Stock Code: 2355

CHIN-POON INDUSTRIAL CO., LTD.

2021 ANNUAL REPORT

(Translation)

June 24, 2022

Taiwan Stock Exchange Market Observation Post System: http://mops.twse.com.tw

CHIN-POON Website: http://www.chinpoon.com

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1. Letter to Shareholders

Dear Shareholders

We really appreciate your continuous support all these years. We are reporting the following items here so that you can understand more about what we have done, what we are planning to do and what challenges we are facing.

Our Performance in 2021

Our consolidated operating revenue in 2021 was NT$ 18,219,280 thousand and increased by 18.98% and by NT$ 2,905,995 thousand from 2020. The main reason for the double-digit growth in revenue was that the Company has been focusing on the automotive business and the demand in the global auto market has rebounded sharply in 2021. Our operating loss in 2021 was NT$ 185,654 thousand and the operating loss was increased by NT$ 61,883 thousand from 2020. The decline in operating income was mainly due to the impact of the hike in raw materials in 2021, which will increase related costs and affect the gross profit margin and operating income ratio. At the same time, the sharp depreciation of U.S. dollar against Taiwan dollar and Renminbi was the biggest factor that severely affected the gross profit margin. In addition, due to the soaring international shipping costs and the increase in research and development expenses, the operating expenses also increased by 32.78%, which further affected the operating Income. Our profit before tax increased from NT$ 24,726 thousand in 2020 to NT$ 460,664 thousand in 2021, an increase of 1763.08%. Compared with the operating loss, the net profit before tax could be turned positive, mainly due to insurance claims payment, interest income and other non-operating income. Our net income in 2021 was NT$ 337,700 thousand and increased by 638.92% and by NT$ 291,998 thousand from 2020. So, our earnings per share (EPS) also increased from NT$ 0.12 in 2020 to NT$ 0.85 in 2021.

Operating Results in 2021

Unit: NT$ in thousands

Item \ Amount	2021	2020	Plus or Minus (Amount)	Plus or Minus (%)
Operating Revenue	18,219,280	15,313,285	2,905,995	18.98%
Operating Costs	17,085,633	14,443,453	2,642,180	18.29%
Gross Profit	1,133,647	869,832	263,815	30.33%
Operating Expenses	1,319,301	993,603	325,698	32.78%
Operating Income	(185,654)	(123,771)	(61,883)	50.00%
Non-operating Income and Expenses	646,318	148,497	497,821	335.24%
Profit before Tax	460,664	24,726	435,938	1763.08%
Consolidated Profit	337,700	45,702	291,998	638.92%
Profit, attributable to Owners of Parent Company	337,782	46,118	291,664	632.43%

Our budget achievement of operating revenue and operating costs were 95% and 99% of the 2021 budget targets, which had almost no deviation from the targets. However, due to the hike in raw material costs and the depreciation of the US dollar, which exceeded our estimates, the achievement rate of gross profit was only 58%. The increase in international shipping costs also exceeded our expectations, resulting in the operating expenses reaching 107% of the budget target. Our budget achievement of Profit before Tax was 57%. It was directly related to the gross profit achievement rate of only 58%, which was mainly due to higher material costs and the sharp depreciation of U.S. dollar against Taiwan dollar and Renminbi.

Budget Achievement in 2021

Unit: NT$ in thousands

Item \ Amount	Actual Amount	Budget Amount	Achievement Rate (%)
Operating Revenue	18,219,280	19,262,893	95%
Operating Costs	17,085,633	17,319,783	99%
Gross Profit	1,133,647	1,943,110	58%
Operating Expenses	1,319,301	1,232,864	107%
Operating Income	(185,654)	710,246	-26%
Non-operating Income and Expenses	646,318	91,736	705%
Profit before Tax	460,664	801,982	57%

The global automobile market has rebounded sharply in 2021 and the Company's business also grew substantially along with the trend. However, the high cost of raw materials, the sharp depreciation of the US dollar against Taiwan dollar and RMB, and the surge in international shipping costs had huge impacts on our profit. The Company immediately adjusted our operating strategy and actively negotiated with our customers on price adjustments. Although the cost and expenses increase fast and it is not easy to make profits, our profit before and after tax can still be maintained positive throughout the year.

And our long-term and short-term financial position remained healthy. The debt-to-asset ratio in 2021 was 34%, which was similar to 32% in 2020. The current ratio and quick ratio in 2021 were 204% and 143%, which was also similar to 191% and 144% in 2020. The Company's debt-to-assets ratio, current ratio and quick ratio indicate that the Company has strong financial strength and operational management capabilities.

We have been dedicating significant efforts on R&D for our development in the future. We manage to keep ahead of our competitors in development of new products and new technology. The following was our results of R&D in 2021.

Results of R&D in 2021

A. Development of modified copper inlay process for cost reduction
B. Middle/High current carrying PCB - Mini-busbar
C. Partial thermal management PCB – Inlay + blind vias
D. Partial thermal management PCB – Square inlay
E. Partial thermal management PCB – Convex
F. Partial thermal management PCB – AlN
G. Development of rigid flex
H. Development of cavity PCB
I. Development of radio frequency PCB
J. Development of advanced HDI
K. Assisting overseas factories to upgrade the capabilities of multilayers and HDI
L. Others

Our Plan for 2022

I. Operating Strategies:

We have been focusing on the niche market of printed circuit board (PCB) for automobiles and of PCB of medium volume, which are hugely demanding on more flexible production capability. We also have been facing the challenges of how to deal with the micro-profit era and the fast changes of global economy. We have set the following operating strategies to cope with those challenges and to respond to the changes in the markets and in the environments.

1. The Executives Committee plays a key role of integrating all departments, realigning resources and converging all efforts to fulfill our visions and strategies.
2. Dynamically target the potential products and niche markets to respond to global competitions and rapidly changing markets.
3. Realign all our resources to develop creativity of R&D, to build excellent production capability and to setup effective cost control systems in order to provide value-added products, services and total solutions with innovativeness and cost-competitiveness.
4. Build a cluster of Asian production and service bases which has a center in Taiwan and supporting bases in Mainland China and Thailand.
5. Provide Taiwan's resources of technology, marketing, and administration to our bases in Mainland China and Thailand in order for them to rapidly upgrade their operating capabilities and to grasp the opportunities in the local markets of Mainland China, Southeast Asia and South Asia.
6. Integrate production processes and managerial resources to strengthen the supportive systems for production and to promote specialization center and sophisticated technical capabilities.
7. Enhance automation and smart production to raise production efficiency, to improve quality and to reduce costs.
8. Implement total quality control and utilize the Six Sigma methodology to build an edge in competitiveness of stable quality.
9. Continue to upgrade the capabilities of ERP (Enterprise Resource Planning), CIM (Computer integrated manufacturing) and Industrial 4.0, and to participate in government-subsidized Technology Development Programs in order to strengthen our abilities and efficiency of operation and administration and to complete the planning and its implementation of Smart Factory.
10. Build a learning organization and knowledge management system to store, accumulate and share management wisdom among all employees in the Company. Activate a cost control system and an incentive plan to guide resources of knowledge into increasing high value-added activities, reducing activities of low efficiency and of low value, and strengthen our core competitiveness. The cultivation of talents is centered on this knowledge management structure and learning organization in order to reserve enough talents for future challenges.

II. Operational Goals:

Volume of Single-sided:	1,555,426 M^2 (square meter)
Volume of Double-sided & Multilayer:	4,751,510 M^2 (square meter)

III. Strategies for Marketing and Production:

1. Production Strategies

Grasp the trends of technology and products and continue to improve our costs, quality, speed, flexibility and services.

(1) Enhance the quality systems of ISO-9002、ISO-14001、QS-9000、TL9000、TS 16949 and AS 9100 Aerospace Quality Management System which was acquired in 2020, and utilize the six sigma methodology to achieve the targets of our quality policy.

(2) Upgrade our capabilities of fine line, high density and micro via.

(3) Strengthen our capabilities of HDI (High Density Interconnect) and other high value-added technology.

(4) Continues to expand niche products such as aluminum PCB, Middle/High current carrying PCB, heavy copper board, etc.

(5) Upgrade automation, enhance our analytic ability for big data of production and enhance smart production. Our vision is to build smart factories.

(6) Build a cluster of Asian production and service bases. Especially, strengthen the manufacturing site in Thailand and capitalize on its double edges on low cost structure and nearness to the biggest automobiles manufacturing site in Southeast Asia.

2. Marketing Strategies

Keep up with market trends.

(1) Actively develop global markets and be a key supplier of global main players in different electronics industries. Simultaneously, increase the pocket share of our customers.

(2) Develop the markets in Mainland China, Southeast Asia, South Asia and other emerging countries.

(3) Build global marketing channels and strengthen global competitiveness.

(4) Build a complete platform of logistics and provide our customers more value-

added services.

IV. R&D Plans:

1. Upcoming R&D plans:

- Technology development for all aspects of smart factories, including smart monitoring, smart automation, smart cooperation and AI applications
- Development of middle/high current carrying PCBs
- Development of partial heat dissipation PCBs
- Development of semi-flex with 3 flex layers & semi-flex plus
- Development of rigid flex – flex tail
- Development of radio frequency PCBs
- Development of cavity PCB
- Development of advanced HDI
- Application of periodic pulse reverse plating
- Evaluation of thermally conductive materials for EPS PCB
- Evaluation of automatic robot arm for precise handling and automatic process flow of production

2. R&D Budget

The total budget for research and development is around NT$ 275,217 thousand.

Our Strategies

1. Continue to expand the niche market of printed circuit board (PCB) for automobiles and of PCB of medium volume.
2. Build a cluster of Asian manufacturing sites. We are planning to simultaneously expand the manufacturing sites in Taiwan, in China and in Thailand in the next 2-3 years. Our new plant in Changshu, China, with a total investment of NT$ 2.1 billion, started mass production in 2019. There is still plenty of room for our capacity expansion in the future. We have increased our ownership on Draco, our manufacturing site in Thailand, to 99.78% in 2021. We are planning to build more capacity in Thailand. New capacity in Thailand has a very important significance to

our strategy of grasping the opportunities of Southeast Asia and South Asia, providing extra capacity to our manufacturing site in Taiwan and Mainland China, and becoming our main source of future growth.

