
unless otherwise indicated

Investor	Investee	Location	Principle business	Original investment amount		Holding at the end of period			Profit or loss of investees for the period	Investment gain (loss) recognized in the period	Remarks
				The end of the period	The end of last year	Number of shares (thousand shares)	Percentage %	Carrying amount			
ICHIA TECHNOLOGIES INC.	ICHIA HOLDINGS (B.V.I) Co., Ltd.	P.O. BOX957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands	Various investment businesses	\$ 3,532,566 (USD 108,693)	\$ 3,532,566 (USD 108,693)	108,693	100	\$ 5,168,027	\$ 141,292	\$ 140,358	Subsidiary
	ICHIA USA Inc.	1057 Tierra Del Rey, Suite G, Chula Vista, CA 91910 U.S.A.	International trading of various electronic components and materials	118,309 (USD 4,106)	118,309 (USD 4,106)	4,106	100	37,672	1,456	1,456	Subsidiary
ICHIA HOLDINGS (B.V.I) Co., Ltd.	ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	997-A, Solok Pervshaan Tiga Prai Industrial Estate 13600 Prai, P.W. West Halasia Malaysia	Manufacturing, processing and trading of various electronic components and materials for various electronic and telecommunication computers.	83,732 (USD 3,025)	83,732 (USD 3,025)	9,000	100	102,637 (USD 3,708)	13,203 (USD 477)	13,203 (USD 477)	Subsidiary
	ICHIA UK. LTD.	P.O. Box 3152, Town, Tortola, British Virgin Islands	Various investment businesses	136,352 (USD 4,926)	136,352 (USD 4,926)	4,926	100	(31,085) (USD -1,123)	(3,986) (USD -144)	(3,986) (USD -144)	Subsidiary
	ICHIA HOLDINGS (H.K.) Co., Ltd.	Room 1004, National Health Centre, 151 Gloucester Road, Wanchai, Hong Kong	Various investment businesses	2,076,000 (USD 75,000)	2,076,000 (USD 75,000)	75,000	100	3,891,559 (USD 140,591)	110,969 (USD 4,009)	110,969 (USD 4,009)	Subsidiary
ICHIA UK. LTD.	ICHIA Technologies Hungary Limited Liability Company	2900 Komarom Ipari Park Banki Domat U. 2. Hungary	Manufacturing, processing and trading of rubber and plastic keypads	136,352 (USD 4,926)	136,352 (USD 4,926)	-	100	(31,085) (USD -1,123)	(3,986) (USD -144)	(3,986) (USD -144)	Subsidiary

Note 1: Please refer to Exhibit 6 for information on the investees in Mainland China.

ICHIA TECHNOLOGIES INC. and subsidiaries
Information on investment in Mainland China
January 1 to December 31, 2021

Exhibit 6

Unit: NTD and foreign currency in thousands,
unless otherwise indicated

1. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount, repatriated investment gains and losses:

Investee in Mainland China	Principle business	Paid-in capital	Type of investment (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of investees for the period	Shareholding percentage of the Company's direct or indirect investment	Investment gain (loss) recognized in the period (Note 2)	Carrying amount of investments at the end of the period	Investment income remitted back as of the end of the period
					Remittance	Recovery						
ICHIA SUZHOU	Rubber, plastic keypads and flexible printed circuit boards	\$ 2,408,160 (USD 87,000)	(ii) B	\$ 2,408,160 (USD 87,000)	\$ -	\$ -	\$ 2,408,160 (USD 87,000)	\$ 109,834 (USD 3,968)	100	\$ 111,135 (USD 4,015) (ii) B	\$ 3,889,428 (USD 140,514)	\$ -
ZHONGSHAN ICHIA	Rubber and plastic keypads	470,560 (USD 17,000)	(ii) A	470,560 (USD 17,000)	-	-	470,560 (USD 17,000)	19,542 (USD 706)	100	19,597 (USD 708) (ii) B	759,567 (USD 27,441)	-

2. Investment quota for Mainland China.

Accumulated amount of investment from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Investment quota for mainland China as stipulated by the Investment Commission, Ministry of Economic Affairs
NTD 2,878,720 (USD 104,000)	NTD 2,878,720 (USD 104,000)	NTD 3,439,347 (USD 124,254)

Note 1: The investment methods can be divided into the following three types, indicating as such suffices:

- (i) Investment in Mainland China directly.
- (ii) Investment in Mainland China through companies in third regions (please specify the investment company of the third region).
 - A. BVI-ICHIA
 - B. ICHIA HOLDINGS (H.K.) Co., Ltd.
- (iii) Other types.

Note 2: In the column of investment gain or loss recognized in the current period:

- (i) If the investment is under preparation and there is no investment gain or loss, it should be noted.
- (ii) The basis for recognizing investment gains or losses is divided into the following three categories, which should be specified.
 - A. The financial statements have been audited by an international CPA firm with which CPA firms in the Republic of China have a cooperative relationship.
 - B. The financial statements have been audited by the attesting CPA of the parent company in Taiwan.
 - C. Others.

Note 3: The figures in this Exhibit are presented in NTD. Where foreign currencies are involved, the exchange rate at the date of financial reporting is used to translate into NTD. (The spot exchange rate for USD as of December 31, 2021 was 27.68)

ICHIA TECHNOLOGIES INC. and subsidiaries
Business relationships and significant transactions between the parent and subsidiaries and between subsidiaries and the amounts involved.
January 1 to December 31, 2021

Exhibit 7

Unit: NTD thousand

No. (Note 1)	Trader name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Account	Amount	Trading terms (Note 4)	Percentage of consolidated total revenues or total assets (Note 3)
0	ICHIA TECHNOLOGIES INC.	ICHIA SUZHOU	1	Purchase	\$ 2,882,688	-	44
		"	1	Other receivables	35,592	-	-
		"	1	Accounts payable	1,047,838	-	12
		ZHONGSHAN ICHIA	1	Purchase	497,994	-	8
		"	1	Accounts payable	207,932	-	2
		BVI-ICHIA	1	Current accounts - payables to related parties	368,144	-	4
1	BVI-ICHIA	ICHIA Technologies Hungary Limited Liability Company	3	Current accounts - receivables to related parties	52,869	-	1
		"	3	Non-operating receivables	1,342	-	-
		"	3	Temporary payments	1,968	-	-
2	ICHIA SUZHOU	ICHIA USA Inc.	3	Sales	20,442	-	-
		"	3	Accounts receivable	3,381	-	-
		ZHONGSHAN ICHIA	3	Purchase	35	-	-
		"	3	Sales	10,331	-	-
		"	3	Accounts receivable	769	-	-
		ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	3	Sales	7,492	-	-
		"	3	Accounts receivable	5,020	-	-
		ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	3	Purchase	104	-	-
3	ZHONGSHAN ICHIA	"	3	Sales	1,278	-	-
		"	3	Accounts receivable	366	-	-
		"	3	Accounts payable	84	-	-
		ICHIA USA Inc.	3	Sales	3,355	-	-
		"	3	Accounts receivable	25	-	-

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be filled in as follows:

1. 0 is for the parent company.
2. Subsidiaries are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The relationship with the traders is classified into three types as follows, indicating the type suffices:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The percentage of transaction amount to consolidated total revenues or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities, or as the amount to consolidated total revenues in the case of profit or loss.

Note 4: The trading terms for sales between parent company and subsidiaries are not materially different from those of ordinary sales. The trading terms for other transactions are based on the agreements between the parties because there are no similar transactions to follow.

ICHIA TECHNOLOGIES INC. and subsidiaries
Information on major shareholders
December 31, 2021

Exhibit 8

Name of Major Shareholder	Shares	
	Shareholding	Shareholding Percentage
Fa La Li Investment Co., Ltd.	18,377,481	5.97%
Creative Investment Co., Ltd.	18,372,480	5.97%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Appendix 2

Standalone Financial Statements and Independent Auditor's Report for the most recent year

Independent Auditor's Report

To the Board of Directors and Shareholders of ICHIA TECHNOLOGIES INC. :

Audit opinions

We audited the separate balance sheet of ICHIA TECHNOLOGIES INC. as of December 31, 2021 and 2020, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the period from January 1 to December 31, 2021 and 2020, and the notes to stand-alone financial statements (including the summary of significant accounting policies).

In our opinion, the stand-alone financial statements referred to above present fairly, in all material respects, the stand-alone financial position of ICHIA TECHNOLOGIES INC. as of December 31, 2021 and 2020, and its stand-alone financial performance and cash flows for the years ended December 31 2021 and 2020, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers.

Basis for opinions

We conclude our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the stand-alone financial statements. We are independent of ICHIA TECHNOLOGIES INC. in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2021 stand-alone financial statements of ICHIA TECHNOLOGIES INC. These matters were addressed in the content of our audit of the stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2021 stand-alone financial statements of ICHIA TECHNOLOGIES INC. were as follows:

Authenticity of revenues recognized from sales to specific customers

ICHIA TECHNOLOGIES INC. manufactures a wide range of flexible printed circuit boards and mechanism integrated components (MVI) for the automotive and consumer

electronics markets. The sales revenue is a major indicator for the management to evaluate the sales performance. Since the sales revenue from major customers occupies a substantial percentage of the overall sales revenues, the authenticity of the sales revenues recognized from sales to major customers with more significant changes in the increase and proportion of the sales revenue is included as key audit matters in this year's stand-alone financial statements.

We have also performed the following major audit procedures with respect to the above key audit matters:

1. Understand and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. Conduct random inspection of the sales revenue from major customers and check relevant certificates and documents to make sure of the authenticity of the recognition.
3. Examine whether there are any abnormalities in the collection after the credit period granted to specific customers.

Responsibilities of management and those in charge with governance of the stand-alone financial statements

The management is responsible for the preparation and fair presentation of the stand-alone financial statements in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, and for such internal control as the management determines is necessary to enable the preparation of the stand-alone financial statements to be free from material misstatement whether due to fraud or error.

In preparing the stand-alone financial statements, the management is also responsible for assessing the ability of ICHIA TECHNOLOGIES INC. as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate ICHIA TECHNOLOGIES INC. or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of ICHIA TECHNOLOGIES INC.

Auditor's responsibilities for the audit of the stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted accounting principles will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in

aggregate, if they could reasonably be expected to influence the economic decisions of users taken on the basis of these stand-alone financial statements.

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

1. Identify and assess the risks of material misstatement of the stand-alone financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit 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 internal control effective in ICHIA TECHNOLOGIES INC.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ICHIA TECHNOLOGIES INC. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the stand-alone financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ICHIA TECHNOLOGIES INC. to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the stand-alone financial statements, including related notes, and whether the stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of ICHIA TECHNOLOGIES INC. to express an opinion on the stand-alone financial statements. We are responsible for the direction, supervision, and performance of the audit of ICHIA TECHNOLOGIES INC. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2021 stand-alone financial statements of ICHIA TECHNOLOGIES INC. and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte Touche Tohmatsu Limited

CPA: Steven Hsieh

CPA: Liu Shu-Lin

Financial Supervisory Commission approval
document

Jin-Guan-Zheng-Shen-Zi No. 1000028068

Financial Supervisory Commission
approval document

Jin-Guan-Zheng-Shen-Zi No. 1050024633

March 24, 2022

ICHIA TECHNOLOGIES INC.
Stand-alone Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousands

Code	Asset	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current asset				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 716,492	8	\$ 1,141,628	13
1110	Financial assets measured at fair value through profit or loss – current (Notes 4 and 7)	120,019	1	20,001	–
1150	Notes receivable (Notes 4 and 9)	42	–	–	–
1170	Accounts receivable – non-related parties (Note 4 and 9)	1,388,801	16	1,501,163	17
1180	Accounts receivable – related parties (Notes 4, 9 and 26)	–	–	1,707	–
1210	Other receivables – related party (Note 26)	35,592	1	41,693	–
1220	Current income tax assets (Note 22)	120	–	612	–
130X	Inventories (Notes 4 and 10)	69,268	1	92,094	1
1470	Other current assets (Note 14)	24,885	–	29,894	–
11XX	Total current assets	<u>2,355,219</u>	<u>27</u>	<u>2,828,792</u>	<u>31</u>
	Noncurrent assets				
1535	Financial assets measured at amortized cost – non-current (Notes 4 and 8)	106,226	1	126,599	1
1550	Investment accounted for under the equity method (Notes 4 and 11)	5,205,699	61	5,104,379	57
1600	Property, plant and equipment (Notes 4 and 12)	815,796	10	852,685	9
1755	Right of use assets (Note 4 and 13)	1,923	–	3,205	–
1840	Deferred income tax assets (Notes 4 and 22)	39,336	1	59,883	1
1975	Net defined benefit Asset –non-current (Notes 4 and 18)	15,022	–	19,789	–
1990	Other non-current assets (Note 14)	31,418	–	43,959	1
15XX	Total non-current assets	<u>6,215,420</u>	<u>73</u>	<u>6,210,499</u>	<u>69</u>
1XXX	Total assets	<u>\$ 8,570,639</u>	<u>100</u>	<u>\$ 9,039,291</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4 and 15)	\$ 479,480	6	\$ 981,960	11
2170	Accounts payable – non-related parties (Note 16)	114,550	1	92,083	1
2180	Accounts payable – related parties (Notes 16 and 26)	1,255,770	15	1,518,933	17
2130	Contract liabilities – current (Note 20)	4,291	–	2,747	–
2200	Other payables (Note 17)	57,238	1	48,693	–
2220	Other payables – related party (Note 26)	368,144	4	378,784	4
2280	Lease liabilities – current (Notes 4 and 13)	1,298	–	1,266	–
2320	Long-term loans maturing within one year or operating cycle (Notes 4 and 15)	–	–	167,191	2
2399	Other current liabilities (Note 17)	3,220	–	9,015	–
21XX	Total current liabilities	<u>2,283,991</u>	<u>27</u>	<u>3,200,672</u>	<u>35</u>
	Non-current liabilities				
2541	Long-term loans (Notes 4 and 15)	345,000	4	126,527	2
2542	Long-term notes payable (Note 15)	199,935	2	–	–
2570	Deferred income tax liabilities (Notes 4 and 22)	8,466	–	5,339	–
2580	Lease liabilities – non-current (Notes 4 and 13)	661	–	1,959	–
2670	Other non-current liabilities (Note 17)	341	–	1,310	–
25XX	Total non-current liabilities	<u>554,403</u>	<u>6</u>	<u>135,135</u>	<u>2</u>
2XXX	Total liabilities	<u>2,838,394</u>	<u>33</u>	<u>3,335,807</u>	<u>37</u>
	Other equity (Note 19)				
3110	Common stock	3,075,366	36	3,075,366	34
3200	Capital surplus	2,054,098	24	2,086,827	23
	Retained earnings				
3310	Legal reserve	585,590	7	573,593	6
3320	Special reserve	295,397	3	335,706	4
3350	Undistributed earnings	219,013	3	88,717	1
3300	Total retained earnings	<u>1,100,000</u>	<u>13</u>	<u>998,016</u>	<u>11</u>
3490	Other equities	(335,891)	(4)	(295,397)	(3)
3500	Treasury stock	(161,328)	(2)	(161,328)	(2)
3XXX	Total equity	<u>5,732,245</u>	<u>67</u>	<u>5,703,484</u>	<u>63</u>
	Total liabilities and equity	<u>\$ 8,570,639</u>	<u>100</u>	<u>\$ 9,039,291</u>	<u>100</u>

The attached notes are part of the stand-alone financial statements.

Corporate director:
Creative Investment Co., Ltd.

Managerial officer:
Tseng Kung-Sheng

Chief Accounting Officer:
Cheng Ching-Yi

Representative:
Huang Chiu-Yung

ICHIA TECHNOLOGIES INC.
Stand-alone Comprehensive Income Statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousand;
earnings per share: NTD dollar

Code		2021		2020	
		Amount	%	Amount	%
	Operating revenues				
4110	Sales revenue (Note 4, 20 and 26)	\$ 4,012,717	100	\$ 3,681,833	101
4170	Sales return	(1,661)	-	(4,973)	-
4190	Sales discounts and allowances	(14,380)	-	(39,050)	(1)
4000	Total operating revenues	3,996,676	100	3,637,810	100
5000	Operating costs (Note 4, 10, 21 and 26)	3,718,828	93	3,367,296	93
5900	Operating gross profits	277,848	7	270,514	7
	Operating expenses (Notes 21 and 26)				
6100	Promotional expenses	48,390	1	40,920	1
6200	Administrative expenses	103,365	3	113,026	3
6300	R&D expenses	19,527	-	13,177	-
6450	Expected profit on reversal of credit impairment	(4,100)	-	(12,398)	-
6000	Total operating expenses	167,182	4	154,725	4
6900	Operating income	110,666	3	115,789	3
	Non-operating incomes and expenses (Notes 21 and 26)				
7100	Interest incomes	528	-	1,755	-
7190	Other incomes	4,037	-	15,046	-
7020	Other gains and losses	(469)	-	(33,633)	(1)
7050	Financial costs	(9,799)	-	(10,623)	-
7070	Share of profit/loss of subsidiaries under the equity method	141,814	3	67,076	2
7000	Total non-operating revenues and expenses	136,111	3	39,621	1

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Code		2021		2020	
		Amount	%	Amount	%
7900	Net profits before tax	\$ 246,777	6	\$ 155,410	4
7950	Income tax expenses (Notes 4 and 22)	(23,884)	(1)	(35,220)	(1)
8200	Net profits for the year	<u>222,893</u>	<u>5</u>	<u>120,190</u>	<u>3</u>
	Other comprehensive income				
8310	Titles not reclassified to profit or loss:				
8311	Remeasurement of defined benefit plan (Note 18)	(4,870)	-	(220)	-
8360	Titles likely to be reclassified to profit or loss subsequently:				
8361	Exchange differences in the financial statement translation of foreign operations	(40,494)	(1)	<u>40,309</u>	<u>1</u>
8300	Other comprehensive income (after tax) in the year	(45,364)	(1)	<u>40,089</u>	<u>1</u>
8500	Total comprehensive income in the current year	<u>\$ 177,529</u>	<u>4</u>	<u>\$ 160,279</u>	<u>4</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 0.75</u>		<u>\$ 0.40</u>	
9810	Diluted	<u>\$ 0.75</u>		<u>\$ 0.39</u>	

The attached notes are part of the stand-alone financial statements.

Corporate director:
Creative Investment Co., Ltd.

Managerial officer:
Tseng Kung-Sheng

Chief Accounting Officer:
Cheng Ching-Yi

Representative:
Huang Chiu-Yung

ICHIA TECHNOLOGIES INC.
Stand-alone Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousands

Code		Common stock		Retained earnings				Other equity	Treasury stock	Total equity
		Number of shares (thousand shares)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences in the financial statement translation of foreign operations		
A1	Balance as of January 1, 2020	307,536	\$3,075,366	\$2,163,711	\$ 550,914	\$ 137,012	\$ 267,004	(\$ 335,706)	\$ -	\$5,858,301
	Allocation and distribution of earnings in 2019									
B1	Legal reserve	-	-	-	22,679	-	(22,679)	-	-	-
B3	Earnings set aside as a special reserve	-	-	-	-	198,694	(198,694)	-	-	-
B5	Cash dividend for shareholders	-	-	(76,884)	-	-	(76,884)	-	-	(153,768)
L1	Purchase of treasury stock	-	-	-	-	-	-	-	(161,328)	(161,328)
D1	Net profit in 2020	-	-	-	-	-	120,190	-	-	120,190
D3	Other comprehensive income after tax in 2020	-	-	-	-	-	(220)	40,309	-	40,089
D5	Total comprehensive income in 2020	-	-	-	-	-	119,970	40,309	-	160,279
Z1	Balance as of December 31, 2020	307,536	3,075,366	2,086,827	573,593	335,706	88,717	(295,397)	(161,328)	5,703,484
	Allocation and distribution of earnings in 2020									
B1	Legal reserve	-	-	-	11,997	-	(11,997)	-	-	-
B5	Cash dividend for shareholders	-	-	(32,729)	-	-	(116,039)	-	-	(148,768)
B17	Reversal of special reserve	-	-	-	-	(40,309)	40,309	-	-	-
D1	Net profit for 2021	-	-	-	-	-	222,893	-	-	222,893
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	(4,870)	(40,494)	-	(45,364)
D5	Total comprehensive income in 2021	-	-	-	-	-	218,023	(40,494)	-	177,529
Z1	Balance on December 31, 2021	<u>307,536</u>	<u>\$3,075,366</u>	<u>\$2,054,098</u>	<u>\$ 585,590</u>	<u>\$ 295,397</u>	<u>\$ 219,013</u>	<u>(\$ 335,891)</u>	<u>(\$ 161,328)</u>	<u>\$5,732,245</u>

The attached notes are part of the stand-alone financial statements.

Corporate director:
Creative Investment Co., Ltd.

Representative:
Huang Chiu-Yung

Managerial officer:
Tseng Kung-Sheng

Chief Accounting Officer:
Cheng Ching-Yi

ICHIA TECHNOLOGIES INC.
Stand-alone Cash Flow Statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousands

Code		2021	2020
	Cash flow from operating activities		
A10000	Profit before tax for the year	\$ 246,777	\$ 155,410
A20010	Profit and loss items		
A20300	Expected profit on reversal of credit impairment	(4,100)	(12,398)
A20100	Depreciation expense	101,715	101,186
A20400	Net gains on financial assets and liabilities measured at fair value through profit or loss	(104)	(688)
A20900	Financial costs	9,799	10,623
A21200	Interest incomes	(528)	(1,755)
A23700	Inventory devaluation and obsolescence loss (gain from price recovery)	634	(9,782)
A22400	Share of profit/loss of subsidiaries recognized under the equity method	(141,814)	(67,076)
A22500	Gain on disposal and scrapping of property, plant, and equipment	(1,051)	(2,239)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(42)	-
A31150	Accounts receivable	118,169	(90,201)
A31180	Other receivables	6,101	(5,063)
A31200	Inventories	22,192	2,425
A31240	Other current assets	5,198	2,910
A31990	Other operating assets	(103)	(143)
A32125	Contract liabilities	1,544	1,557
A32150	Accounts payable	(240,696)	419,688
A32180	Other payables	8,594	1,239
A32230	Other current liabilities	(5,795)	2,553
A33000	Cash generated from operations	126,490	508,246
A33100	Interest received	511	1,779
A33300	Interest paid	(9,913)	(12,682)
A33500	Refunded (paid) income tax	282	(11,003)
AAAA	Net cash inflow from operating activities	<u>117,370</u>	<u>486,340</u>

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Code		2021	2020
	Cash flows from investment activities		
B00040	Acquisition of financial assets measured at amortized cost	\$ -	(\$ 124,532)
B00050	Disposal of financial assets measured at amortized cost	20,373	-
B00100	Acquisition of financial assets measured at fair value through profit or loss	(240,000)	(170,000)
B00200	Disposal of financial assets measured at fair value through profit or loss	140,086	221,734
B02700	Purchase of property, plants, and equipment	(24,496)	(17,303)
B02800	Disposal of property, plant, and equipment	230	2,101
B03700	Increase in refundable deposit	(15)	(1,531)
B06700	Increase in other non-current assets	-	(1,192)
B06800	Decrease in other non-current assets	1,065	-
B07100	Increase in prepayments for equipment	(27,877)	(49,669)
B07600	Dividend of subsidiaries received	-	147,400
BBBB	Net cash inflow (outflow) from investment activities	(130,634)	7,008
	Cash flows from financing activities		
C00100	Increase in short-term loans	3,577,503	4,407,020
C00200	Decrease in short-term loans	(4,079,983)	(3,825,060)
C01600	Borrowing of long-term loan	345,000	-
C01700	Repayment of long-term loans	(293,718)	(165,344)
C01800	Increase in long-term note payables	200,000	-
C03800	Decrease of other payables – related parties	(10,640)	(112,050)
C04020	Repayment of principal for lease	(1,266)	(621)
C04500	Distribution of cash dividends	(148,768)	(153,768)
C04900	Repurchase cost of treasury stock	-	(161,328)
CCCC	Net cash outflow from financing activities	(411,872)	(11,151)
EEEE	Net increase (decrease) in cash and cash equivalents	(425,136)	482,197
E00100	Balance of cash and cash equivalents – beginning of the year	1,141,628	659,431
E00200	Balance of cash and cash equivalents – end of year	\$ 716,492	\$ 1,141,628

The attached notes are part of the stand-alone financial statements.

Corporate director:
Creative Investment Co., Ltd.

Managerial officer:
Tseng Kung-Sheng

Chief Accounting Officer:
Cheng Ching-Yi

Representative:
Huang Chiu-Yung

ICHIA TECHNOLOGIES INC.
Notes to the stand-alone financial statements
January 1 to December 31, 2021 and 2020
(Amounts NTD thousand, unless otherwise stated)

i. Company History

ICHIA TECHNOLOGIES INC. (hereinafter referred to as the Company) was established in November 1989 to manufacture, process, and trade various components (conductive silicone elastomers, plastic keys, keyboard assemblies, input devices, and flexible printed circuit boards) and materials for electronics, home appliances, electronical engineering, electrical equipment, communications (telecommunications), and computers, as well as to import and export domestic and foreign products and to engage in the agency, distribution, tender and quotation business.