3. Strengthen R&D of niche products to avoid shrinking of profit margins owing to excessive competition in the industry.
4. Enhance automation and smart production to improve quality and to enhance production flexibility.

Challenges

Taiwan's PCB industry has been developing for more than 30 years and has built a complete supply chain and industrial clusters. Taiwan's PCB makers have an edge on yield, quality, price, speed and service over global competitors and have a great share of global demand of PCB for automotive electronics, telecommunication, information technology and consumers' electronics. According to the statistics of TPCA and IEK, total revenue of Taiwan's PCB makers in 2021 was NT$ 817.8 billion and increased by 17.5%.

The global economy rebounded in 2021, resulting in a 5.5% growth (IMF estimate), the highest in 40 years. Fed, ECB, BOJ, and PBOC have all released significant funds to effectively drive the global economic recovery. While demand has being surging due to quantitative easing, the COVID-19 pandemic has being keeping to interfere with the global supply chain, causing supply-side issues such as hike of raw materials, global supply bottlenecks and inadequate shipping capacity. Manufacturers faced significant challenges in terms of management and costs. However, with the mixed blessing of the rebound in the global economy, exporters were able to weather 2021 smoothly.

Looking ahead to 2022, the impact of the COVID-19 pandemic is expected to gradually subside and the global economy is expected to maintain its growth momentum. According to IMF forecasts, global economic growth is expected to decline from 5.5% in 2021 to 4.1% in 2022. Due to the slowdown of the epidemic, the different pace of recovery in different countries, the unresolved supply chain disruption, the price pressure caused by inflation and the intensification of geopolitical risks, this year is expected to be a year of both sustained growth and high uncertainty for the global economy.

According to the forecast of IEK, total revenue of Taiwan's PCB makers in 2022 is expected to be NT$ 871.1 billion and increased by 6.53%. Taiwan's PCB makers have always beaten the market and got a bigger share even in global adverse economic situations. They are competitive in the aspects of cost and manufacturing sites so they will remain profitable in the future of expanding electronics industries.

Our production bases are located in Taiwan, China and Thailand. The local laws and regulations in different countries have been changed from time to time. The Company is based on the principle of legal business and complies with local laws and regulations. Moreover, in recent years, the Taiwan authorities have gradually improved the relevant laws and regulations on corporate governance and social responsibility. The Company has complied with the changes in laws and regulations, gradually completed the establishment of corporate governance systems, and fulfilled corporate social responsibilities in order to balance the Company's shareholders' equity and the interests of all interested parties.

Taiwan PCB industry are facing many challenges and rapidly changing external environments which have a great impact on Taiwan's PCB industry. In 2022, the global economy is expected to maintain a decent growth momentum. Chin-poon has aligned our strategy to enhance our edge on integration, globalization, niche products, key technology, logistics platform, cost control and knowledge management to achieve our business goals.

In addition, the Company recognizes the advent of the era of smart manufacturing and knowledge management. We continually cultivate talents, appreciate valuable human resources, and has got certain progress and achievements in system management and organizational learning. We also aggressively implement ERP and CIM systems, Six Sigma, intelligent manufacturing and various projects in order to enable the Company's internal resources to be used most effectively and its production efficiency to be significantly improved. In the future, we will adopt a more active strategy in the expansion of our manufacturing sites in Asia to grasp the business opportunities provided by the growth of electronic industries around the world.

Thanks to the efforts and dedication of all employees, the Company has achieved a certain level of profitability over the past year even in the face of profit pressure caused by rising costs and the depreciation of the US dollar. We expect the competition in the future will be still extremely intensive. We are going to continue improving our core competitiveness to enhance our performance so that we can keep enhancing shareholders' equity.

Sincerely yours,

Chairperson　　Chief Executive Officer　　Principal Accounting Officer

2.Company Profile

2.1 Founding Date

September 26, 1979.

2.2 Milestones

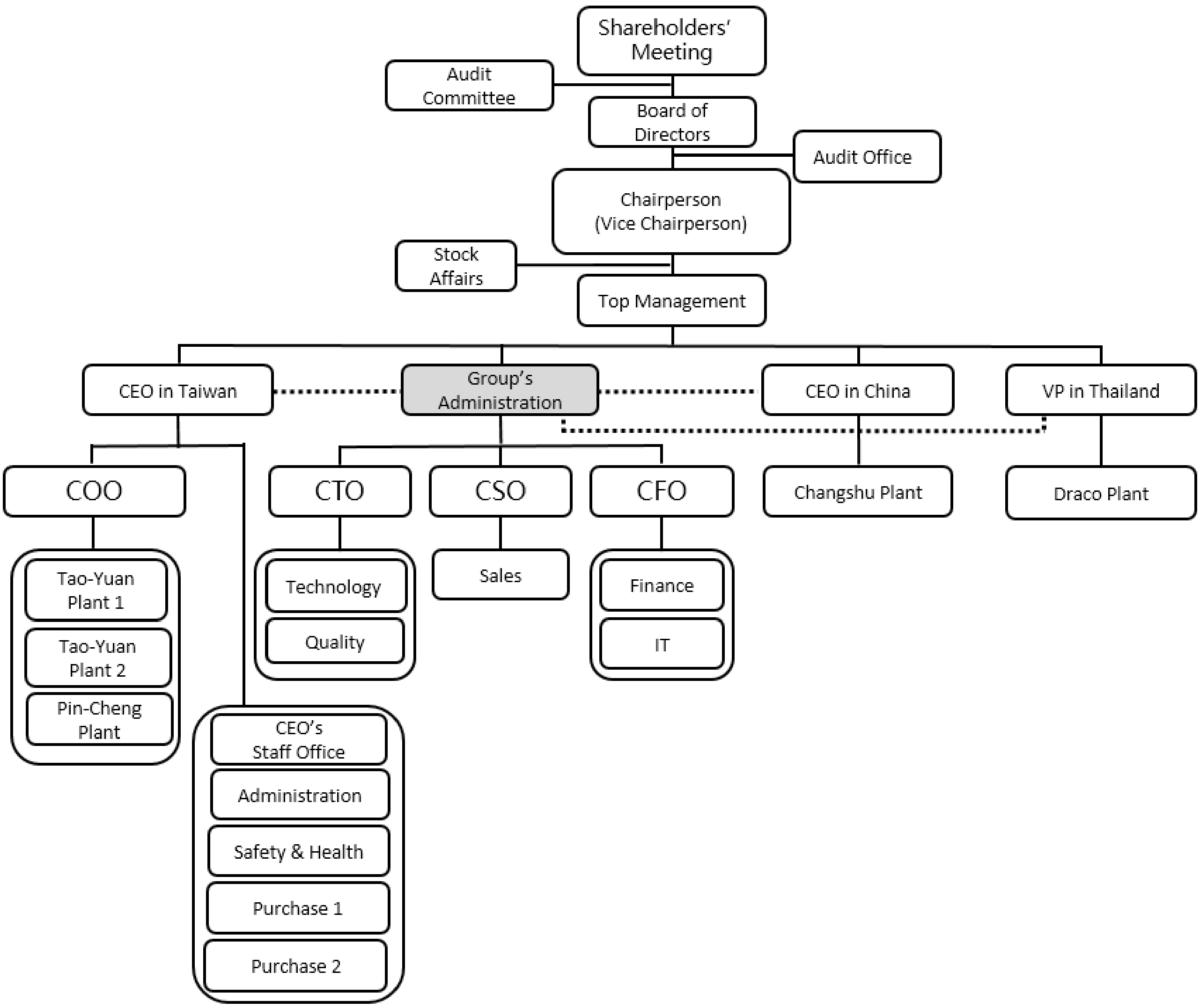
Year	Milestones
1979	Chin Poon Industrial Co., Ltd. founded with a share capital of NTD 2 million.
1984	T1 plant established.
1988	Acquired Da-Hong Industrial Co., Ltd..
1989	Invested in Draco PCB Public Co., Ltd. in Thailand to expand the market in South East Asia.
1990	Became a public-held company.
1991	Acquired Pin-Cheng Plant.
1994	Certificated with ISO-9002.
1995	T2 plant established.
1996	Listed on Taiwan Stock Exchange on October 14.
1998	Certificated with ISO-14001.
	Chin-Poon (Suzhou) Electronics Co., Ltd founded in Suzhou China to expand the market in China.
1999	Certificated with QS-9000.
2000	Chin-Poon (Suzhou) Electronics Co., Ltd certificated with ISO-9002, QS-9000 and TL-9000.
	Joint venture with Aspocomp from Finland to expand HDI business by restructuring Chin-Poon (Suzhou) Co., Ltd. into ACP Electronics Co., Ltd..
2001	Certificated with TL-9000.
	HDI (microvia) business started.
2002	Established P3 plant in Taiwan.
	Certificated with ISO-14000, ISO 9001:2000, TL 9000 Rel.3.0 and TS 16949:2002.
2003	Mr. Vincent Huang became the chairperson in September.
2004	Established Chang-Jung Plant in Taiwan
	New office building built.
2005	Acquired Shun-Hong Investment Co., Ltd..

2006	Chin-Poon (Changshu) Electronics Co., Ltd founded in Changshu China to expand the capacity in China.
2007	Sold 49% ownership of Chin-Poon (Suzhou) Electronics Co., Ltd to our joint venture partner in March.
	Established S1 and S2 plant of Chin-Poon (Changshu) Electronics Co., Ltd in China.
2008	Established P5 plant in Taiwan.
2010	Chin Poon Japan founded in January.
2012	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 43.25%.
2014	Built a new plant of Draco in Thailand.
2015	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 52.59%.
	New capacity of T2 plant expanded.
2016	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 95.53%.
2017	Delisted Draco PCB Public Co., Ltd. from Thailand Stock Exchange in June and increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 99.58% in July.
2018	Fire incident at P2 plant and P3 Plant in April.
	New expansion of Changshu plant established in December.
2019	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 96.65%.
2020	Mrs Yu-Chih Tseng-Liu elected as the new chairperson in June.
	T2 plant acquired the certificate of AS 9100 Aerospace Quality Management System in October.
	Acquired the certificate of ISO 45001 Occupational Health & Safety Management System in November.
	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 99.73%.
2021	Increased ownership of Draco PCB Public Co., Ltd. in Thailand up to 99.78%.

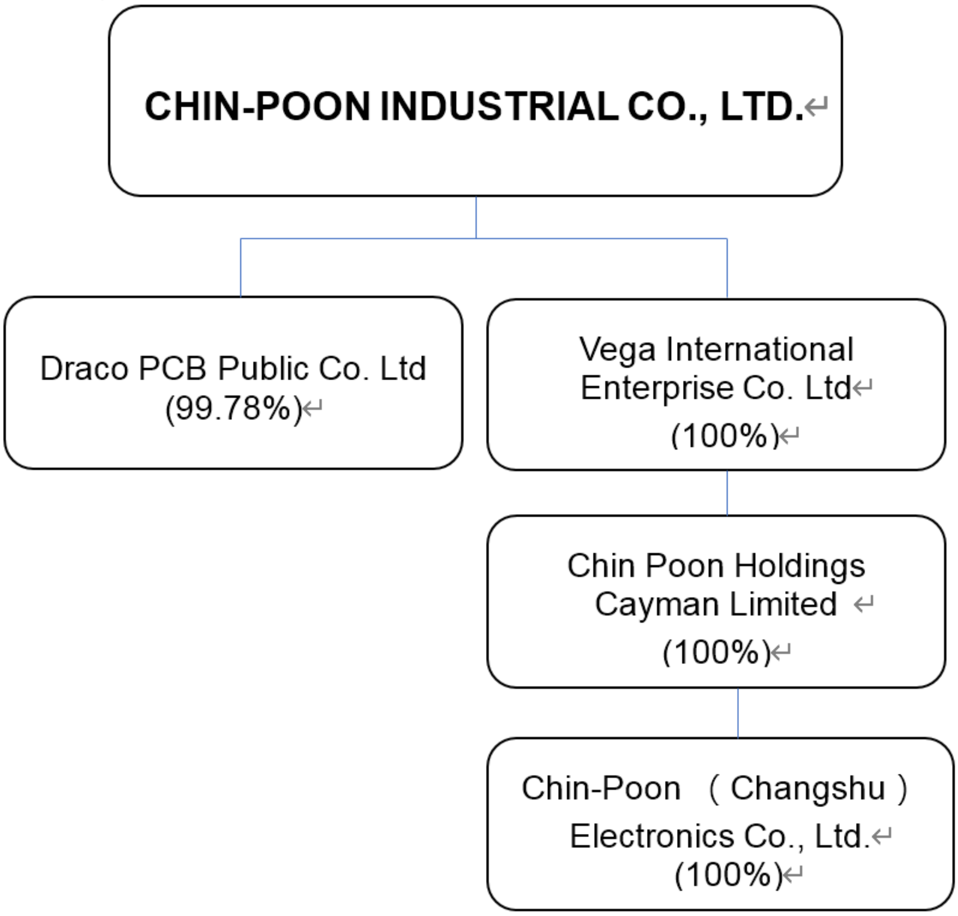
3. Corporate Governance

3.1 Organization

3.1.1 Organization Chart



3.1.2 Family Tree



3.1.3 Primary Operational Departments

Top Management	The inter-departmental integration is organized as a variety of committees participated by top management in order to integrate the Company’s resources and build consensus, which is conducive to the alignment of operations and the improvement of performance and efficiency. A variety of committees includes a product committee, a price committee, a budget committee, and a manpower committee.
Sustainability Committee	a. It is the Company’s top authority on sustainability. The Company’s chairperson serves as the chairman of this committee who works with several senior executives in different fields. They review the Company's core

	operating capabilities, formulate short-term and long-term sustainable development plans, and report to the board of directors. b. The Sustainability Committee serves as an inter-departmental platform integrating the works of all departments. Through regular meetings and task groups for different issues, the Committee identify sustainability issues related to company operations and stakeholders, formulate corresponding strategies and guidelines, compile sustainability budgets for each organization, and implement annual plans, and track the implementation results to ensure that the sustainable development strategy is fully incorporated into the Company's daily operations. c. The Company takes the Sustainability Committee also as the top authority on climate change management. It reviews the Company's climate change strategy and goals, manages climate change risks and opportunities, reviews the implementation status and discusses future plans, and reports to the board of directors every year.
Chief Corporate Governance Officer	a. Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law. b. Preparation of minutes of the board of directors meetings and shareholders meetings. c. Assistance in onboarding and continuing education of the directors and supervisors. d. Provision of information required for performance of duties by the directors and supervisors. e. Assistance in the directors' and supervisors' compliance of law. f. Other matters described or established in the articles of incorporation or under contract.
CEO's Staff Office	a. Responsible for planning the Company’s long-term and short-term business strategy and effectively supporting all units to complete their business objectives, for assessing the performance of each unit on regular or irregular basis according to the Company’s internal regulations, and for ensuring the safety of the

	Company's assets and the effective operation of the business.
	b. In charge of investors relationship.
Audit Office	a. Assesses the appropriateness and effectiveness of the internal control system and make appropriate recommendations. b. Makes sure that all transactions comply with the Company's policies, plans, systems and related laws and regulations. c. Prevents anyone from falling foul of malpractice or unethical behavior. When the fraud event is discovered, the management can be notified in time to reduce the Company's losses. d. Makes sure that the Company's resources and assets are effectively used and properly protected.
Sales	a. Formulates and implements the annual sales plan. b. Transforms marketing strategies immediately and effectively to respond to market changes. c. Executes routine sales operations such as quotation, credit line application and collection of accounts receivable. d. Deals with customers' complaints and claim. e. Formulates and implements a variety of promotion strategies. f. Formulates and implements new product development and new market development. g. Manages the supply chain and collects information on the markets. h. Plans sales operation and manpower development. i. Assists implementation of environmental policy and environmental management.
COO & Plants	a. Plans the overall development of plants management. b. In charge of planning and establishment of plants. c. In charge of planning and selection of equipment and of establishment and implementation of equipment maintenance.

	d. Plans and enhances manufacturing capabilities. e. Establishes and implements quality systems. f. Researches and develops new processes and new products. g. Establishes and implements a production management system. h. Establishes and implements environmental protection systems. i. Plans and implements employee education and training. j. Implements cost management and control.
Administration	a. In charge of human resources planning and development and of education and training. b. Manages the routine operations of promotion, salary, welfare and attendance management. c. In charge of general administration and fixed asset management.
Safety & Health	a. Plans safety and health management to prevent occupational disasters and occupational diseases b. Provides information and recommendations on labor safety and health management.
IT	a. Establishes an enterprise information policy to integrate and manage enterprise information resources. b. Plans and implements information systems to improve the efficiency of business management.
Stock Affairs	in charge of the routines of stock affairs and of the matters of the shareholders' meeting.
Finance	a. In charge of fund planning, cash management and assets and risk management. b. In charge of affairs on accounting, tax, cost analysis and management.
Purchase	a. In charge of supplier selection and supplier development. b. Provides the raw materials to the demanding units at reasonable prices and in proper quantity, which is beneficial to the operation of manufacturing.

3.2 Information on the Directors, CEO, VP, AVP, and Supervisors in Each Department and Branch Office

3.2.1 Information on Directors and Independent Directors

April 26, 2022

Title	Nationality or Place of Registration	Name	Gender & Age	Date of Being Elected	Terms	Date of Being First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Selected Education and Past Positions	Current Positions at Chin-poon and other companies	Executives or Directors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairperson	R.O.C.	Tseng-Liu, Yu-Chih	Female 71-80	June 23, 2020	3	Aug. 11, 1979	9,603,279	2.42%	9,603,279	2.42%	1,372,422	0.35%	-	-	Chairperson, Chin-Poon Industrial Co., Ltd. St. Francis Xavier High School	Chairperson, VEGA International Enterprise Co., Ltd. Chairperson, Chin-Poon Holdings Cayman Limited Chairperson, Chin-Poon (Changshu) Electronics Co., Ltd.		None	
Director	R.O.C.	Lin, Pi-Chi	Male 71-80	June 23, 2020	3	Aug. 11, 1979	7,750,649	1.95%	7,282,649	1.83%	2,591,839	0.65%	-	-	Manager, Chin-Poon Industrial Co., Ltd. National Tao-yuan Agricultural & Industrial Vocational High School	Director, Chin-Poon (Changshu) Electronics Co., Ltd. Director, Draco PCB Public Co., Ltd Director, Dalux Technology Co., Ltd		None	
Director	R.O.C.	Huang, Wei-Jin	Male 71-80	June 23, 2020	3	Aug. 11, 1979	13,238,409	3.33%	11,238,409	2.83%	2,642	0.00%	-	-	Chairperson and CEO, Chin-Poon Industrial Co., Ltd. National Cheng Kung University	Director, Chin-Poon (Changshu) Electronics Co., Ltd. Director, Draco PCB Public Co., Ltd		None	
Director	R.O.C.	Tung, Hsiao-Hung	Female 71-80	June 23, 2020	3	May 18, 2005	6,308,043	1.59%	6,308,043	1.59%			-	-	Chairperson, Wei Ze Investment Co., Ltd. National Taipei College of Business	Chairperson, Tongli Investment CO., LTD. Director, Chin-Poon (Changshu) Electronics Co., Ltd.		None	
Director	R.O.C.	Lai, Hwei-Shan	Male 71-80	June 23, 2020	3	May 2, 1990	6,283,114	1.58%	6,283,114	1.58%			-	-	Chairperson, Liangpin Industrial Co., Ltd. National Chung Hsing University	None		None	
Director	R.O.C.	Tseng, Wen-Yu	Male 61-70	June 23, 2020	3	Feb. 5, 1988	5,546,357	1.40%	5,546,357	1.40%	183,630	0.05%	-	-	Chairperson, One Hsiang Restaurant Co., Ltd. LeeMing Institute of Technology	Director, Chin-Poon (Changshu) Electronics Co., Ltd.		None	
Independent Director	R.O.C.	Chen, Hsiang-Sheng	Male 71-80	June 23, 2020	3	June 22, 2017	88,637	0.02%	88,637	0.02%			-	-	Vice President, Chin-Poon Industrial Co., Ltd. National Taiwan Normal University	None		None	
Independent Director	R.O.C.	Chen, Shi-Shu	Male 81-90	June 23, 2020	3	June 22, 2017	0	0%	0	0%			-	-	CPA, Kudos & Co., C.P.A.s National Chung Hsing University	None		None	
Independent Director	R.O.C.	Hsu, Sung-Tsai	Male 61-70	June 23, 2020	3	June 22, 2017	1,242	0.00%	1,242	0.00%			-	-	Senior Assistant Manager, Standard Chartered Bank (Taiwan) Limited Chinese Culture University	None		None	