The Company's shares have been listed on the Taiwan Stock Exchange since January 14, 2000.

The stand-alone financial statements are presented in New Taiwan dollars (NTD), which is the functional currency of the Company.

ii. Date and Procedure for Approval of Financial Statements

The stand-alone financial statements were approved by the Board of Directors on March 24, 2022.

iii. Application of New and Revised Standards and Interpretations

(i) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS"), Interpretations ("IFRICs") and Interpretations ("SICs") (hereinafter referred to as "IFRSs") endorsed by the Financial Supervisory Commission ("FSC") and issued to be effective

The adoption of the amended IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Company's accounting policies:

(ii) FSC-approved IFRSs to be applied in 2022

The new/amended/revised standards or interpretations	Effective date of IASB publication
"Annual Improvements to IFRS Standards 2018–2020"	January 1, 2022 (Note 1)
Amendment to IFRS 3, "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendment to IAS 16 "Property, Plant and Equipment: Price Before Reaching the Intended State of Use"	January 1, 2022 (Note 3)
Amendment to IAS 37 "Onerous Contracts – Cost of Performing Contracts"	January 1, 2022 (Note 4)

Note 1: The amendment to IFRS 9 applies to swaps or changes in the terms of financial liabilities that occur in annual reporting periods beginning after January 1, 2022; the amendment to IAS 41 “Agriculture” applies to fair value measurements in annual reporting periods beginning after January 1, 2022; and the amendment to IFRS 1 “First-time Adoption of IFRSs” applies retrospectively to annual reporting periods beginning after January 1, 2022.

Note 2: This amendment applies to business mergers for which the acquisition date falls within the annual reporting period after January 1, 2022.

Note 3: This amendment applies to plant, property and equipment that begins to operate in the manner such as location and condition expected by management after January 1, 2021.

Note 4: This amendment applies to contracts with unfulfilled obligations as of January 1, 2022.

Up to the approval and release date of the stand-alone financial statements, the Company considered that the amendments to other standards and interpretations would not have material impact on the financial position and performance of the Company after assessment.

(iii) The IFRSs released by the IASB but not yet endorsed and issued into effect by the FSC

The new/amended/revised standards or interpretations	Effective date of IASB publication (Note 1)
Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendment to IAS 1 “Disclosure of Accounting Policies”	Sunday, January 1, 2023 (Note 2)
Amendment to IAS 8 “Definition of Accounting Estimates”	Sunday, January 1, 2023 (Note 3)
Amendment to IAS 12, “Deferred Tax related to Assets and Liabilities Arising from a Single Transaction”	Sunday, January 1, 2023 (Note 4)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

Note 2: This amendment will be prospective application for annual

reporting periods beginning after January 1, 2023.

Note 3: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

Note 4: Except for the recognition of deferred income tax for the temporary differences related to leasing and decommissioning obligation on January 1, 2022, the amendments are applicable to transactions closed after January 1, 2022.

The Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Company to the date the parent company only financial statements are approved and released, and will make appropriate disclosure after the evaluation.

iv. Summary of Significant Accounting Policies

(i) Compliance Statement

The stand-alone financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers.

(ii) Basis of preparation

The stand-alone financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation date (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

The Company when preparing the stand-alone financial statements processes the investment in subsidiaries and associates using the equity method. In order to make the same the current profit or loss, other comprehensive income and equity in the stand-alone financial statements as the current year's profit or loss, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the stand-alone basis and consolidated basis are adjusted for "investments accounted for using the equity method," "profit or loss share of

subsidiaries, affiliates and joint ventures accounted for using the equity method”, “other comprehensive income share of subsidiaries, affiliates and joint ventures accounted for using the equity method” and related equity items.

(iii) Standards in differentiating current and noncurrent assets and liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets expected to be realized within 12 months of the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or settled more than 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities due for settlement within 12 months after the balance sheet date, and
3. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(iv) Foreign currency

For the transactions conducted in a currency other than the business entity’s functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss, except for the following.

When a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future (and therefore forms part of the net investment in the foreign operation), the exchange difference is recognized initially in other comprehensive income and is reclassified from equity to profit or loss upon disposal of the net investment.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the stand-alone financial reports, the assets and liabilities of overseas operating institutions (including the subsidiaries and affiliates in the countries of business operation or those using currencies different from the Company's) were converted to NTD based on the exchange rate quoted on every balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income.

If the Company disposes of its entire equity interest in a foreign operation, or disposes of part of its equity interest in a subsidiary that includes a foreign operation and loses control, or the retained equity interest after disposing of a joint agreement of a foreign operation or an affiliate is a financial asset and is accounted for as a financial instrument., all cumulative translation differences related to the foreign operation are reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the accumulated exchange differences are included in equity transactions on a pro rata basis, but are not recognized in profit or loss. In the case of any other partial disposal of foreign operations, the cumulative exchange differences are reclassified to profit or loss in proportion to the disposal.

(v) Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods, work in process and in-transit. The inventory is measured based on the lower of the cost or net realizable value. The cost and the net realizable value are compared on the basis of the individual items except for the inventories of the same type. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventories are valued at standard costs before book closing and adjusted upon book closing to approximate cost calculated on a weighted-average basis.

(vi) Investments in subsidiaries

The Company adopts the equity method for investment in subsidiaries.

A subsidiary is an entity (including a structured entity) over which the Company has control.

Under the equity method, investments in subsidiaries are originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and

other comprehensive income by the Company. Additionally, the change in the interests the Company holds in subsidiaries is recognized pro rata to the shareholding percentages.

When a change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are in substance a component of the Company's net investment in the subsidiary), the Company continues to recognize losses in proportion to its equity in the subsidiary.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries at the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries at the acquisition date over the acquisition cost is recorded as gain or loss for the period. When a subsidiary that does not constitute a business is acquired, the cost of acquisition is appropriately allocated to the identifiable assets acquired (including intangible assets) and the share of liabilities assumed, and no goodwill or current profit is generated.

The Company assesses impairment based on the cash-generating units as a whole in the financial statements and compares their recoverable amounts with their book values. If the amount of recoverable assets increases in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Impairment losses attributable to goodwill must not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the stand-alone financial statements.

Gains or losses from upstream and side-stream transactions with subsidiaries are recognized in the stand-alone financial statements only to the extent that they are not related to the Company's equity interest in the subsidiary.

(vii) Property, plant and equipment

Property, plant, and equipment shall be recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment.

Except for land owned by the Company, which is not depreciated, property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

In removing property, plant, and equipment from book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss for the period.

(viii) Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the higher of the fair value less costs to sell and its value in use. If the recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(ix) Financial instruments

Financial assets and financial liabilities are recognized in the

stand-alone balance sheets when the Company becomes a party to the contracts of such instruments.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

The customary transaction of financial assets is recognized and derecognized in accordance with the trade date accounting.

(1) Type of measurement

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss and financial assets at amortized cost.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated by the Company as being measured at fair value through other comprehensive income, and investments in debt instruments not qualified for classification as being measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, which is determined as described in Note 25.

B. Financial assets at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

- a. Financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
- b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets (including cash and cash equivalents, accounts

receivable measured at amortized cost) after initial recognition, are measured at their total carrying amount determined using the effective interest method, less amortized cost of any impairment loss, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases:

- a. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- b. Interest income on financial assets that are not credit-impaired upon acquisition or creation but become credit-impaired subsequently is calculated using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

(2) Impairment of financial assets and contract assets

The Company assesses impairment losses on financial assets measured at amortized cost (including accounts receivable) based on expected credit loss on each balance sheet date.

An allowance for losses is recognized for accounts receivable based on the expected credit loss over the duration. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the lifetime of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the lifetime of the financial instruments means the expected loss of credit from the financial instruments within the lifetime of these financial instruments.

All impairment losses on financial assets are accounted for by reducing the carrying amount through an allowance account.

(3) The derecognition of financial assets

The Company has financial assets derecognized only when the contractual rights from the cash flows of a financial asset become invalid or when the financial assets are transferred, and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities held for trading and those designated as at fair value through profit or loss.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

3. Derivatives

The derivatives entered into by the Company include forward exchange contracts, which are used to manage the Company's exchange rate risk.

Derivatives are initially recognized at fair value when the derivative contracts are entered into and subsequently remeasured at fair value at the balance sheet date. Gains or losses arising from subsequent measurements are recognized directly in profit or loss, except for derivatives designated as effective hedging instruments, for which the point of recognition in profit or loss will depend on the nature of the hedging. When the fair value of the derivatives is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

For derivatives embedded in asset master contracts within the scope of IFRS 9 "Financial Instruments", the classification of financial assets shall be determined based on the overall contract. A derivative is considered to be a separate derivative if it is embedded in an asset master contract that is not within the scope of IFRS 9 (e.g., embedded in a master contract of a financial liability) and the embedded derivative meets the definition of a derivative, the

risks and characteristics of which are not closely related to those of the master contract and the hybrid contract is not measured at fair value through profit or loss.

(x) Revenue recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Merchandise sales revenues

Merchandise sales revenues are derived from sales of electronic parts and components. The Company recognizes revenues and accounts receivable at the point when the products arrive at the customer's designated location because the customer has the right to determine resale prices and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence.

When materials are supplied to subcontractors for processing, the control and the ownership of the processed products have not been transferred, so revenues are not recognized for the materials supplied.

(xi) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. The Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

For an operating lease, the net lease payments of the lease incentives are recognized as income on a straight-line basis over the relevant lease periods. The original direct cost incurred in acquiring an operating lease is added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease period.

2. The Company is the lessee

Except for the low-value leased assets entitled to exemption and lease payments for short-term leases recognized as expenses on a straight-line basis over the lease period, the right-of-use assets and lease liabilities of other leases are recognized starting from the lease commencement date.

The right-of-use assets are initially measured at cost (including the original measured amount of lease liability, the lease payment paid before the lease commencement date net of the lease incentives

collected, the original direct costs, and the estimated cost of the recovered underlying assets), and then subsequently measured at the net cost of the accumulated depreciation and accumulated impairment loss; also, the remeasured amount of the lease liability is adjusted. Right-of-use assets are expressed separately in the stand-alone balance sheet.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease commencement date to the end of their useful life or the expiration of the lease period, whichever is sooner.

Lease liabilities are measured initially at the present value of lease payments (including fixed benefits). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If said lease implied interest rate is not easy to determine, the lease payment is discounted at the lessee's incremental borrowing rate of interest.

Subsequently, the lease liability is measured according to the effective interest method and the amortized cost; also, the interest expense is amortized over the lease period. If a change in the lease period results in a change in future lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are expressed separately in the stand-alone balance sheet.

(xii) Borrowing costs

Borrowing costs directly attributable to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities have achieved their intended use or sale condition.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the above, all other loan costs are recognized as profit and loss upon occurring.

(xiii) Government subsidies

Government subsidies are recognized only when it is reasonably certain that the Company will comply with the conditions attached to the government subsidies and that the subsidies will be received.

Government subsidies related to revenues are recognized in other income on a systematic basis over the period in which the related costs

for which they are intended to compensate are recognized as expenses by the Company.

Government subsidies are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Company and have no future related costs.

(xiv) Employee benefits

1. Short-term employee benefits

Liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of the defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(xv) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax for the period

Additional income tax on unappropriated earnings calculated in accordance with the Republic of China Income Tax Act is recognized in the year in which resolutions are made at the shareholder meeting.

The adjustment to prior years' income tax payable is booked as current period's income tax.

2. Deferred tax

Deferred tax is calculated on temporary differences between the

carrying amounts of assets and liabilities and the tax bases used to compute taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized, such as deductions for temporary differences, loss carryforwards and investment tax credits.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, affiliates and joint ventures, except where the Company can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset, and part of the asset should be adjusted down. Deferred tax assets that are not recognized as such initially are reviewed on each balance sheet date and the carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequence resulting from the book value of the assets or liabilities expected by the Company to be recovered or liquidated on the balance sheet date.

3. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity, which are respectively recognized in other comprehensive income or directly included in the equity.

v. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When adopting accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

The Company deems the development of the COVID-19 in Taiwan and its effect on the economy in the recent period as a consideration of significant accounting estimates. The management will continue to review the estimates and basic assumptions. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

vi. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and revolving funds	\$ 35	\$ 35
Bank checking accounts and demand deposits	226,470	1,056,144
Cash equivalents (investments with an original maturity of less than 3 months)		
Bank time deposits	406,896	56,960
Bonds with repurchase agreement	83,091	28,489
	<u>\$ 716,492</u>	<u>\$ 1,141,628</u>

The interest rate ranges for bank deposits as of the balance sheet date were as follows:

	December 31, 2021	December 31, 2020
Bank demand deposits	0.01%~0.38%	0.01%~0.38%
Bank time deposits	0.04%~0.21%	0.3%
Bonds with repurchase agreement	0.28%~0.29%	0.4%

vii. Financial instruments at fair value through profit or loss

	December 31, 2021	December 31, 2020
<u>Financial assets - current</u>		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Fund beneficiary certificates	<u>\$ 120,019</u>	<u>\$ 20,001</u>

viii. Financial assets at amortized cost

	December 31, 2021	December 31, 2020
<u>Noncurrent</u>		
Pledge of time deposits (1)	\$ 2,127	\$ 2,127

Restricted foreign exchange deposits with offshore funds (ii)	<u>104,099</u>	<u>124,472</u>
	<u>\$ 106,226</u>	<u>\$ 126,599</u>

- (i) As of December 31, 2021 and 2020, the market interest rate for time deposits with original maturity over one year was 0.84% and 0.84% per annum, respectively.
- (ii) On August 26, 2020, the Company remitted \$146,285 thousand (USD 5,000 thousand) in accordance with the “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act” and deposited the net amount after tax in a dedicated account for foreign exchange deposits, as approved by National Taxation Bureau of the Northern Area, Ministry of Finance. The deposits in the dedicated account are subject to restrictions on the free use of the funds as prescribed by law, except for financial investments or real investments and part of the free use of the funds as prescribed by law, which can be withdrawn in three-year increments after five years from the date of deposit in the dedicated account.
- (iii) For information on pledges of financial assets measured at amortized cost, see Note 27.

ix. Notes/Accounts receivable and overdue receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Notes receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 42	\$ -
Less: Allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 42</u>	<u>\$ -</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount	\$ 1,389,715	\$ 1,501,605
Less: Allowance for loss	<u>(914)</u>	<u>(442)</u>
	<u>\$ 1,388,801</u>	<u>\$ 1,501,163</u>
Accounts receivable – related party	<u>\$ -</u>	<u>\$ 1,707</u>
<u>Overdue receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 50,191	\$ 54,768
Less: Allowance for loss	<u>(50,191)</u>	<u>(54,768)</u>
	<u>\$ -</u>	<u>\$ -</u>

Accounts receivable

The average credit period of the Company’s merchandise sales is 150 days. In determining the collectibility of accounts receivable, the Company

considers any changes in the credit quality of the accounts receivable from the original credit grant date to the balance sheet date. To mitigate credit risk, the Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue accounts receivable. In addition, the Company reviews the recoverable amounts of accounts receivable on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

An allowance for losses is recognized for accounts receivable by the Company based on the expected credit loss over the duration. Expected credit losses for the duration are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as GDP forecasts and industry outlook. Since the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, therefore, instead of further differentiating the customer groups, the allowance matrix only sets the expected credit loss rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation or the debt is overdue for more than 365 days, the Company reclassifies the amount directly to overdue receivable and continues the collection activities, and the amount recovered is offset against the related overdue receivable.

The Company estimated the allowance for losses on notes and accounts receivable based on the provision matrix as follows:

Notes receivable

December 31, 2021

	Not overdue	Overdue 1 to 180 days	Overdue 180 to 365 days	Total
Expected credit loss rate	0%	0%	0%	-
Total carrying amount	\$ 42	\$ -	\$ -	\$ 42
Allowance for loss (Expected credit losses over the duration)	-	-	-	-
Amortized cost	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>

No changes in loss allowance for notes receivable in 2021.

Accounts receivable

December 31, 2021

Not overdue	Overdue 1 to	Overdue 180	Total
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		180 days	to 365 days	
Expected credit loss rate	0%	1.00%	12.74%	–
Total carrying amount	\$1,299,825	\$ 89,733	\$ 157	\$1,389,715
Allowance for loss (Expected credit losses over the duration)	–	(894)	(20)	(914)
Amortized cost	<u>\$1,299,825</u>	<u>\$ 88,839</u>	<u>\$ 137</u>	<u>\$1,388,801</u>

December 31, 2020

	Not overdue	Overdue 1 to 180 days	Overdue 180 to 365 days	Total
Expected credit loss rate	0%	0.40%	11.97%	–
Total carrying amount	\$1,435,844	\$ 64,207	\$ 1,554	\$1,501,605
Allowance for loss (Expected credit losses over the duration)	–	(256)	(186)	(442)
Amortized cost	<u>\$1,435,844</u>	<u>\$ 63,951</u>	<u>\$ 1,368</u>	<u>\$1,501,163</u>

Information on the changes in the allowance for losses on accounts receivable is as follows:

	2021	2020
Balance at the beginning of the year	\$ 442	\$ 209
Add: Provision for impairment loss for the year	1,219	484
Less: Reclassification for the year	(747)	(251)
Balance at the end of the year	<u>\$ 914</u>	<u>\$ 442</u>

Information on the changes in the allowance for losses on overdue receivables is as follows:

	2021	2020
Balance at the beginning of the year	\$ 54,768	\$ 78,535
Add: Reclassification for the year	747	251
Less: Actual write off for the year	(5)	(11,136)
Less: Reversal of impairment loss for the year	(5,319)	(12,882)
Balance at the end of the year	<u>\$ 50,191</u>	<u>\$ 54,768</u>

x. Inventories

	December 31, 2021	December 31, 2020
Finished goods	\$ 42,663	\$ 60,679
Semi-finished goods	472	552
Work in progress	5,420	6,347
Raw materials	17,486	9,426
In-transit	3,227	15,090
	<u>\$ 69,268</u>	<u>\$ 92,094</u>

The nature of cost of goods sold is as follows:

	2021	2020
Cost of inventories sold	\$ 3,719,342	\$ 3,364,898
Inventory devaluation loss (gain)	634	(9,782)

from price recovery) (i)		
Others	(1,148)	12,180
	<u>\$ 3,718,828</u>	<u>\$ 3,367,296</u>

(i) The increase in net realizable value of inventories was due to the disposal of slow-moving inventories and the reversal of allowances and slow-moving inventories.

xi. Investment accounted for under the equity method

Investments in subsidiaries

	December 31, 2021	December 31, 2020
ICHIA USA Inc.	\$ 37,672	\$ 37,283
ICHIA HOLDINGS (B.V.I) Co., Ltd.	<u>5,168,027</u>	<u>5,067,096</u>
	<u>\$ 5,205,699</u>	<u>\$ 5,104,379</u>

Percentage of ownership interest and
voting rights

Subsidiary name	December 31, 2021	December 31, 2020
ICHIA USA Inc.	100%	100%
ICHIA HOLDINGS (B.V.I) Co., Ltd.	100%	100%

The Company invested in ICHIA INTERNATIONAL TRADING LTD.(BVI) (hereinafter referred to as ICHIA INTERNATIONAL) through BVI-ICHIA, and the Company disposed of ICHIA INTERNATIONAL on August 10, 2020. Please refer to Note 25 to the 2021 Consolidated Financial Statements for the disclosure of the Company's disposal of subsidiaries.

Please refer to Note 31 for the details of the Company's indirect investment in subsidiaries.

The shares of profit or loss and other comprehensive income of the subsidiaries under the equity method for the years ended December 31, 2021 and 2020 were recognized based on the audited financial statements of each subsidiary for the same period.

xii. Property, plant and equipment

Self-use

	Self-owned land	Buildings	Machinery and equipment	Other equipment	Total
<u>Cost</u>					
Balance as of January 1, 2021	\$ 516,225	\$ 535,413	\$ 542,790	\$ 223,782	\$1,818,210
Addition	-	3,383	14,399	6,714	24,496
		((((
Disposal	-	770	86,637	7,543	94,950
Reclassification	-	18,915	13,389	6,892	39,196
Balance as of December 31, 2021	<u>\$ 516,225</u>	<u>\$ 556,941</u>	<u>\$ 483,941</u>	<u>\$ 229,845</u>	<u>\$1,786,952</u>

Accumulated depreciation and impairment

Balance as of January 1, 2021	\$ -	\$ 363,413	\$ 408,890	\$ 193,222	\$ 965,525
Disposal	-	((((

		770)	86,489)	7,543)	94,802)
Depreciation expense	-	19,598	66,542	14,293	100,433
Balance as of December 31, 2021	\$ -	\$ 382,241	\$ 388,943	\$ 199,972	\$ 971,156
Net as of December 31, 2021	\$ 516,225	\$ 174,700	\$ 94,998	\$ 29,873	\$ 815,796
<u>Cost</u>					
Balance as of January 1, 2020	\$ 516,225	\$ 534,618	\$ 539,305	\$ 235,518	\$1,825,666
Addition	-	-	9,853	7,450	17,303
		((((
Disposal	-	95)	23,336)	22,152)	45,583)
Reclassification	-	890	16,968	2,966	20,824
Balance as of December 31, 2020	\$ 516,225	\$ 535,413	\$ 542,790	\$ 223,782	\$1,818,210
<u>Accumulated depreciation and impairment</u>					
Balance as of January 1, 2020	\$ -	\$ 344,244	\$ 368,059	\$ 196,899	\$ 909,202
		((((
Disposal	-	95)	23,336)	20,791)	44,222)
Depreciation expense	-	19,264	64,167	17,114	100,545
Balance as of December 31, 2020	\$ -	\$ 363,413	\$ 408,890	\$ 193,222	\$ 965,525
Net as of December 31, 2020	\$ 516,225	\$ 172,000	\$ 133,900	\$ 30,560	\$ 852,685

Depreciation expense is provided on a straight-line basis over the following useful life:

Building

Main structure 51 years

Air conditioning system 26 years

Improvement to main structures 4 to 51 years

Machinery and equipment 13 years

Other equipment 16 years

For the amount of self-use property, plant and equipment used as collaterals for loans, please refer to Note 27.

xiii. Lease Agreement

(i) Right-of-use asset

	December 31, 2021	December 31, 2020
Carrying amount of right-of-use assets		
Transportation equipment	\$ 1,923	\$ 3,205
	2021	2020
Addition of right-of-use assets.	\$ -	\$ 3,846
Depreciation expense of right-of-use assets		
Transportation equipment	\$ 1,282	\$ 641

Other than the above additions and depreciation expense recognized, there were no significant subleases or impairments of the Company's right-of-use assets in 2021 and 2020.

(ii) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carry amount of lease liabilities		
Current	<u>\$ 1,298</u>	<u>\$ 1,266</u>
Noncurrent	<u>\$ 661</u>	<u>\$ 1,959</u>

The range of the discount rate for lease liabilities is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Transportation equipment	2.5%	2.5%

(iii) Information on other leases

	<u>2021</u>	<u>2020</u>
Short-term lease expenses	<u>\$ 129</u>	<u>\$ 21</u>
Low-value asset lease expenses	<u>\$ 128</u>	<u>\$ 183</u>
Total cash (outflow) from leases	<u>(\$ 1,589)</u>	<u>(\$ 870)</u>

The Company has elected to apply the recognition exemption to leases of buildings, structures and office equipment that qualify as short-term leases and certain other equipment that qualify as low-value asset leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

The amount of short-term lease commitments for which the recognition exemption was applicable (including short-term lease commitments commencing after the balance sheet date) was \$547 thousand and \$463 thousand as of December 31, 2021 and 2020, respectively.

The Company has no commitments to enter into leases for periods beginning after the balance sheet date.

xiv. Other assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Prepaid expenses	\$ 13,564	\$ 14,075
Tax overpaid retained	6,210	9,670
Other receivables	1,914	2,267
Temporary payments	-	28
Payment for others	172	-
Others	<u>3,025</u>	<u>3,854</u>
	<u>\$ 24,885</u>	<u>\$ 29,894</u>
<u>Noncurrent</u>		
Prepaid equipment (Note 28)	\$ 18,179	\$ 29,670
Refundable deposits	7,992	7,977
Long-term prepaid expenses	<u>5,247</u>	<u>6,312</u>
	<u>\$ 31,418</u>	<u>\$ 43,959</u>

xv. Borrowings

(i). Short-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured borrowings</u>		
Credit facility borrowings	<u>\$ 479,480</u>	<u>\$ 981,960</u>

As of December 31, 2021 and 2020, the interest rates on bank borrowings for operating turnover ranged from 0.80% to 0.85% and 0.90% to 1.036%, respectively.