3.2.2 Professional Qualifications and Independence Analysis of Directors and Independent Directors

April 25, 2022

Criteria / Name	Professional Qualification Requirements & Work Experience (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Tseng-Liu, Yu-Chih	● Leadership experience in the Board of Directors ● PCB market experience ● Overseas Market Experience ● Expertise on PCB technology and equipment ● Factory management ● Expertise on investment		None.
Lin, Pi-Chi	● Leadership experience in the Board of Directors ● A board director of other listed companies ● PCB market experience ● Overseas Market Experience ● Expertise on PCB technology and equipment ● Factory management ● Expertise on investment		None.
Huang, Wei-Jin	● Leadership experience in the Board of Directors ● A board director of other listed companies ● PCB market experience ● Overseas Market Experience ● Expertise on investment		None.
Tung, Hsiao-Hung	● Leadership experience in the Board of Directors ● A board director of other listed companies ● Expertise on accounting		None.
Lai, Hwei-Shan	● Leadership experience in the Board of Directors ● A board director of other listed companies ● PCB market experience ● Expertise on PCB materials and their business		None.
Tseng, Wen-Yu	● Leadership experience in the Board of Directors ● A board director of other companies ● PCB market experience ● Expertise on investment		None.
Chen, Hsiang-Sheng	● Leadership experience in the Board of Directors ● A board director of other listed companies ● PCB market experience ● Overseas Market Experience ● Expertise on PCB technology and equipment ● Factory management	He and his immediate family members are independent of the Company.	None.

Criteria / Name	Professional Qualification Requirements & Work Experience (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chen, Shi-Shu	● Leadership experience in the Board of Directors ● Expertise on accounting ● Expertise on tax ● Expertise on corporate governance	He and his immediate family members are independent of the Company.	None.
Hsu, Sung-Tsai	● Leadership experience in the Board of Directors ● Expertise on accounting ● Expertise on financing	He and his immediate family members are independent of the Company.	None.

1 Professional Qualifications and Work Experience: The professional qualifications and work experience of individual directors and supervisors shall be described. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience shall be described, and whether they have not been subject to the provisions of Article 30 of the Company Act shall be specified as well.

2 The independent directors shall remain their independence status which include but is not limited to whether he or she, his or her spouse or relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliates, the number and proportion of the Company's shares held by him or her, his or her spouse or relatives within the second degree of kinship (or held by the person under others' names), whether they serve as directors, supervisors or employees in a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies), and the amount of remuneration received for the provision of business, legal, financial and accounting services to the Company or its affiliates in the last two years.

3 With regard to disclosure methods, please refer to the best practice examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

3.2.3 Diversity and Independence in the Board of Directors

3.2.3.1 Diversity of the Board of Directors

Describe the diversity policy of the Board of Directors and its goals and achievement. The diversity policy includes, but is not limited to, the selection criteria for directors, the professional qualifications and work experience that the board of directors should have, and the composition or proportion of its gender, age, nationality, and culture, etc. And the Company's specific goals and their achievement for this policy shall be described as well.

Article 20 of the Company's "Code of Practice on Corporate Governance" stipulates that the composition of the board of directors should consider diversity, such as having different professional backgrounds, expertise, industry experience, gender, etc. and the directors shall have the knowledge, skills, and experience necessary to perform their duties.

In order to enhance the corporate governance and promote the sound development of the Board of Directors in terms of its composition and structure and to achieve the ideal goals of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

The board of directors of the Company consists of 9 directors, including 6 directors and 3 independent directors. Independent directors account for 33%. They have comprehensive industry experience, covering expertise and experience of chemistry, materials, machinery, engineering, accounting, economics, and finance, which are specifically related to the PCB industry. They have excellent competence on operational judgment, management, crisis handling, international market development and leadership.

The company pays attention to gender equality in the composition of the board of directors. Currently, female directors account for 22%. The term of office of independent directors is 4-6 years. All independent directors have served no more than three consecutive terms.

The implementation of diversity among the members of the Board of Directors of the Company:

Name	Nationality	Gender	age			Accumulative years as an independent director	Abilities							
			61-70	71-80	81-90		1	2	3	4	5	6	7	8
Tseng-Liu, Yu-Chih Director	R.O.C.	Female		v			v	v	v	v	v	v	v	v
Lin, Pi-Chi Director	R.O.C.	Male		v			v		v	v	v	v	v	v
Huang, Wei-Jin Director	R.O.C.	Male		v			v	v	v	v	v	v	v	v
Tung, Hsiao-Hung Director	R.O.C.	Female		v			v	v	v	v	v		v	v
Lai, Hwei-Shan Director	R.O.C.	Male		v			v	v	v	v	v	v	v	v
Tseng, Wen-Yu Director	R.O.C.	Male	v				v		v	v	v		v	v
Chen, Hsiang-Sheng Independent Director	R.O.C.	Male		v		4-6	v		v	v	v	v	v	v
Chen, Shi-Shu Independent Director	R.O.C.	Male			v	4-6	v	v	v	v			v	v
Hsu, Sung-Tsai Independent Director	R.O.C.	Male	v			4-6	v	v	v	v			v	v

Abilities Designation:
1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

3.2.3.2 Independence of the Board of Directors

Specify the number and proportion of independent directors, and explain that the board of directors is independent, and explain whether there are no case stipulated in Article 26-3, paragraph 3 and 4 of the Securities and Exchange Act, including the cases of there being spouses or relatives within the second degree of kinship between directors, between supervisors, or between directors and supervisors.

The board of directors of the Company consists of 9 directors, including 6 directors and 3 independent directors, with independent directors accounting for 33%.

The independent directors of the Company remain their independence status which include but is not limited to the facts that he or she, his or her spouse or relatives within the second degree of kinship are not directors, supervisors or employees of the Company or its affiliates, that the number and proportion of the Company's shares held by him or her, his or her spouse or relatives within the second degree of kinship (or held by the person under others' names) is shown in the table in 3.2.1, that they do not serve as directors, supervisors or employees in a company that has a specific relationship with the Company, and that they have received no amount of remuneration for the provision of business, legal, financial and accounting services to the Company or its affiliates in the last two years.

3.2.4 Major Shareholders of the Institutional Shareholders

April 26, 2022

Name of Institutional Shareholders	Major Shareholders
No director appointed by any institutional shareholder.	None

3.2.5 CEO, VP, AVP, and Supervisors in Each Department and Branch Office

April 26, 2022

Title	Nationality	Name	Gender	Date of Assuming the Position	Current Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Primary Experiences & Education	Positions Presently Held in Other Companies	Managers who are a Spouse or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
CEO	R.O.C.	Alan Hwang	Male	Jul. 12, 2019	150,955	0.04%	-	-	-	-	M.S., National Cheng Kung University	None		None	
CEO in China	R.O.C.	Charlie Tseng	Male	Jan. 1, 2007	176,682	0.04%	20,000	0.01%	-	-	Soochow University	Director, Chime Ball Technology Co., Ltd Director, BeneGear Inc.		None	
VP	R.O.C.	Catherine Hsing	Female	Jan. 1, 2007	64,205	0.02%	-	-	-	-	Ming Chuan University	None		None	
VP	R.O.C.	Rachel Lin	Female	Jan. 1, 2002	80,217	0.02%	-	-	-	-	MBA, National Taiwan University	Independence Director & Member of Compensation Committee, Sitronix Technology Corporation		None	
VP	R.O.C.	Jack Lin	Male	Jan. 1, 2007	16,353	0.00%	-	-	-	-	National Central University	None		None	
AVP	R.O.C.	Phil Su	Male	Aug. 13, 2019	13,000	0.00%	215	-	-	-	M.S., National Sun Yat-sen University	None		None	
Internal Auditing Officer	R.O.C.	Candy Sung	Female	Feb. 21, 2008	2,162	0.00%	-	-	-	-	Hsing Wu Commercial College	None		None	
Chief Corporate Governance Officer	R.O.C.	Yu-Chiao Huang	Female	Mar. 19, 2020	276,360	0.07%	512,650	0.13%			Hsing Wu Commercial College	None		None	

3.3 Remuneration for the Directors, CEO, and VPs, etc. for this Fiscal Year

3.3.1 Remuneration for Directors

3.3.1.1 Remuneration for Directors except Independent Directors

Unit: NT$ thousand

Title	Name	Remuneration: Base Compensation (A) (Note 2)		Remuneration: Severance Pay & Pensions (B)		Remuneration: Remuneration to Directors (C) (Note 3)		Remuneration: Allowances (D) (Note 4)		Total Remuneration (A+B+C+D) and the Ratio of it to Net Income (%) (Note 10)		Compensation Earned by Directors Who are Also Employees: Salary, Bonuses, and Allowances (E) (Note 5)		Compensation Earned by Directors Who are Also Employees: Severance Pay & Pensions (F)		Compensation Earned by Directors Who are Also Employees: Employees' Profit-sharing Bonus (G) (Note 6)				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid from Non-consolidated Investees or the parent company (Note 11)
		The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company		From All Consolidated Entities (Note 7)		The Company	From All Consolidated Entities (Note 7)	
																Cash	Stock	Cash	Stock			
Director	Huang, Wei-Jin	7,433	7,433	0	0	2,160	2,160	1,440	1,440	11,033; 3.27%	11,033; 3.27%	0	0	0	0	0	0	0	0	11,033; 3.27%	11,033; 3.27%	0
Director	Lin, Pi-Chi																					
Director	Tseng-Liu, Yu-Chih																					
Director	Tung, Hsiao-Hung																					
Director	Lai, Hwei-Shan																					
Director	Tseng, Wen-Yu																					

In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compens directors for their services, such as being independent contractors.

3.3.1.2 Remuneration for Independent Directors

Unit: NT$ thousand

Title	Name	Remuneration: Base Compensation (A) (Note 2)		Remuneration: Severance Pay & Pensions (B)		Remuneration: Remuneration to Directors (C) (Note 3)		Remuneration: Allowances (D) (Note 4)		Total Remuneration (A+B+C+D) and the Ratio of it to Net Income (%) (Note 10)		Compensation Earned by Directors Who are Also Employees: Salary, Bonuses, and Allowances (E) (Note 5)		Compensation Earned by Directors Who are Also Employees: Severance Pay & Pensions (F)		Compensation Earned by Directors Who are Also Employees: Employees' Profit-sharing Bonus (G) (Note 6)				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid from Non-consolidated Investees or the parent company (Note 11)
		The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company	From All Consolidated Entities (Note 7)	The Company		From All Consolidated Entities (Note 7)		The Company	From All Consolidated Entities (Note 7)	
																Cash	Stock	Cash	Stock			
Independent Director	Chen, Hsiang-Sheng	0	0	0	0	1,080	1,080	720	720	1,800; 0.53%	1,800; 0.53%	0	0	0	0	0	0	0	0	1,800; 0.53%	1,800; 0.53%	0
Independent Director	Chen, Shi-Shu																					
Independent Director	Hsu, Sung-Tsai																					

In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compens directors for their services, such as being independent contractors.

Note 1: The names of directors are individually presented and the amount of each payment is disclosed in a consolidated manner. The directors except independent directors and the independent directors are shown separately in different tables.
Note 2: This refers to directors' remuneration (including directors' salary, bonuses associated with their assignment, severance pay, various bonuses and incentives etc.) for the most recent fiscal year.
Note 3: This refers to the amount of remuneration for directors, which is approved by the Board of Directors for the most recent fiscal year.
Note 4: This refers to the directors' business-associated expenditures for the most recent fiscal year (including transportation fees, special expenses, various allowances, boarding, and company cars etc.). If housing, vehicles and other methods of transportation, or individual exclusive spending are offered, the characteristics and costs of the assets offered, the real or fair market value of rental expenses, gas allowance, and other payments should be disclosed. If a chauffeur is offered to a director, the payment to the chauffeur by the Company should be disclosed, but need not be counted within the allowance.
Note 5: This refers to the packages for the directors who also serve as employees (including serving as President, VP, other managers and staff) for the most recent fiscal year, which includes their salaries, bonuses associated with their assignment, severance pay, various bonuses, incentives, transportation fees, special expenses, various allowances, boarding, and company cars etc. If housing, vehicles and other methods of transportation, or individual exclusive spending are offered, the characteristics and costs of the assets offered, the real or fair market value of rental expenses, gas allowance, and other payments should be disclosed. If a chauffeur is offered to a director, the payment to the chauffeur by the Company should be disclosed, but need not be counted within the category. And the listed salary costs of IFRS 2 "share-based payment", including the acquisition of employee stock option certificate, New Restricted Employee Shares and participation in subscription to an increase in share capital, etc., should also be included in the category.
Note 6: This refers to the employee remuneration (including shares and cash) for those directors who also serve as employees (including serving as President, VPs, other managers, and staff) for the most recent fiscal year. The profit-sharing bonus to be paid to the employees, which has been approved by the Board of Directors for the most recent fiscal year, should be disclosed. If the bonuses cannot be estimated, the intended amount this year should be calculated based on last year's actual paid amount, and be disclosed in a separate form.
Note 7: The total amount of all payment paid to directors of The Company from all consolidated entities (including The Company) included in this report should be disclosed in its entirety.
Note 8: The names of directors are put in the range according to their total payment by The Company.
Note 9: The names of directors are put in the range according to their total payment by all consolidated entities (including The Company).
Note 10: Net income refers to the net income of the most recent fiscal year. If the IFRS has been

adopted, the net income means the net income of the parent company only financial statements in the most recent year.

Note 11: a. The amount of compensation paid to directors from non-consolidated investees or the parent company should be disclosed clearly.

b. If a company director has received compensation from non-consolidated investees or the parent company, the amount received under this category should be included in the (I) column of the table in 3.3.2, and revise the name of the column as "From All Investees or the parent company ".

c. This refers to the compensation, remuneration (including remuneration paid to employees, directors, supervisors or managers), and business-related allowance for the directors served as employees, directors, supervisors or managers in all non-consolidated investees or the parent company.

* the compensation as disclosed in the tables is not in accordance with the concept of Income Tax Act. Hence, this table is solely for the purpose of information disclosure, and not for income tax return.

3.3.1.3 Policy, System, Standards and Composition for the Remuneration of Independent Directors

The Company has only one policy on the remuneration of independent directors, i.e., a fixed amount of remuneration with each independent director paid at NT$600,000 per year. Defined benefit remuneration allows independent directors to maintain independence in their decision-making, as the performance and profitability of any material decision is independent of the independent director's compensation, avoiding the risk that the independent director will lose his or her independent judgment by having an interest in a material decision. The payment of NT$600,000 for each independent director is above the average, which allows our independent directors to be reasonably compensated as well.

3.3.2 Remuneration Range of Directors

Range of Remuneration (X)	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	From All Consolidated Entities (H) (Note 9)	The Company (Note 8)	From All Consolidated Entities (I) (Note 9)
X < NT$ 1,000,000	Huang, Wei-Jin, Lin, Pi-Chi, Tung, Hsiao-Hung Lai, Hwei-Shan Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai	Huang, Wei-Jin, Lin, Pi-Chi, Tung, Hsiao-Hung Lai, Hwei-Shan Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai	Huang, Wei-Jin, Lin, Pi-Chi, Tung, Hsiao-Hung Lai, Hwei-Shan Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai	Huang, Wei-Jin, Lin, Pi-Chi, Tung, Hsiao-Hung Lai, Hwei-Shan Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai
NT$1,000,001 ≤ X < NT$2,000,000				
NT$2,000,001 ≤ X < NT$3,500,000				
NT$3,500,001 ≤ X < NT$5,000,000				
NT$5,000,001 ≤ X < NT$10,000,000	Tseng-Liu, Yu-Chih	Tseng-Liu, Yu-Chih	Tseng-Liu, Yu-Chih	Tseng-Liu, Yu-Chih
NT$10,000,001 ≤ X < NT$15,000,000				
NT$15,000,001 ≤ X < NT$30,000,000				
NT$30,000,001 ≤ X < NT$50,000,000				
NT$50,000,001 ≤ X < NT$100,000,000				
X ≥ NT$100,000,000				
Total				

3.3.3 Remuneration and Remuneration Range of Supervisors

Not applicable.

3.3.4 Compensation for CEO and VPs, etc.

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name (note 1)</th><th colspan="2">Salary (A) (note 2)</th><th colspan="2">Severance Pay & Pensions (B)</th><th colspan="2">Bonuses & Allowances etc. (C) (note 3)</th><th colspan="4">Employees' Profit-sharing Bonus (D) (note 4)</th><th colspan="2">Total Remuneration (A+B+C+D) and the Ratio of it to Net Income (%) (note 8)</th><th rowspan="3">Compensation Paid from Non-consolidated Investees (note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">From All Consolidated Entities (note 5)</th><th rowspan="2">The Company</th><th rowspan="2">From All Consolidated Entities (note 5)</th><th rowspan="2">The Company</th><th rowspan="2">From All Consolidated Entities (note 5)</th><th colspan="2">The Company</th><th colspan="2">From All Consolidated Entities (note 5)</th><th rowspan="2">The Company</th><th rowspan="2">From All Consolidated Entities (note 5)</th></tr>
<tr><th>Cash</th><th>Share</th><th>Cash</th><th>Share</th></tr>
<tr><td>CEO</td><td>Alan Hwang</td><td rowspan="6">13,804</td><td rowspan="6">14,822</td><td rowspan="6">903</td><td rowspan="6">903</td><td rowspan="6">11,490</td><td rowspan="6">11,577</td><td rowspan="6">457</td><td rowspan="6">0</td><td rowspan="6">457</td><td rowspan="6">0</td><td rowspan="6">26,654; 7.89%</td><td rowspan="6">27,759; 8.22%</td><td rowspan="6">0</td></tr>
<tr><td>CEO in China</td><td>Charlie Tseng</td></tr>
<tr><td>VP</td><td>Catherine Hsing</td></tr>
<tr><td>VP</td><td>Rachel Lin</td></tr>
<tr><td>VP</td><td>Jack Lin</td></tr>
<tr><td>AVP</td><td>Phil Su</td></tr>
</table>

3.3.5 Compensation Range of CEO and VPs

Unit: NT$ thousands

Range of Compensation (X)	Names of CEO and VPs	
	The Company (Note 6)	From All Consolidated Entities (E) (Note 7)
X < NT$ 1,000,000		
NT$1,000,001 ≤ X < NT$2,000,000		
NT$2,000,001 ≤ X < NT$3,500,000	Phil Su	Phil Su
NT$3,500,001 ≤ X < NT$5,000,000	Catherine Hsing Rachel Lin Jack Lin	Catherine Hsing Rachel Lin Jack Lin
NT$5,000,001 ≤ X < NT$10,000,000	Alan Hwang Charlie Tseng	Alan Hwang Charlie Tseng
NT$10,000,001 ≤ X < NT$15,000,000		
NT$15,000,001 ≤ X < NT$30,000,000		
NT$30,000,001 ≤ X < NT$50,000,000		
NT$50,000,001 ≤ X < NT$100,000,000		
X ≥ NT$100,000,000		
Total		

Note 1: The names of CEO and VPs, etc. are individually presented and the amount of each payment is disclosed in a consolidated manner. If a director is also CEO or VP, he/she should be listed in this table and in the tables in 3.3.1 and 3.3.2.

Note 2: This refers to CEO's and VPs' salary, bonuses associated with their assignment and severance pay for the most recent fiscal year.

Note 3: This refers to CEO's and VPs' various bonuses, incentives, transportation fees, special expenses, various allowances, boarding, and company cars etc. If housing, vehicles and other methods of transportation, or individual exclusive spending are offered, the characteristics and costs of the assets offered, the real or fair market value of rental expenses, gas allowance, and other payments should be disclosed. If a chauffeur is offered to a director, the payment to the chauffeur by the Company should be disclosed, but need not be counted within the category. And the listed salary costs of IFRS 2 "share-based payment", including the acquisition of employee stock option certificate, New Restricted Employee Shares and participation in subscription to an increase in share capital, etc., should also be included in the category.