(ii) Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured borrowings</u> (Note 27)		
Bank borrowings	\$ 345,000	\$ 293,718
Less: Classified as due within		
1 year	<u>-</u>	<u>(167,191)</u>
Long-term borrowings	<u>\$ 345,000</u>	<u>\$ 126,527</u>

The bank borrowings were secured by pledges of the Company's self-owned land and buildings (see Note 27). The effective interest rates were 1.01% and 1.03% per annum for the years ended December 31, 2021 and 2020, respectively. The Company received a new drawdown of \$345,000 thousand bank borrowing at a rate of 1.01% and will mature on December 13, 2026. The interest is paid every month during the period from the first to the second year and amortized together with the principal during the period from the third to the fifth year. The purpose of this drawdown is to raise funds for operating turnover.

The Company's borrowings consist of:

	<u>Maturity date</u>	<u>Major terms and conditions</u>	<u>Effective interest rate</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Floating rate borrowings:	2022-09-11	Chang Hwa Commercial Bank, Ltd.			
		The borrowing amount is \$500,000 thousand with interest rates ranging from 1.0% to 1.5% to finance the medium-term operating turnover. The borrowing period is from September 11, 2017 to September 11, 2022, with monthly interest deductions. Repayment is made on the 11th day of each month, starting from October 11, 2019, in 36 equal installments of principal and interest. The borrowing was completely settled on December 31, 2021.	1.03%	\$ -	\$ 293,718
	2026-12-13	Chang Hwa Commercial Bank, Ltd.			
		The borrowing amount is \$499,512 thousand to finance the medium-term operating turnover with an interest rate equal to one-year floating rate of postal savings plus 0.2%. The borrowing period is from December 13, 2021 to December 13, 2026, with	1.01%	345,000	-

monthly interest deductions. Repayment is made on the 13th day of each month, starting from December 13, 2023, in 36 equal installments of principal and interest.		
Less: Classified as due within 1 year	-	(167,191)
Long-term borrowings	<u>\$ 345,000</u>	<u>\$ 126,527</u>

(iii) Long-term notes payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper payable	\$ 200,000	\$ -
Less: Discount on long-term notes payable	(65)	-
Long-term borrowings	<u>\$ 199,935</u>	<u>\$ -</u>

Undue long-term notes payable follows:

December 31, 2021

Guarantee/ acceptance inst.	Par value	Discount value	Carrying amount	Interest rate range	Collatera l	Carrying amount of collatera l
<u>Commercial paper payable</u>						
IBFC	<u>\$200,000</u>	<u>\$ 65</u>	<u>\$199,935</u>	1.19%	None	<u>\$ -</u>

The Company entered into a contract on bank guaranteed revolving release, underwriting and purchase of commercial paper with International Bills Finance Corporation, and can perform circular release of 60-day bank guaranteed commercial paper within 3 years. The Company uses \$200,000 thousand from the underwriting facility on January 18, 2021. The contract expires on January 17, 2024.

xvi. Accounts payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts payable</u>		
Non-related party - Occurred due to business	<u>\$ 114,550</u>	<u>\$ 92,083</u>
Related party - Occurred due to business	<u>\$ 1,255,770</u>	<u>\$ 1,518,933</u>

The average credit period for the purchase of goods is one to three months, and no interest is accrued on the accounts payable. The Company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit periods.

xvii. Other liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Other payables		
Salaries and bonuses payable	\$ 29,562	\$ 22,735

Leave payables	11,131	10,549
Interest payables	467	582
Other expense payables	<u>16,078</u>	<u>14,827</u>
	<u>\$ 57,238</u>	<u>\$ 48,693</u>
Other liabilities		
Temporary receipts	\$ 3,220	\$ 8,763
Others	<u>-</u>	<u>252</u>
	<u>\$ 3,220</u>	<u>\$ 9,015</u>
<u>Noncurrent</u>		
Other liabilities		
Deferred credits	<u>\$ 341</u>	<u>\$ 1,310</u>

xviii. Retirement benefit plan

(i) Defined contribution plan

The pension system of the Company under the “Labor Pension Act” is a government-administered defined contribution pension plan with 6% of employees’ monthly salaries contributed to the personal accounts at the Bureau of Labor Insurance.

(ii) Defined benefit plan

The pension system of the Company under the “Labor Standards Act” is a government-administered defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The Company appropriate 2% of employees’ monthly salaries as pension funds, which is deposited by the Supervisory Committee of Labor Retirement Reserve in the name of the Committee into a dedicated account at the Bank of Taiwan. Before the end of the year, if the balance in the dedicated account is estimated to be insufficient to pay for employees who are expected to meet the retirement requirements in the following year, the difference will be made up in one lump sum by the end of March in the following year. The management of the dedicated account is entrusted to the Bureau of Labor Funds, Ministry of Labor. The Company has no right to influence the investment management strategy.

The amounts included in the stand-alone balance sheets for defined benefit plan are shown below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 18,790	\$ 25,558
Fair value of plan assets	(<u>33,812</u>)	(<u>45,347</u>)
Net defined benefit assets	(<u>\$ 15,022</u>)	(<u>\$ 19,789</u>)

Changes in net defined benefit assets are as follows:

<u>Present value of defined</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit assets</u>
---------------------------------	----------------------------------	-----------------------------------

	benefit obligations		
January 1, 2020	<u>\$ 23,716</u>	<u>(\$ 43,582)</u>	<u>(\$ 19,866)</u>
Service costs			
Service costs for the period	56	-	56
Interest expenses (incomes)	<u>237</u>	<u>(436)</u>	<u>(199)</u>
Recognized in profit or loss	<u>293</u>	<u>(436)</u>	<u>(143)</u>
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(1,329)	(1,329)
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets
Actuarial losses			
- Change in financial assumptions	\$ 450	\$ -	\$ 450
- Adjustments through experience	<u>1,099</u>	<u>-</u>	<u>1,099</u>
Recognized in other comprehensive income	<u>1,549</u>	<u>(1,329)</u>	<u>220</u>
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2020	<u>25,558</u>	<u>(45,347)</u>	<u>(19,789)</u>
Service costs			
Service costs for the period	55	-	55
Interest expenses (incomes)	<u>205</u>	<u>(363)</u>	<u>(158)</u>
Recognized in profit or loss	<u>260</u>	<u>(363)</u>	<u>(103)</u>
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(402)	(402)
Actuarial losses			
- Change in financial assumptions	238	-	238
- Adjustments through experience	<u>5,034</u>	<u>-</u>	<u>5,034</u>
Recognized in other comprehensive income	<u>5,272</u>	<u>(402)</u>	<u>4,870</u>
Benefit payments	<u>(12,300)</u>	<u>12,300</u>	<u>-</u>
December 31, 2021	<u>\$ 18,790</u>	<u>(\$ 33,812)</u>	<u>(\$ 15,022)</u>

The amounts recognized in profit or loss for defined benefit plan are summarized by function as follows:

<u>2021</u>	<u>2020</u>
-------------	-------------

Operating costs	(\$ 10)	(\$ 15)
Promotional expenses	(3)	(4)
Administrative expenses	(80)	(110)
R&D expenses	(10)	(14)
	<u>(\$ 103)</u>	<u>(\$ 143)</u>

The Company is exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Consolidated Company’s plan assets is based on the income at a rate no less than the local bank’s 2-year time deposit rate.
2. Interest rate risk: A decrease in interest rates on government/corporate bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
3. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member’s salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Company’s defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.65%	0.80%
Expected rate of salary increase	3.00%	3.00%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate		
Increase by 0.25%	(\$ 389)	(\$ 556)
Decrease by 0.25%	<u>\$ 405</u>	<u>\$ 577</u>
Expected rate of salary increase		
Increase by 1%	<u>\$ 1,676</u>	<u>\$ 2,385</u>
Decrease by 1%	<u>(\$ 1,466)</u>	<u>(\$ 2,097)</u>

The sensitivity analysis above may not reflect actual changes in the

present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Average duration to maturity of defined benefit obligations	13.8 years	13.7 years

xix. Equity

(i) Common stock

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized number of shares (thousand shares)	<u>600,000</u>	<u>600,000</u>
Authorized capital stock	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (thousand shares)	<u>307,536</u>	<u>307,536</u>
Issued capital stock	<u>\$ 3,075,366</u>	<u>\$ 3,075,366</u>

The issued common stock has a face value of NT\$10 per share and each share is entitled to one voting right and receiving dividends.

30,000 thousand shares of the authorized capital stock were reserved for the issuance of convertible bonds and employee restricted stock options.

On March 18, 2020, the Company's Board of Directors resolved to increase the authorized capital to \$6,000,000 thousand, and on June 12, 2010, the resolution was approved by the regular shareholders' meeting.

(ii) Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Available for makeup of loss, payment in cash or transfer into capital (1)</u>		
Stock issue premium	\$ 772,829	\$ 805,558
Corporate bond conversion premium	1,238,407	1,238,407
Gain on disposal of assets	167	167
Consolidation excess	<u>42,695</u>	<u>42,695</u>
	<u>\$ 2,054,098</u>	<u>\$ 2,086,827</u>

1. Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(iii) Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy of the Company's Articles of Incorporation, if there are any net earnings as indicated in the final accounts, the Company shall pay tax and make up for the

accumulated losses, and then set aside 10% as legal reserve, and the rest shall be set aside as special reserve or offset by reversal of special reserve as required by law; if there are still remaining earnings, the Board of Directors shall prepare a proposal for the distribution of the remainder together with the accumulated unappropriated earnings at the beginning of the period, and submit it to the shareholder meeting for resolution on the distribution of dividends to shareholders. The Company's policy on the distribution of employees' and directors' remuneration as stipulated in the Company's Articles of Incorporation is described in Note 21(7) Employees' Remuneration and Directors' Remuneration.

Based on the resolution of a majority of directors at the meeting attended by two-thirds of the total number of directors, the Company shall distribute the dividend and bonus, in whole or in part, in the form of cash and report to the shareholders' meeting.

The legal reserve should be appropriated until the balance reaches the Company's total paid-in capital. The legal reserve may be used to make up for losses. If the Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be distributed in cash in addition to capitalization as equity.

The distribution of earnings for 2020 and 2019 is described below:

	2020	2019
Legal reserve	<u>\$ 11,997</u>	<u>\$ 22,679</u>
Special reserve	<u>(\$ 40,309)</u>	<u>\$ 198,694</u>
Cash dividends	<u>\$ 116,039</u>	<u>\$ 76,884</u>
Cash dividends per share	\$ 0.39	\$ 0.25

The above cash dividends were distributed following the resolutions made in Board of Directors meetings dated May 11, 2021 and March 18, 2020, respectively; the distribution of remaining earnings was resolved at the annual general meeting held on July 20, 2021 and June 12, 2020, respectively.

The Company held the general shareholders' meetings on July 20, 2021 and June 12, 2020 to resolve the distribution of the capital surplus amounting to \$32,729 thousand (\$0.11 per share) and \$76,884 thousand (\$0.25 per share) in cash.

The Board of Directors proposed the following earnings distribution for 2021 on March 24, 2022:

	Earnings distribution proposal
Legal reserve	<u>\$ 21,802</u>
Special reserve	<u>\$ 40,494</u>
Cash dividends	<u>\$ 148,768</u>
Cash dividends per share	\$ 0.5

The distribution of the aforementioned cash dividends has been approved by the Board of Directors. The remainder is pending resolution at the shareholders' meeting scheduled for June 16, 2022.

(iv) Treasury stock

Reason for recovery	Transfer of shares to employees (thousand shares)	Repurchase for retirement (thousand shares)	Shares of parent company held by subsidiaries (thousand shares)	Total (Thousand shares)
Number of shares as of January 1, 2021	<u>10,000</u>	<u>—</u>	<u>—</u>	<u>10,000</u>
Number of shares as of December 31, 2021	<u>10,000</u>	<u>—</u>	<u>—</u>	<u>10,000</u>
Number of shares as of January 1, 2020	—	—	—	—
Increase in the year	<u>10,000</u>	<u>—</u>	<u>—</u>	<u>10,000</u>
Number of shares as of December 31, 2020	<u>10,000</u>	<u>—</u>	<u>—</u>	<u>10,000</u>

On July 27, 2020, the Board of Directors resolved to repurchase 10,000 thousand shares of the Company's common stock to employees for the period from July 28, 2020 to September 25, 2020 at a price range of \$12 to \$18 in order to motivate employees and enhance their cohesiveness to the Company. As of the end of the repurchase period (September 25, 2020), the Company had repurchased 10,000 thousand shares for a total of \$161,328 thousand.

The repurchased shares shall be transferred to employees within 5 years in accordance with the Securities and Exchange Act. If the shares are not transferred after the expiration date, they shall be considered as unissued shares of the Company and shall be registered for change.