Note 4: This refers to the profit-sharing bonus (including shares and cash) to be paid to CEO and VPs, etc., which has been approved by the Board of Directors for the most recent fiscal year. If the bonuses cannot be estimated, the intended amount this year should be calculated based on last year's actual paid amount, and be disclosed in a separate form.

Note 5: The total amount of all payment paid to CEO and VPs, etc. of The Company from all consolidated entities (including The Company) included in this report should be disclosed in its entirety.

Note 6: The names of CEO and VPs, etc. are put in the range according to their total payment by The Company.

Note 7: The names of CEO and VPs, etc. are put in the range according to their total payment by all consolidated entities (including The Company).

Note 8: Net income refers to the net income of the most recent fiscal year. If the IFRS has been adopted, the net income means the net income of the parent company only financial statements in the most recent year.

Note 9: a. The amount of compensation paid to CEO and VPs, etc. from non-consolidated investees or the parent company should be disclosed clearly.

b. If CEO and VPs, etc. has received compensation from non-consolidated investees or the parent company, the amount received under this category should be included in the (E) column of the table in 3.3.2, and revise the name of the column as "From All Investees or the parent company ".

c. This refers to the compensation, remuneration (including remuneration paid to employees, directors, supervisors or managers), and business-related allowance for CEO and VPs, etc. served as employees, directors, supervisors or managers in all non-consolidated investees or the parent company.

Note 10: Mr. Wei-Jin Huang discharged from CEO on 12 July, 2019. His compensation has been proportionally included in the above table.

* the compensation as disclosed in the tables is not in accordance with the concept of Income Tax Act. Hence, this table is solely for the purpose of information disclosure, and not for income tax return.

3.3.6 Employees' Bonus Paid to Management Team

March 31, 2021; Unit: NT$ thousands

	Title (note 1)	Name (note 1)	Shares	Cash	Total	Total Employees' Bonus Paid to Management Team as a % of Net Income
Managers	CEO	Alan Hwang	0	509	509	0.15%
	CEO in China	Charlie Tseng				
	VP	Catherine Hsing				
	CFO	Rachel Lin				
	VP	Jack Lin				
	AVP	Phil Su				
	Internal Auditing Officer	Candy Sung				
	Chief Corporate Governance Officer	Yu-Chiao Huang				

Note 1: Individual names and titles should be disclosed separately, but the bonuses can be disclosed collectively.

Note 2: The scope of a manager, according to No. 0920001301 letter of the Taiwan Finance and Securities III, includes the following:
a) CEO and the equivalent;
b) VP and the equivalent;
c) AVP and the equivalent;
d) CFO;
e) Accounting supervisor;
f) others who manage company affairs and have authority to sign documents.

Note 3: If the directors, CEO and VPs, etc. have received employee bonuses (including stocks and cash), they should be re-listed in this table in addition to the above tables.

Note 4: Mr. Wei-Jin Huang discharged from CEO on 12 July, 2019. He no longer received Employees' Bonus in 2019.

3.3.7 Compare and illustrate the ratio of the total compensation paid to the Directors, Supervisors, CEO, and VPs, etc. from the Company and all consolidated entities to the net income of the financial statements, and explain the compensation policy, its standard and its combinations, the procedures to decide the amount of the compensation, and its correlation to management performance and expected future risks

3.3.7.1 The ratio of the total compensation paid to the Directors, Supervisors, CEO, and VPs, etc. from the Company and all consolidated entities to the net income of the financial statements

Unit: NT$ thousands

Title	2020		2020	
	The Company	Ratio of Total Compensation to Net Income (%)	All Consolidated Entities	Ratio of Total Compensation to Net Income (%)
Directors	11,456	24.84%	11,456	24.84%
CEO & VPs, etc.	22,603	49.01%	23,671	51.33%

Title	2021		2021	
	The Company	Ratio of Total Compensation to Net Income (%)	All Consolidated Entities	Ratio of Total Compensation to Net Income (%)
Directors	12,833	3.80%	12,833	3.80%
CEO & VPs, etc.	26,654	7.89%	27,759	8.22%

3.3.7.2 The remuneration of the directors and supervisors of the Company is allocated according to the distribution ratio stipulated in the Articles of Association of the Company; the compensation of CEO and VPs are paid according to the Company's salary policy.

Bonuses and profit-sharing bonuses shall be proposed by the compensation committee according to the Company's performance and expected future risks, and then approved by the board of directors.

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

In the most recent fiscal year, the Board of Directors have held 6 meetings (A). And the attendance of the Directors are as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Ratio of Attendance [B/A]	Remarks
Chairperson	Tseng-Liu, Yu-Chih	6	0	100	
Director	Huang, Wei-Jin	6	0	100	
Director	Lin, Pi-Chi	6	0	100	
Director	Tung, Hsiao-Hung	4	0	67	
Director	Tseng, Wen-Yu	6	0	100	
Director	Lai, Hwei-Shan	6	0	100	
Independent Director	Chen, Hsiang-Sheng	6	0	100	
Independent Director	Chen, Shi-Shu	6	0	100	
Independent Director	Hsu, Sung-Tsai	6	0	100	

3.4.2 Other Important Information on Operations of the Board of Directors

3.4.2.1 If one of the following circumstances occurs in the board of directors, the date, the period, the content of the proposals, the opinions of all independent directors on them and the Company’s response to their opinions shall be specified:

(1) Matters listed in Article 14-3 of Securities Exchange Act: Important resolutions of the board of directors shall be approved by directors and all attending independent directors without no objections or reservations from independent directors. The important resolutions of the board of directors are as follows:

Date	Meeting	Proposal	Resolution and Execution
Jan. 15, 2021	First Meeting in 2021	1. Business Plan and Budget for 2021.	Approved with no objection from all directors and independence directors.
		2. Appointment and Independence Assessment of the Company's CPAs for 2021.	Approved with no objection from all directors and independence directors.
		3. The company's year-end bonus proposal.	Approved with no objection from all directors and independence directors.
Mar. 19, 2021	Second Meeting in 2021	1. Business Report and Financial Statements for 2020.	Approved with no objection from all directors and independence directors.
		2. Proposal for Distribution of 2020 Profits and Retained Earnings.	Approved with no objection from all directors and independence directors.
		3. Proposal for the Compensation of Employees and the Remuneration of Directors of 2020.	Approved with no objection from all directors and independence directors.
		4. Statement on Effectiveness of the Design and Implementation of the Internal Control System in 2020.	Approved with no objection from all directors and independence directors.
		5. Amendment of the Operational Procedures for Derivatives Transactions of the Company and of Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
		6. Matters related to the 2021 Annual Shareholders' Meeting.	Approved with no objection from all directors and independence directors.
		7. Matters related to Acceptance of Shareholders' Proposals.	Approved with no objection from all directors and independence directors.
		8. Directors & Officers Liability Insurance Policy.	Approved with no objection from all directors and independence directors.
		9. Appointment of Chief Corporate Governance Officer.	Approved with no objection from all directors and independence directors.
May 12, 2021	Third Meeting in 2021	1. Loan Renewal of US$ 5 Million for Chin-Poon (Changshu) Electronics Co.,	Approved with no objection from all directors and independence directors.

		Ltd. by Chin-Poon Holdings Cayman Limited.	
		2. Shareholder Loan Application of US$ 8 Million to the Company by Draco PCB Public Company Limited.	Approved with no objection from all directors and independence directors.
		3. The Company's Guarantee for the short-term credit line of US$ 16 million by ANZ for Draco PCB Public Company Limited.	Approved with no objection from all directors and independence directors.
		4. Proposal of Cash Capital Increase of Baht 300 million for Draco PCB Public Company Limited.	Approved with no objection from all directors and independence directors.
Jul. 9, 2021	Fourth Meeting in 2021	1. Proposal for changing the date of the shareholders' meeting due to the epidemic in accordance with the instructions of the competent authority.	Approved with no objection from all directors and independence directors.
		2. Loan Renewal of US$ 7 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
		3. Amendment of the Rules on the Division of Responsibility and the Architecture of Authority in the Company and its Subsidiary "Chin-Poon (Changshu) Electronics Co., Ltd.".	Approved with no objection from all directors and independence directors with regard to appointing Mr. Alan Hwang as the CEO.
		4. Amendment of the "Credit Management Regulations" of the internal control in the Company and its Subsidiary "Chin-Poon (Changshu) Electronics Co., Ltd.".	Approved with no objection from all directors and independence directors.
Aug. 11, 2021	Fifth Meeting in 2021	1. Loan Renewal of US$ 8 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
		2. Relevant Matters of the 2021 Cash Dividend Distribution	Approved with no objection from all directors and independence directors.

		such as the Ex-Dividend Date.	
		3. Promotion of Audit Supervisor.	Approved with no objection from all directors and independence directors.
Nov. 10, 2021	Sixth Meeting in 2021	1. Amendments of Internal Control and of Internal Regulation.	Approved with no objection from all directors and independence directors.
		2. Loan Renewal of US$ 10 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
		3. Approval of the 2022 Annual Audit Plan.	Approved with no objection from all directors and independence directors.
		4. The Company's Guarantee for the short-term credit line of US$ 20 million by Taishin International Bank for Chin-Poon Holdings Cayman Limited.	Approved with no objection from all directors and independence directors.
Jan. 12, 2022	First Meeting in 2022	1. Business Plan and Budget for 2022.	Approved with no objection from all directors and independence directors.
		2. Appointment and Independence Assessment of the Company's CPAs for 2022.	Approved with no objection from all directors and independence directors.
		3. The company's year-end bonus proposal.	Approved with no objection from all directors and independence directors.
		4. Amendments of Internal Control and of Internal Regulation in the Company and its Subsidiary "Chin-Poon (Changshu) Electronics Co., Ltd.".	Approved with no objection from all directors and independence directors.
Mar. 14, 2022	Second Meeting in 2022	1. Business Report and Financial Statements for 2021.	Approved with no objection from all directors and independence directors.
		2. Proposal for Distribution of 2021 Profits and Retained Earnings.	Approved with no objection from all directors and independence directors.
		3. Proposal for the Compensation of Employees	Approved with no objection from all directors and independence directors.

		and the Remuneration of Directors of 2021.	
		4. Statement on Effectiveness of the Design and Implementation of the Internal Control System in 2021.	Approved with no objection from all directors and independence directors.
		5. Amendment of the Operational Procedures for Acquisition and Disposal of Assets.	Approved with no objection from all directors and independence directors.
		6. Matters related to the 2022 Annual Shareholders' Meeting.	Approved with no objection from all directors and independence directors.
		7. Matters related to Acceptance of Shareholders' Proposals.	Approved with no objection from all directors and independence directors.
		8. Directors & Officers Liability Insurance Policy.	Approved with no objection from all directors and independence directors.

(2) In addition to the above matters, there are other resolutions on which an independent director objects to or expresses reservations and which have been recorded in the board meeting minutes or in a written statement.

Until the annual report was finished, there was no such resolution.

3.4.2.2 Directors' Avoidance of Resolutions with Conflicts of Interest: The Company shall state the name of the directors, the content of the proposals, the reasons for avoidance and the resolutions.

Date	Name	Proposal	Reason of Avoidance	Resolution
Jan. 15, 2021	Huang, Wei-Jin Tseng-Liu, Yu-Chih	Proposal for Year-end Bonuses for Mrs. Tseng-Liu as the chairperson and for Mr. Huang as a director.	Mr. Huang and Mrs. Tseng-Liu avoided to participate in the resolution of his/her own year-end bonus.	Mr. Huang and Mrs. Tseng-Liu has avoided the resolution because of conflicts of interest. The resolution has been approved with no objection from all directors and independence directors.
Mar. 19, 2021	Huang, Wei-Jin Lin, Pi-Chi Tung, Hsiao-Hung Lai, Hwei-Shan Tseng-Liu, Yu-Chih Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai	Proposal for Remuneration of Directors.	Each director avoided to participate in the resolution of his/her own remuneration distribution case.	The directors at the meeting took turns to avoid the discussion of his/her own remuneration due to the principle of avoidance of interest.
Jan. 12, 2022	Tseng-Liu, Yu-Chih	Proposal for Year-end Bonus for Mrs. Tseng-Liu as the chairperson.	Mrs. Tseng-Liu avoided to participate in the resolution of her own year-end bonus.	Mrs. Tseng-Liu has avoided the resolution because of conflicts of interest. The resolution has been approved with no objection from all directors and independence directors.
Mar. 14, 2022	Huang, Wei-Jin Lin, Pi-Chi Tung, Hsiao-Hung Lai, Hwei-Shan Tseng-Liu, Yu-Chih Tseng, Wen-Yu Chen, Hsiang-Sheng Chen, Shi-Shu Hsu, Sung-Tsai	Proposal for Remuneration of Directors.	Each director avoided to participate in the resolution of his/her own remuneration distribution case.	The directors at the meeting took turns to avoid the discussion of his/her own remuneration due to the principle of avoidance of interest.

3.4.2.3 Performance Evaluations of the Board of Directors

Cycle (Note 1)	Period (Note 2)	Scope (Note 3)	Methods (Note 4)	Evaluation (Note 5)
One year	January 1, 2021 to December 31, 2021	the Board as a Whole	Self-Evaluation by the Board	participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, internal control
		Individual Directors	Self-Evaluation by Directors	alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, internal control
		Each Functional Committee, including Audit Committee and Compensation Committee	Self-Evaluation by Directors	participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, composition of the functional committee and election of its members, internal control

Note 1: It is to fill in the execution cycle of the board performance evaluation, for example, once a year.
Note 2: It is to fill in the period of the board performance to be evaluated, for example, the performance of the board of directors from January 1, 2021 to December 31, 2021.
Note 3: The scope of the evaluation includes the performance evaluation on the board as a whole, on individual directors and on functional committees.
Note 4: Evaluation methods include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.
Note 5: The evaluation includes at least the following items according to the scope:
(1) Performance evaluation on the board as a whole: at least include participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, internal control, etc.
(2) Performance evaluation on individual directors: at least include alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, internal control, etc.
(3) Performance evaluation on functional committees: participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, composition of the functional committee and election of its members, internal control, etc.

3.4.2.4 Objectives of enhancing the functions of the board of directors in the current and most recent years (such as establishing an audit committee, improving information transparency, etc.) and its implementation: The Company has established an audit committee on June 22, 2017. And the governance of the board of meeting has been effective and excellent.

3.4.3 Operations of the Audit Committee

For the most recent year, the audit committee has held 6 meetings (A) And the attendance of independent directors as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Ratio of Attendance [B/A]	Remarks
Independent Director	Chen, Hsiang-Sheng	6	0	100	
Independent Director	Chen, Shi-Shu	6	0	100	
Independent Director	Hsu, Sung-Tsai	6	0	100	

3.4.4 Other Important Information on Operations of the Audit Committee

3.4.4.1 If one of the following circumstances occurs in the audit committee, the date, the period, the content of the proposals, any independent director's dissenting opinion or qualified opinion or the content of their major proposals, the resolutions of the audit committee on them and the Company's response to their opinions shall be specified:

The main tasks of the Audit Committee of the Company include the following matters:

1. Audit of financial statements and formulation of accounting policies and procedures.
2. Internal control system and related policies and procedures.
3. A transaction involving material asset or derivatives trading.
4. A material monetary loan, endorsement, or provision of guarantee.
5. Financial derivatives trading and cash investment.
6. Regulatory compliance.
7. Issues concerning whether the managers and directors have related person transactions and possible conflicts of interest.
8. Information security.
9. Corporate risk management.
10. Assessment on qualification, independence and performance of certified public accountants.

11. Appointment, dismissal or remuneration of certified public accountants
12. Appointment and dismissal of CFO, accounting officer and internal auditing officer.
13. Fulfillment of duties of the audit committee
14. Self-assessment questionnaire on the audit committee performance

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statement, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit the Company's Financial Statements. KPMG has completed audit procedures and issued Audit Opinion. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Company.

(1) Matters listed in Article 14-5 of Securities Exchange Act: The important resolutions of the audit committee are as follows:

Date	Meeting	Proposal	Resolution and Execution
Jan. 15, 2021	First Meeting in 2021	1. Appointment and Independence Assessment of the Company's CPAs for 2021.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Mar. 19, 2021	Second Meeting in 2021	1. Business Report and Financial Statements for 2020.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Proposal for Distribution of 2020 Profits and Retained Earnings.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		3. Statement on Effectiveness of the Design and Implementation of the Internal Control System in 2020.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		4. Amendment of the Operational Procedures for Derivatives Transactions of the Company and of Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.

May 12, 2021	Third Meeting in 2021	1. Loan Renewal of US$ 5 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Shareholder Loan Application of US$ 8 Million to the Company by Draco PCB Public Company Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		3. The Company's Guarantee for the short-term credit line of US$ 16 million by ANZ for Draco PCB Public Company Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		4. Proposal of Cash Capital Increase of Baht 300 million for Draco PCB Public Company Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Jul. 9, 2021	Fourth Meeting in 2021	1. Loan Renewal of US$ 7 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Amendment of the Rules on the Division of Responsibility and the Architecture of Authority in the Company and its Subsidiary "Chin-Poon (Changshu) Electronics Co., Ltd.".	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		3. Amendment of the "Credit Management Regulations" of the internal control in the Company and its Subsidiary "Chin-Poon (Changshu) Electronics Co., Ltd.".	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Aug. 11, 2021	Fifth Meeting in 2021	1. Loan Renewal of US$ 8 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Nov. 10, 2021	Sixth Meeting in 2021	1. Amendments of Internal Control and of Internal Regulation.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.

		2. Loan Renewal of US$ 10 Million for Chin-Poon (Changshu) Electronics Co., Ltd. by Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		3. Approval of the 2022 Annual Audit Plan.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		4. The Company's Guarantee for the short-term credit line of US$ 20 million by Taishin International Bank for Chin-Poon Holdings Cayman Limited.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Jan. 12, 2022	First Meeting in 2022	1. Appointment and Independence Assessment of the Company's CPAs for 2022.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Amendments of Internal Control and of Internal Regulation in the Company and its Subsidiary "Chin-Poon (Changshu) Electronics Co., Ltd.".	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
Mar. 14, 2022	Second Meeting in 2022	1. Business Report and Financial Statements for 2021.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		2. Proposal for Distribution of 2021 Profits and Retained Earnings.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		3. Statement on Effectiveness of the Design and Implementation of the Internal Control System in 2021.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.
		4. Amendment of the Operational Procedures for Acquisition and Disposal of Assets.	Approved with no objection from all members of the audit committee and submitted to the board of directors for resolution.

(2) In addition to the above matters, there are other resolutions which have not been approved by the audit committee, but approve by more than two thirds of the attending directors in the board of directors.

There was no such resolution.

3.4.4.2 Independent Directors' Avoidance of Resolutions with Conflicts of Interest: The Company shall state the name of the directors, the content of the proposals, the reasons for avoidance and the resolutions.

There was no such resolution.

3.4.4.3 Communication between independent directors and internal auditing officer and CPAs (including important topics on the Company's financial and business status, their methods of communication and the results):

Independent directors can talk with the internal auditing officer and CPAs at any time on topics such as the Company's finances and business status. They can also listen to various business reports of the management at the board of directors. Moreover, in the interview with the internal auditing officer and CFO, in addition to inquiring about the audit reports and the financial statements, they can also inquire about all the details of various daily operations.