Treasury stock held by the Company cannot be pledged under the Securities and Exchange Act, and is not entitled to dividend distribution or voting rights.

xx. Revenues

	<u>2021</u>	<u>2020</u>
Customer contract revenues		
Merchandise sales revenues	<u>\$ 3,996,676</u>	<u>\$ 3,637,810</u>
<u>Contract balance</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>

Accounts receivable (including related party) (Note 9)	<u>\$ 1,338,801</u>	<u>\$ 1,502,870</u>
Contract liabilities - current		
Merchandise sales	<u>\$ 4,291</u>	<u>\$ 2,747</u>

The change in contract liabilities mainly arises from the difference between the point at which performance obligations are satisfied and the point at which customers pay.

xxi. Net profits before tax

(i) Interest incomes

	<u>2021</u>	<u>2020</u>
Bank deposits	\$ 283	\$ 1,390
Bonds with repurchase agreement	75	13
Financial assets at amortized cost	154	345
Imputed interest on deposits	<u>16</u>	<u>7</u>
	<u>\$ 528</u>	<u>\$ 1,755</u>

(ii) Other incomes

	<u>2021</u>	<u>2020</u>
Lease incomes		
Rental incomes from operating lease		
- Rental incomes from dormitory and parking lot	\$ 1,012	\$ 835
Government subsidy incomes	-	5,017
Management service incomes	27	15
Compensation incomes	1,695	6,036
Others	<u>1,303</u>	<u>3,143</u>
	<u>\$ 4,037</u>	<u>\$ 15,046</u>

(iii) Other incomes (expenses)

	<u>2021</u>	<u>2020</u>
Gain (loss) on financial assets (Note 7)		
Financial assets mandatorily measured at fair value through profit or loss		
- Realized	\$ 85	\$ 589
- Unrealized	<u>19</u>	<u>1</u>
	<u>104</u>	<u>590</u>
Financial liabilities held for trading		
- Realized	-	98

- Unrealized	<u>-</u>	<u>-</u>
	<u>-</u>	<u>98</u>
	<u>104</u>	<u>688</u>
Net foreign currency exchange loss	(1,078)	(36,561)
Gain on disposal of property, plant and equipment	1,051	2,239
Others	(<u>546</u>)	<u>1</u>
	(\$ <u>469</u>)	(\$ <u>33,633</u>)

(iv) Financial costs

	<u>2021</u>	<u>2020</u>
Interest on bank borrowings	\$ 9,733	\$ 10,578
Interest on lease liabilities	<u>66</u>	<u>45</u>
	<u>\$ 9,799</u>	<u>\$ 10,623</u>

No interest capitalization in 2021 and 2020.

(v) Depreciation

	<u>2021</u>	<u>2020</u>
Depreciation expense is summarized by function		
Operating costs	\$ 91,002	\$ 89,635
Operating expenses	<u>10,713</u>	<u>11,551</u>
	<u>\$ 101,715</u>	<u>\$ 101,186</u>

(vi) Employee benefit expenses

	<u>2021</u>	<u>2020</u>
Post-employment benefits		
Defined contribution plans	\$ 5,819	\$ 5,312
Defined benefit plan (Note 18)	(<u>103</u>)	(<u>143</u>)
	5,716	5,169
Other employee benefits	<u>161,273</u>	<u>135,328</u>
Total employee benefit expenses	<u>\$ 166,989</u>	<u>\$ 140,497</u>
Summarized by function		
Operating costs	\$ 76,336	\$ 45,749
Operating expenses	<u>90,653</u>	<u>94,748</u>
	<u>\$ 166,989</u>	<u>\$ 140,497</u>

(vii) Employees' remuneration and directors' remuneration.

In accordance with the Company's Articles of Incorporation, the Company appropriates no less than 1% and no more than 3% of the profits before tax to employees' and directors' remuneration, respectively, for the year before the distribution of employees' and directors' remuneration. The estimated remuneration to employees and directors for the years ended 2021 and 2020 were resolved by the Board of Directors

on March 24, 2022 and March 16, 2021, respectively, as follows:

Estimated percentage

	2021	2020
Remuneration to employees	2.33%	4.18%
Remuneration to directors	1.94%	2.94%

Amount

	2021	2020
	Cash	Cash
Remuneration to employees	\$ 6,000	\$ 7,000
Remuneration to directors	5,000	4,919

If there is a change in the amount of the stand-alone financial statements after the date of its issuance, the amount is adjusted in the following year in accordance with the rules related to changes in accounting estimates.

There was no difference between the actual amount of employees' and directors' remuneration paid for 2020 and 2019 and the amount recognized in the stand-alone financial statements in 2020 and 2019.

Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the remuneration of employees and directors resolved by the Board of Directors of the Company.

(viii) Foreign currency exchange gains (losses)

	2021	2020
Total foreign currency exchange gains	\$ 91,166	\$ 89,822
Total foreign currency exchange (losses)	(92,244)	(126,383)
Net gains (losses)	(\$ 1,078)	(\$ 36,561)

xxii Income tax

(i) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	2021	2020
Income tax for the period		
Prior year adjustment	\$ 210	(\$ 8)
Repatriation of offshore funds	—	11,792
	<u>210</u>	<u>11,784</u>
Deferred tax		
Occurred in the year	25,255	26,835
Prior year adjustment	(1,581)	(3,399)
	<u>23,674</u>	<u>23,436</u>
Income tax expenses recognized in profit or loss	<u>\$ 23,884</u>	<u>\$ 35,220</u>

The reconciliation of accounting income to income tax expense is as

follows:

	2021	2020
Net profits before tax	<u>\$ 246,777</u>	<u>\$ 155,410</u>
Income tax expenses at statutory tax rate on net profits before tax	\$ 49,355	\$ 31,082
Non-deductible expenses for tax purposes	2,153	6,679
Tax-exempt incomes	(28,382)	(14,465)
Unrecognized loss carryforwards	2,129	3,539
Adjustments to prior years' deferred tax expenses recorded in the year	(1,581)	(3,399)
Adjustments to prior years' current income tax benefits recorded in the period	210	(8)
Repatriation of offshore funds	<u>-</u>	<u>11,792</u>
Income tax expenses recognized in profit or loss	<u>\$ 23,884</u>	<u>\$ 35,220</u>

In July 2019, the President of Taiwan announced the promulgation of “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, with new rules that if a profit-seeking enterprise applies for repatriation of funds within the approved period from August 15, 2019 to August 14, 2020, the tax rate applicable to the repatriation of funds is reduced from 20% to 8% and the repatriated funds should be deposited into a dedicated account, and the receiving bank will deduct the tax when the funds are deposited into the dedicated account. On August 26, 2020, the Company was approved to remit \$147,400 thousand (USD 5,000 thousand) by the National Taxation Bureau, Ministry of Finance, and the tax amount was \$11,792 thousand based on the applicable tax rate of 8%.

(ii) Current income tax assets

	December 31, 2021	December 31, 2020
Current income tax assets		
Tax refund receivable	<u>\$ 120</u>	<u>\$ 612</u>

(iii) Deferred tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2021

	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Deferred tax assets			
Temporary difference			
Leave payables	\$ 2,109	\$ 117	\$ 2,226
Defined benefit pension plan	933	21	954

Unrealized gain on decline in value of inventories	1,662	127	1,789
Allowance for loss	7,926	(585)	7,341
Impairment of property, plant and equipment	1,216	–	1,216
Others	263	(194)	69
	14,109	(514)	13,595
Loss carryforwards	45,774	(20,033)	25,741
	<u>\$ 59,883</u>	<u>(\$ 20,547)</u>	<u>\$ 39,336</u>

Deferred tax liabilities

Temporary difference			
Unrealized exchange gains	(\$ 5,339)	(\$ 3,127)	(\$ 8,466)

2020

	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Deferred tax assets			
Temporary difference			
Leave payables	\$ 1,985	\$ 124	\$ 2,109
Defined benefit pension plan	962	(29)	933
Unrealized gain on decline in value of inventories	3,618	(1,956)	1,662
Allowance for loss	12,791	(4,865)	7,926
Impairment of property, plant and equipment	1,216	–	1,216
Unrealized exchange gains	(238)	238	–
Others	563	(300)	263
	20,897	(6,788)	14,109
Loss carryforwards	57,083	(11,309)	45,774
	<u>\$ 77,980</u>	<u>(\$ 18,097)</u>	<u>\$ 59,883</u>

Deferred tax liabilities

Temporary difference			
Unrealized exchange gains	\$ –	(\$ 5,339)	(\$ 5,339)

(iv) Unused loss carryforwards for deferred tax assets not recognized in the stand-alone balance sheets

	December 31, 2021	December 31, 2020
Loss carryforwards		
Expire in 2029	<u>\$ 28,339</u>	<u>\$ 17,693</u>

(v) Information on unused loss carryforwards

Information on loss carryforwards for the year ended December 31, 2021 is as follows:

Not yet used balance	Final year of use
\$ 72,887	116

71,149	117
<u>13,012</u>	118
<u>\$ 157,048</u>	

(vi) Income tax assessment

The Company's income tax returns have been assessed by the tax authorities up to 2019, but not yet for 2020.

xxiii. Earnings per share

Weighted-average number of shares of common stock used to calculate earnings per share is as follows:

Net profits for the year

	<u>2021</u>	<u>2020</u>
Net profits used to calculate basic earnings per share	<u>\$ 222,893</u>	<u>\$ 120,190</u>
Net profits used to calculate diluted earnings per share	<u>\$ 222,893</u>	<u>\$ 120,190</u>

Number of shares

Unit: Thousand shares

	<u>2021</u>	<u>2020</u>
Weighted-average number of shares of common stock used to calculate basic earnings per share	297,536	304,024
Impact of potential common stock with dilutive effect:		
Remuneration to employees	<u>427</u>	<u>540</u>
Weighted-average number of shares of common stock used to calculate diluted earnings per share	<u>297,963</u>	<u>304,564</u>

If the Company may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. The diluting effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the resolution on the number of shares awarded to employees as remuneration or profit-sharing in the following year's resolution.

xxiv. Capital risk management

The Company engages in capital management to ensure that it can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Company's capital structure consists of net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., capital stock, capital surplus,

retained earnings and other equity).

The Company is not subject to any other external capital requirements.

The Company's key management reviews the Company's capital structure annually, which includes consideration of the cost of various types of capital and the associated risks. The Company will balance its overall capital structure by paying dividends, issuing new shares, repurchasing shares and issuing new debt or paying off old debt, as recommended by key management.

xxv. Financial instruments

- (i) Fair value information - Financial instruments that are not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value on the balance sheet approximate their fair values.

- (ii) Fair value information - Financial instruments measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>fair value through</u>				
<u>profit or loss</u>				
Fund beneficiary				
certificates	<u>\$ 120,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,019</u>

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at</u>				
<u>fair value through</u>				
<u>profit or loss</u>				
Fund beneficiary				
certificates	<u>\$ 20,001</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,001</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2021 and 2020.

- (iii) Types of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial asset</u>		
Measured at fair value through		
profit or loss		
Mandatorily measured at		
fair value through profit		
or loss	\$ 120,019	\$ 20,001
Financial assets at amortized		
cost (Note 1)	2,257,101	2,823,034

Financial liabilities

Measured at amortized cost

(Note 2)

2, 779, 424

3, 280, 887

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties) and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, including short-term borrowings, accounts payable (including related parties), other payables (including related parties, excluding employee benefits payable), long-term borrowings due within one year or operating cycle, long-term borrowings, and long-terms notes payable.

(iv) Financial risk management objectives and policies

The Company's major financial instruments include investments in equity instruments, accounts receivable, accounts payable, borrowings and notes payable. The risks associated with the operations of the above financial instruments include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The main financial risks to which the Company is exposed as a result of its operating activities are changes in foreign currency exchange rates (see (1) below) and changes in interest rates (see (2) below).

(1) Exchange rate risk

The Company engages in foreign currency-denominated sales and purchase transactions, which expose the Company to exchange rate risk. The Company manages its exposure to exchange rate risk by using forward exchange contracts and options to the extent permitted by policy.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are shown in Note 30.

Sensitivity analysis

The Company is primarily affected by fluctuations in the USD exchange rate.

The following table details the sensitivity analysis of the Company when the exchange rate of the NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. 1% is the sensitivity percentage used for the Company's internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible

range of changes in foreign currency exchange rates. The sensitivity analysis includes only outstanding foreign currency monetary items and forward exchange contracts designated as cash flow hedges, and adjusts their year-end translation by a 1% change in exchange rates. The negative amount for USD below represents the decrease in net profits before tax when NTD strengthens by 1% against USD, and the positive amount when NTD depreciates by 1% against USD.

	Impact of USD	
	2021	2020
Profit (loss)	(\$ 573)	\$ 2,841 (i)

(i) Mainly derived from the Company's receivables and payables that were outstanding at the balance sheet date and not hedged for cash flow.

(2) Interest rate risk

The Company's bank deposits and borrowed funds carry both fixed and floating interest rates, resulting in interest rate risk.

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
- Financial assets	\$ 596,213	\$ 212,048
- Financial liabilities	479,480	981,960
Cash flow interest rate risk		
- Financial assets	226,470	1,056,144
- Financial liabilities	544,935	293,718

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding during the reporting period. The rate of change used in reporting interest rates internally to key management is a 0.25% basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased/decreased by 0.25% basis points, with all other variables held constant, the Company's net profits before tax would have decreased/increased by \$1,362 thousand and \$734 thousand for 2021 and 2020, respectively.

(3) Other price risk

The Company has equity price risk due to its investment in equity securities.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If the equity price had increased/decreased by 10%, profits or losses before tax for 2021 and 2020 would have increased/decreased by \$12,002 thousand and \$2,000 thousand, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through profit or loss.

There was no significant change in the sensitivity of the Company's investment in equity securities compared with the previous year.

2. Credit risk

Credit risk refers to the risk of financial loss due to default on contract obligations by the counterparties. As of the balance sheet date, the Company's maximum exposure to credit risk of financial loss due to non-performance by counterparties and the provision of financial guarantees by the Company was mainly due to:

- (1) The carrying amount of financial assets recognized in the stand-alone balance sheets.
- (2) The maximum amount that the Company may be required to pay for the provision of financial guarantees, regardless of the likelihood of occurrence.

The Company's primary potential credit risk arises from financial instruments such as cash and cash equivalents and accounts receivable. The Company's cash is deposited with various banks and financial institutions. The cash is held in time deposits with maturities of approximately 3 months, which have high liquidity and flexibility and enjoy high interest rates with near-zero risk. The Company controls its exposure to the credit risk of each financial institution and believes that the Company's cash and cash equivalents are not subject to significant concentrations of credit risk.

The counterparties of the Company's accounts receivable are customers in the electronics industry. In order to reduce the credit risk of accounts receivable, the Company's management has assigned a dedicated team to establish credit management rules and regulations and to be responsible for credit limit determination, credit approval and other monitoring procedures for the credit management of accounts receivable.

In addition, the Company reviews the recoverable amounts of accounts receivable on a case-by-case basis every month to ensure that

appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Company's management believes that the Company's credit risk is limited.

The Company's credit risk is mainly concentrated in the Company's top ten customers. As of December 31, 2021 and 2020, the percentage of total accounts receivable from the aforementioned customers was 74.10% and 73.38%, respectively.

3. Liquidity risk

The Company manages and maintains sufficient balance of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing facilities and ensures compliance with the terms and conditions of the borrowing agreements.

Bank borrowings are an important source of liquidity for the Company. See (2) below for a description of the Company's unused financing facilities.

(1) Liquidity and interest rate risk of non-derivative financial liabilities.

The analysis of the remaining contract maturities of non-derivative financial liabilities is prepared using the undiscounted cash flows of financial liabilities (including principal and estimated interest) based on the earliest possible date on which the Company could be required to make repayment. Therefore, bank borrowings that the Company may be required to repay immediately are shown in the the earliest period below, without regard to the probability that the bank will enforce the right immediately; the maturity analysis of other non-derivative financial liabilities is prepared based on the contract repayment dates.

December 31, 2021

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>					
Accounts payable	\$1,370,320	\$ -	\$ -	\$ -	\$1,370,320
Other payables	382,507	-	-	-	382,507
Borrowings	479,947	345,000	199,935	-	1,024,882
Lease liabilities	1,332	666	-	-	1,998
	<u>\$2,234,106</u>	<u>\$ 345,666</u>	<u>\$ 199,935</u>	<u>\$ -</u>	<u>\$2,779,707</u>

December 31, 2020

	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
<u>Non-derivative financial liabilities</u>					

Accounts payable	\$1,611,016	\$ -	\$ -	\$ -	\$1,611,016
Other payables	392,375	-	-	-	392,375
Borrowings	1,149,733	126,527	-	-	1,276,260
Lease liabilities	<u>1,332</u>	<u>1,332</u>	<u>666</u>	<u>-</u>	<u>3,330</u>
	<u>\$3,154,456</u>	<u>\$ 127,859</u>	<u>\$ 666</u>	<u>\$ -</u>	<u>\$3,282,981</u>

(2) Financing facilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 679,480	\$ 981,960
Financing facilities unused	<u>1,743,480</u>	<u>1,048,600</u>
	<u>\$ 2,422,960</u>	<u>\$ 2,030,560</u>
Secured bank borrowing facility (extendable by mutual consent)		
Financing facilities used	\$ 345,000	\$ 500,000
Financing facilities unused	<u>154,512</u>	<u>-</u>
	<u>\$ 499,512</u>	<u>\$ 500,000</u>

xxvi. Related party transactions

In addition to those disclosed in other notes, the transactions between the Company and its related parties are as follows:

(i) Names of related parties and relationships

<u>Name of related party</u>	<u>Relationship with the Company</u>
ICHIA HOLDINGS (B. V. I) Co., Ltd. (hereafter referred to as BVI-ICHIA)	Subsidiary
ICHIA USA INC. (hereafter referred to as ICHIA USA).	Subsidiary
ICHIA RUBBER INDUSTRY (M) Sdn. Bhd. (hereinafter referred to as ICHIA Malaysia)	Subsidiary
ICHIA INTERNATIONAL TRADING LTD. (BVI) (hereafter referred to as ICHIA INTERNATIONAL)	Subsidiary
ZHONGSHAN ICHIA ELECTRONICS CO., LTD. (hereafter referred to as ZHONGSHAN ICHIA)	Subsidiary
ICHIA TECHNOLOGY (SUZHOU) CO., LTD. (hereafter referred to as ICHIA SUZHOU)	Subsidiary

(ii) Operating revenues

<u>Account in the book</u>	<u>Type of related party</u>	<u>2021</u>	<u>2020</u>
Sales revenues	Subsidiary	<u>\$ -</u>	<u>\$ 1,912</u>

Sales to related parties are determined based on the Company's transfer pricing.

(iii) Purchase

Name of related party	2021	2020
ICHIA SUZHOU	\$ 2,882,688	\$ 2,830,735
ZHONGSHAN ICHIA	<u>497,994</u>	<u>357,188</u>
	<u>\$ 3,380,682</u>	<u>\$ 3,187,923</u>

Purchases from related parties are determined based on the Company's transfer pricing.

(iv) Receivables from related parties (excluding loans to related parties and contract assets)

Account in the book	Name of related party	December 31, 2021	December 31, 2020
Accounts receivable - related party	ICHIA USA Inc.	<u>\$ -</u>	<u>\$ 1,707</u>
Other receivables - related party	ICHIA SUZHOU	<u>\$ 35,592</u>	<u>\$ 41,693</u>

The outstanding receivables from related parties are not guaranteed. No allowance for loss has been provided for the receivables from related parties in 2021 and 2020.

(v) Payables to related parties (excluding borrowings from related parties)

Account in the book	Name of related party	December 31, 2021	December 31, 2020
Accounts payable - related party	ICHIA SUZHOU	\$ 1,047,838	\$ 1,336,428
	ZHONGSHAN ICHIA	207,932	182,497
	ICHIA Malaysia	<u>-</u>	<u>8</u>
		<u>\$ 1,255,770</u>	<u>\$ 1,518,933</u>

The outstanding payables to related parties are not guaranteed.

(vi) Non-operating incomes

Account in the book	Type of related party	2021	2020
Other incomes	ICHIA SUZHOU	<u>\$ -</u>	<u>\$ 2,122</u>

(vii) Borrowings from related parties

Name of related party	December 31, 2021	December 31, 2020
<u>Other payables</u>		
BVI-ICHIA	<u>\$ 368,144</u>	<u>\$ 378,784</u>

The loans to BVI-ICHIA in 2021 and 2020 were all unsecured loans.

(viii) Key management remuneration

	2021	2020
Short-term employee benefits	\$ 19,661	\$ 20,521
Post-employment benefits	<u>380</u>	<u>358</u>
	<u>\$ 20,041</u>	<u>\$ 20,879</u>

The remuneration of directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

xxvii. Pledged assets

The following assets have been pledged as collaterals for borrowings and tariff guarantees for imported raw materials:

	December 31, 2021	December 31, 2020
Pledged time deposits (recorded as financial assets at amortized cost - noncurrent)	\$ 2,127	\$ 2,127
Self-owned land	227,663	227,663
Buildings - net	<u>78,702</u>	<u>79,568</u>
	<u>\$ 308,492</u>	<u>\$ 309,358</u>

xxviii. Significant contingent liabilities and unrecognized contract commitments

- (i) The total contract amount of the equipment contracted by the Company with vendors was NTD 44,955 thousand. As of December 31, 2021, the Company had paid NTD 18,179 thousand (recorded as prepayment for equipment) and the remaining NTD 26,776 thousand had not been paid.
- (ii) As of December 31, 2021, the Company had guaranteed for cooperative education and provided a reserve for the issuance of refundable deposit notes (including long-term borrowings and short-term borrowings) of approximately NTD 1,825,000 thousand and USD 8,500 thousand, respectively.
- (iii) As of December 31, 2021, the Company had received NTD 6,938 thousand in guarantee deposit notes for the purchase of equipment and construction.

xxix. Other Matters

As assessed by the Company, the global COVID-19 pandemic did not have material effect on the ability of going concern, impairment of assets, and financing risk of the Company.

xxx. Information on foreign currency assets and liabilities with significant impact

The following information is expressed in aggregate in foreign currencies other than the Company's functional currency, and the exchange rates disclosed represent the rates at which such foreign currencies were converted to the functional currency. Foreign currency assets and liabilities with significant impact are as follows:

December 31, 2021

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 68,881	27.68 (USD : NTD)	<u>\$ 1,906,640</u>
<u>Non-monetary items</u>			
Subsidiaries under the equity method			
USD	112,799	27.68 (USD : NTD)	<u>\$ 5,205,699</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	70,951	27.68 (USD : NTD)	<u>\$ 1,963,912</u>

December 31, 2020

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
USD	\$ 79,407	28.48(USD : NTD)	<u>\$ 2,261,397</u>
<u>Non-monetary items</u>			
Subsidiaries under the equity method			
USD	112,799	28.48 (USD : NTD)	<u>\$ 5,104,379</u>
Foreign currency liabilities			
<u>Monetary items</u>			
USD	70,291	28.48 (USD : NTD)	<u>\$ 2,002,007</u>

Foreign currency translation gains and losses (realized and unrealized) with significant impact as follows:

	2021	2020
--	------	------

Foreign currency	Exchange rate	Net exchange gains or losses	Exchange rate	Net exchange gains or losses
USD	27.68(USD : NTD)	(<u>1,078</u> \$)	28.48(USD : NTD)	(<u>36,561</u> \$)

xxxi. Other disclosures

(i) Significant transactions and (ii) information on the investee enterprises:

No.	Item	Description
1	Lending funds to others	Exhibit 1
2	Endorsements and guarantees for others.	None
3	Marketable securities held at the end of the period. (Excluding investment in subsidiaries, affiliated enterprises and joint venture interests)	Exhibit 2
4	The cumulative amount of purchases or sales of the same marketable securities reaches at least NTD 300 million or 20% of the paid-in capital.	None
5	Acquisition of real estate amounting to at least NTD 300 million or 20% of the paid-in capital.	None
6	Disposal of real estate amounting to at least NTD 300 million or 20% of the paid-in capital.	None
7	Purchase or sale with related parties amounting to at least NTD 100 million or 20% of the paid-in capital.	Exhibit 3
8	Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital.	Exhibit 4
9	Engagement in derivative transactions.	Note 7
10	Information on investees	Exhibit 5

(iii) Information on investment in Mainland China:

No.	Item	Description
1	The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China.	Exhibit 6
2	The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses:	
	(1) Amounts and percentages of purchases and related payables at the end of the period.	Exhibit 3
	(2) Amounts and percentages of sales and related receivables at the end of the period.	None
	(3) The amount of property transactions and the amount of gain or loss resulting from such transactions.	None
	(4) The ending balance of endorsement and guarantee of notes or provision of collateral and its purpose.	None
	(5) The maximum balance, ending balance, interest rate range and	None

	total current interest amount of financial accommodation.	
	(6) Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.	None

(iv) Information on major shareholders:

Name, number and percentage of shares held by shareholders with 5% or more of the shares: Exhibit 7.

ICHIA TECHNOLOGIES INC. and subsidiaries

Lending funds to others

January 1 to December 31, 2021

Exhibit 1

Unit: NTD and foreign currency in thousands,
unless otherwise indicated

No. (Note 1)	The lender company of funds	The borrower of funds	Transaction	Related party or not	Maximum balance for the period	Balance at the end of the period	Actual amounts drawn	Interest rate range	Nature of funds lending (Note 2)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of allowance for bad debts	Collateral		The limit for individual funds lending (Note 3)	The limit for total funds lending (Note 3)	Remarks
													Name	Value			
1	BVI-ICHIA	ICHIA Technologies Hungary Limited Liability Company	Other receivables - related party	Yes	\$ 56,499 (USD 1,980)	\$ 54,806 (USD 1,980)	\$ 52,869 (USD 1,910)	-	2	\$ -	Operating turnover	\$ -	None	\$ -	\$10,356,577 (Note 4)	\$10,356,577 (Note 4)	
		ICHIA TECHNOLOGIES INC.	Other receivables - related party	Yes	379,516 (USD 13,300)	368,144 (USD 13,300)	368,144 (USD 13,330)	-	2	-	Operating turnover	-	None	-	10,356,577 (Note 4)	10,356,577 (Note 4)	

Note 1: The number column is filled out as follows:

(1) Fill in 0 for the issuer.

(2) Investees are numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The nature of the funds lending is described as follows:

(1) Fill in 1 for those who have business transactions.

(2) Fill in 2 for those in need of short-term financing.

Note 3: Calculation and amount of funds lending limits.

i. The limit for individual funds lending

(1) The amount of funds lending of the Company to individual counterparties is limited to 30% of the Company's current net worth (December 31, 2021), in accordance with the Company's Operating Procedures for Lending Funds to Others.

(2) The amount of funds lending of an investee to individual counterparties is limited to 200% of the investee's current net worth (December 31, 2021), in accordance with the investee's Operating Procedures for Lending Funds to Others.

(3) The amount of funds lending of BVI-ICHIA to the Group's parent company is limited to 200% of BVI-ICHIA's current net worth (December 31, 2021) in accordance with BVI-ICHIA's Operating Procedures for Lending Funds to Others.

ii. The limit for total funds lending:

(1) The cumulative amount of funds lending of the Company to external counterparties is limited to 40% of the Company's current net worth (December 31, 2021), in accordance with the Company's Operating Procedures for Lending Funds to Others.

(2) The cumulative amount of funds lending of an investee is limited to 200% of the investee's current net worth (December 31, 2021), in accordance with the investee's Operating Procedures for Lending Funds to Others.

(3) The cumulative amount of funds lending of BVI-ICHIA to the Group's parent company is limited to 200% of BVI-ICHIA's current net worth (December 31, 2021) in accordance with BVI-ICHIA's Operating Procedures for Lending Funds to Others.

iii. The Company's funds lending limit was calculated based on the net worth of the Company's financial statements reviewed by CPA; the investee's funds lending limit was calculated based on the net worth of the investee's financial statements in foreign currencies reviewed by CPA.

v. The funds lending limits here are presented in NTD. If foreign currencies are involved, they are translated into NTD at the prevailing exchange rate on the date of the financial statements. (The spot exchange rate for USD as of December 31, 2021 was 27.68.)

Note 4: The funds lending between companies outside of the Republic of China in which the Company directly or indirectly holds 100% of the voting rights is not subject to the funds lending limits in Note 3.

ICHIA TECHNOLOGIES INC. and subsidiaries
Marketable securities held at the end of the period
December 31, 2021

Exhibit 2

Unit: NTD and foreign currency in thousands,
unless otherwise indicated

Subsidiaries held	Type and name of marketable securities (Note 1)	Relationship with the issuer of marketable securities	Account in the book	Period end				Remarks
				Number of shares	Carrying amount	Shareholding (%)	Fair value	
ICHIA TECHNOLOGIES INC.	Fund beneficiary certificates							
	RSIT Enhanced Money Market Fund	None	Financial assets at fair value through profit or loss - Current	1,656,548	\$ 20,002	-	\$ 20,002	
	Jih Sun Money Market Fund	"	"	1,335,122	20,010	-	20,010	
	Sinopac TWD Money Market Fund	"	"	1,423,873	20,001	-	20,001	
	Fubon Chi-Hsiang Money Market Fund	"	"	1,263,616	20,001	-	20,001	
	Cathay Taiwan Money Market Fund	"	"	1,592,560	20,001	-	20,001	
	FSITC Taiwan Money Market	"	"	1,293,000	20,004	-	20,004	
ICHIA SUZHOU	Fund beneficiary certificates							
	CIFM RMB Money Market Fund	"	"	10,000,000	43,425 <u>\$ 163,444</u>	-	43,425 <u>\$ 163,444</u>	

Note 1: Marketable securities referred to here are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9 "Financial Instruments".

Note 2: For information on investments in subsidiaries, affiliates and joint venture interests, please refer to Exhibit 5 and Exhibit 6.

ICHIA TECHNOLOGIES INC. and subsidiaries
Purchase and sales with related-parties amounting to NT\$100 million or more than 20% of the paid-in capital
January 1 to December 31, 2021

Exhibit 3

Unit: NTD thousand,
unless otherwise indicated

Purchase (sale) company	Trading partner name	Relationship	Transactions				The circumstances and reasons why the trading terms are different from those of ordinary transactions		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Purchase (sale) company	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
ICHIA TECHNOLOGIES INC.	ICHIA SUZHOU	The same affiliate	Purchase	\$2,882,688	80	30 days from monthly cut-off day	-	-	(\$ 1,047,838)	(76)	
	ZHONGSHAN ICHIA	"	"	497,994	14	"	-	-	(207,932)	(15)	

ICHIA TECHNOLOGIES INC. and subsidiaries
Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital.
December 31, 2021

Exhibit 4

Unit: NTD thousand,
unless otherwise indicated

Companies with accounts receivable	Trading partner name	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Receivables from related parties collected during the subsequent period	Amount of allowance for bad debts
					Amount	Processing method		
ICHIA SUZHOU	ICHIA TECHNOLOGIES INC.	The same affiliate	Accounts receivable \$ 1,047,838	2.42	\$ -	-	\$ 212,818	\$ -
ZHONGSHAN ICHIA	ICHIA TECHNOLOGIES INC.	The same affiliate	Accounts receivable 207,932	2.55	-	-	59,462	-
BVI-ICHIA	ICHIA TECHNOLOGIES INC.	The same affiliate	Other receivables 368,144	Note	-	-	-	-

Note: The turnover rate is not calculated because it is mainly due to other receivables arising from the lending of funds.

ICHIA TECHNOLOGIES INC. and subsidiaries
Information on investees, locations,, etc.
January 1 to December 31, 2021

Exhibit 5

Unit: NTD and foreign currency in thousands,
unless otherwise indicated

Investor	Investee	Location	Principle business	Original investment amount		Holding at the end of period			Profit or loss of investees for the period	Investment gain (loss) recognized in the period	Remarks
				The end of the period	The end of last year	Number of shares (thousand shares)	Percentage %	Carrying amount			
ICHIA TECHNOLOGIES INC.	ICHIA HOLDINGS (B.V.I) Co., Ltd.	P.O. BOX957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands	Various investment businesses	\$ 3,532,566 (USD 108,693)	\$ 3,532,566 (USD 108,693)	108,693	100	\$ 5,168,027	\$ 141,292	\$ 140,358	Subsidiary
	ICHIA USA Inc.	1057 Tierra Del Rey, Suite G, Chula Vista, CA 91910 U.S.A.	International trading of various electronic components and materials	118,309 (USD 4,106)	118,309 (USD 4,106)	4,106	100	37,672	1,456	1,456	Subsidiary
ICHIA HOLDINGS (B.V.I) Co., Ltd.	ICHIA RUBBER INDUSTRY (M) Sdn. Bhd.	997-A, Solok Pervshaan Tiga Prai Industrial Estate 13600 Prai, P.W. West Halasia Malaysia	Manufacturing, processing and trading of various electronic components and materials for various electronic and telecommunication computers.	83,732 (USD 3,025)	83,732 (USD 3,025)	9,000	100	102,637 (USD 3,708)	13,203 (USD 477)	13,203 (USD 477)	Subsidiary
	ICHIA UK. LTD.	P.O. Box 3152, Town, Tortola, British Virgin Islands	Various investment businesses	136,352 (USD 4,926)	136,352 (USD 4,926)	4,926	100	(31,085) (USD -1,123)	(3,986) (USD -144)	(3,986) (USD -144)	Subsidiary
	ICHIA HOLDINGS (H.K.) Co., Ltd.	Room 1004, National Health Centre, 151 Gloucester Road, Wanchai, Hong Kong	Various investment businesses	2,076,000 (USD 75,000)	2,076,000 (USD 75,000)	75,000	100	3,891,559 (USD 140,591)	110,969 (USD 4,009)	110,969 (USD 4,009)	Subsidiary
ICHIA UK. LTD.	ICHIA Technologies Hungary Limited Liability Company	2900 Komarom Ipari Park Banki Domat U. 2. Hungary	Manufacturing, processing and trading of rubber and plastic keypads	136,352 (USD 4,926)	136,352 (USD 4,926)	-	100	(31,085) (USD -1,123)	(3,986) (USD -144)	(3,986) (USD -144)	Subsidiary

Note 1: Please refer to Exhibit 6 for information on the investees in Mainland China.

ICHIA TECHNOLOGIES INC. and subsidiaries
Information on investment in Mainland China
January 1 to December 31, 2021

Exhibit 6

Unit: NTD and foreign currency in thousands,
unless otherwise indicated

1. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount, repatriated investment gains and losses:

Investee in Mainland China	Principle business	Paid-in capital	Type of investment (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of investees for the period	Shareholding percentage of the Company's direct or indirect investment	Investment gain (loss) recognized in the period (Note 2)	Carrying amount of investments at the end of the period	Investment income remitted back as of the end of the period
					Remittance	Recovery						
ICHIA SUZHOU	Rubber, plastic keypads and flexible printed circuit boards	\$ 2,408,160 (USD 87,000)	(ii) B	\$ 2,408,160 (USD 87,000)	\$ -	\$ -	\$ 2,408,160 (USD 87,000)	\$ 109,834 (USD 3,968)	100	\$ 111,135 (USD 4,015) (ii) B	\$ 3,889,428 (USD 140,514)	\$ -
ZHONGSHAN ICHIA	Rubber and plastic keypads	470,560 (USD 17,000)	(ii) A	470,560 (USD 17,000)	-	-	470,560 (USD 17,000)	19,542 (USD 706)	100	19,597 (USD 708) (ii) B	759,567 (USD 27,441)	-

2. Investment quota for Mainland China.

Accumulated amount of investment from Taiwan to Mainland China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	Investment quota for mainland China as stipulated by the Investment Commission, Ministry of Economic Affairs
NTD 2,878,720 (USD 104,000)	NTD 2,878,720 (USD 104,000)	NTD 3,439,347 (USD 124,254)

Note 1: The investment methods can be divided into the following three types, indicating as such suffices:

- (i) Investment in Mainland China directly.
- (ii) Investment in Mainland China through companies in third regions (please specify the investment company of the third region).
 - A. BVI-ICHIA
 - B. ICHIA HOLDINGS (H.K.) Co., Ltd.
- (iii) Other types.

Note 2: In the column of investment gain or loss recognized in the current period:

- (i) If the investment is under preparation and there is no investment gain or loss, it should be noted.
- (ii) The basis for recognizing investment gains or losses is divided into the following three categories, which should be specified.
 - A. The financial statements have been audited by an international CPA firm with which CPA firms in the Republic of China have a cooperative relationship.
 - B. The financial statements have been audited by the attesting CPA of the parent company in Taiwan.
 - C. Others.

Note 3: The figures in this Exhibit are presented in NTD. Where foreign currencies are involved, the exchange rate at the date of financial reporting is used to translate into NTD. (The spot exchange rate for USD as of December 31, 2021 was 27.68)

ICHIA TECHNOLOGIES INC. and subsidiaries
Information on major shareholders
December 31, 2021

Exhibit 7

Name of Major Shareholder	Shares	
	Shareholding	Shareholding Percentage
Fa La Li Investment Co., Ltd.	18,377,481	5.97%
Creative Investment Co., Ltd.	18,372,480	5.97%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's stand-alone financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.