3.4.5 The Differences between the Company's Implementation and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and their Reasons

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
1. Does the Company follow "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its code of practice for corporate governance?	V		The Company has established a code of practice for corporate governance and has been disclosed on the Company's website.	No difference.
2. Shareholding Composition & Shareholders' Rights (1) Does the Company have internal operational procedures for handling shareholders' suggestions, concerns, disputes and litigation matters and have these procedures being implemented accordingly? (2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and firewall mechanism between the Company and its affiliates?	V		(1) The Company has a full-time office of stock affairs, and has stipulated its operational procedures to handle the matters on shareholders' suggestions, concerns, disputes and litigation matters. At the same time, the Company has appointed a professional stock service agency and capitalize on its expertise to properly handle such matters. Currently the Company has been dealing with those matters in accordance with the aforementioned procedures. (2) In addition to the shareholdings held by the directors, the Company is mainly held by institutional investors. And the institutional investors hold around 30% of the ownership. At present, the Company has a list of major shareholders and beneficial owners of these major shareholders. (3) In order to implement them, the Company has been dealing with those matters in accordance with "Procedures for Transactions between the Company and its Affiliates, Specified Persons and Related Parties", "Operational Procedures for Acquisition and Disposal of Assets", "Procedures for Supervising	(1) No difference. (2) No difference. (3) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
			Subsidiaries", "Internal Control System" and "Internal Audit System" and related laws and regulations.	
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?			(4) The Company has established "Rules on Prohibiting Insider Trading" to prevent insiders from trading securities on undisclosed information.	(4) No difference。
3. Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy and set its specific target and had it implemented accordingly? (2) In addition to the Compensation Committee and the Audit Committee which are required by law, is the Company planning to set up other committees to facilitate the board of directors? (3) Has the Company established methodology for evaluating the performance of its Board of Directors and assessed its performance on an annual basis accordingly and reported the results of the performance evaluations to the Board of Directors and apply them to the remuneration of individual directors and the reference for nomination of next term? (4) Does the Company regularly evaluate its CPAs' independence?	V		(1) In order to have a comprehensive view, the board of directors has different expertise and gender, and has implemented this diversification policy. Please refer to 3.3.2.1 for the details. (2) The Company has established a compensation committee in accordance with laws and regulations, and the 2017 shareholders' meeting has established an audit committee. Other types of functional committees are being planned. (3) The Company has implemented the performance evaluation of the board of directors in 2020. (4) The Company has been assessing the independence of CPAs every year.	(1) No difference. (2) No difference. (3) No difference. (4) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
4. Has the Company been staffed with suitable and appropriate number of corporate governance personnel and appointed chief corporate governance officer in charge of corporate governance affairs (including but not limited to providing information required for directors and supervisors to execute their duties, assisting directors and supervisors to comply with laws and regulations, handling matters relating to board meetings and shareholders' meetings in accordance with laws and regulations, and making minutes of board meetings and shareholders' meetings, etc.)?	V		The Company has appointed chief corporate governance officer who is assisted by personnel from of CEO's Staff Office and form Stock Affairs. Their job includes but not limits providing information required for directors and supervisors to execute their business, assisting directors and supervisors to comply with laws and regulations, handling matters relating to board meetings and shareholders' meetings in accordance with laws and regulations, and making minutes of board meetings and shareholders' meetings, etc. The appointment of chief corporate governance officer is also being planned.	No difference.
5. Has the Company established communication channels with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its company website? Does the Company respond to stakeholders' concerns on important issues of corporate social responsibility?	V		The Company has established communication channels with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a Stakeholders Section on its company website. The Company also respond to stakeholders' concerns on important issues of corporate social responsibility appropriately.	No difference.
6. Has the Company appointed a professional stock service agency for handling its shareholders' meetings?	V		The Company has appointed a professional stock service agency for handling its Shareholders 'Meetings	No difference.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate	V		(1) The Company has been released various financial and business information on the "Market Observation Post System", which is Taiwan official disclosure website for	(1) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
governance status?			all listed companies in accordance with laws and regulations regularly and irregularly. The website of the Company is www.chinpoon.com.	
(2) Does the Company use other channels of information disclosure (e.g. maintaining an English website, designating a dedicated staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?			(2) Yes. The Company has a dedicated staff responsible for information collection and disclosure. Our website is established in three languages which are Chinese, English and Japanese. The spokesperson also communicates with institutional investors and individual investors on the business and operation of the Company on a regular basis.	(2) No difference.
(3) Does the Company announce its annual financial statements within two months after the end of the fiscal year, and announce its financial statements for the first, second and third quarters and its monthly revenue well in advance of the required deadline?			(3) Due to the characteristics of the industry, it is not easy to make early declarations, but all declarations are completed within the reporting period.	(3) No difference.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholders' rights, directors' continuous education and training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance policy for directors and supervisors)?	V		● The Company has established a continuous education and training system for directors and has implemented it. ● When the board of directors was held, most of the directors attended. ● The Company has established a code of practice for ethical corporate management. ● All departments of the Company have established their risk management policies and implemented them and have been improving their practice. ● The Company have got certification of ISO-9001, ISO-9002, ISO-14000, ISO-14001, QS-9000, TL-9000, TS-16949, AS 9100 Aerospace Quality Management	No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
			System and other quality certification. The items listed in these certifications and environmental policies promoted by the Company are implemented on the quality commitment and responsibility for customers. They are facilitating a positive interaction between the Company and our customers. ● There are few resolutions of the Company's board of directors which have conflicts of interest. If there is, the directors who have conflicts of interest will avoid voting in those resolutions.	
9. Please indicate the improvement for the result of Corporate Governance Evaluation announced by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the recent year, and propose priorities and measures for those who have not yet improved. ● The publication of the Company's Corporate Sustainability Report is expected to take place in 2023. In addition, some of the major sustainability issues will be disclosed on the Company's website in 2022.				

3.4.6 Continuing Education and Training of Directors

Title	Name	Date	Education Center	Course	Hours
Chairperson	Tseng-Liu, Yu-Chih	May 7, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading	3
Chairperson	Tseng-Liu, Yu-Chih	Sep. 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Morning Session	3
Chairperson	Tseng-Liu, Yu-Chih	Oct. 20, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading and Legal Compliance	3
Director	Huang, Wei-Jin	Oct. 15, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading and Legal Compliance	3
Director	Huang, Wei-Jin	Nov. 15, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading	3
Director	Lai, Hwei-Shan	Oct. 15, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading and Legal Compliance	3
Director	Lai, Hwei-Shan	Nov. 15, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading	3
Director	Tseng, Wen-Yu	Oct. 15, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading and Legal Compliance	3
Director	Tseng, Wen-Yu	Nov. 9, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading	3
Director	Lin, Pi-Chi	Sep. 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Morning Session	3
Director	Lin, Pi-Chi	Sep. 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Afternoon Session	3
Director	Tung, Hsiao-Hung	Oct. 27, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading and Legal Compliance	3
Director	Tung, Hsiao-Hung	Nov. 9, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading	3
Independent Director	Hsu, Sung-Tsai	Sep. 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Morning Session	3

Independent Director	Hsu, Sung-Tsai	Sep. 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Afternoon Session	3
Independent Director	Hsu, Sung-Tsai	Oct. 20, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading and Legal Compliance	3
Independent Director	Chen, Hsiang-Sheng	May 7, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading	3
Independent Director	Chen, Hsiang-Sheng	Oct. 15, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading and Legal Compliance	3
Independent Director	Chen, Shi-Shu	Oct. 27, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading and Legal Compliance	3
Independent Director	Chen, Shi-Shu	Nov. 9, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading	3

3.4.7 Continuing Education and Training of Manages

Title	Name	Date	Education Center	Course	Hours
CFO	Rachel Lin	Apr. 15, 2021	Accounting Research and Development Foundation	Seminar on Investigation of Issues concerning Money Laundering and Terrorism Financing and its Related Legal Responsibilities.	3
CFO	Rachel Lin	Jun. 23, 2021	Accounting Research and Development Foundation	Seminar on Competent Authorities' Approach to Financial Reports and Material Information.	3
CFO	Rachel Lin	Jun. 24, 2021	Accounting Research and Development Foundation	Seminar on the Latest Development of IFRS Policy in Taiwan and Legal Compliance in Financial Reporting and Supervisory Actions	3
CFO	Rachel Lin	Jun. 25, 2021	Accounting Research and Development Foundation	Seminar on Analysis of the Cases of Taiwan Enterprises' Disposal of Real Estate Equities in China and its Financial Risks	3
Internal Auditing Officer	Candy Sung	Sep. 8, 2021	Accounting Research and Development Foundation	Seminar on Digital Transformation of the Three Lines of Defense: on the Development of Internal Control, Internal Audit and Legal Compliance and their Digital Trends	6
Internal Auditing Officer	Candy Sung	Dec. 1, 2021	Accounting Research and Development Foundation	Seminar on Common Deficiencies in the Preparation of Financial Statements and Internal auditors' practice on compliance with laws and regulations	6
Chief Corporate Governance Officer	Yu-Chiao Huang	May 7, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading	3
Chief Corporate Governance Officer	Yu-Chiao Huang	Sep. 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Morning Session	3
Chief Corporate Governance	Yu-Chiao Huang	Sep. 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum - Afternoon Session	3

Title	Name	Date	Education Center	Course	Hours
Officer					
Chief Corporate Governance Officer	Yu-Chiao Huang	Oct. 13, 2021	Securities and Futures Institute	2021 Seminar on prevention of insider trading and Legal Compliance	3
Chief Corporate Governance Officer	Yu-Chiao Huang	Nov. 23, 2021	Securities and Futures Institute	Seminar and Workshop on Best Practice for Directors, Supervisors (including Independent Directors) and Chief Corporate Governance Officer [Taipei Class]	12

3.4.8 If the Company has established a compensation committee, it shall disclose its composition, responsibilities and operation:

The compensation committee has been set.

3.4.8.1 Composition:

The compensation committee has three members who have one of the following professional qualifications, and has more than five years of work experience.

(1) Being a Certified Public Accountant or being a professional or technical specialist who has passed a national examination and been awarded a certificate.

(2) Having work experience in the areas of commerce, law, finance, accounting, or otherwise necessary for the business of the Company.

<u>Information on the Members of the Compensation Committee</u>

April 26, 2022

Title	Criteria / Name	Professional Qualification & Work Experience	Independence Status (Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director	Chen, Hsiang-Sheng	National Taiwan Normal University Vice President, Chin-Poon Industrial Co., Ltd.	Compliance (without the case of Note 1)	0
Independent Director	Chen, Shi-Shu	National Chung Hsing University CPA, Kudos & Co., C.P.A.s	Compliance (without the case of Note 1)	0
Independent Director	Hsu, Sung-Tsai	Chinese Culture University Senior Assistant Manager, Standard Chartered Bank (Taiwan) Limited	Compliance (without the case of Note 1)	0

Note 1: The independent directors shall remain their independence status which include but is not limited to whether he or she, his or her spouse or relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliates, the number and proportion of the Company's shares held by him or her, his or her spouse or relatives within the second degree of kinship (or held by the person under others' names), whether they serve as directors, supervisors or employees in a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies), and the amount of remuneration received for the provision of business, legal, financial and accounting services to the Company or its affiliates in the last two years.

3.4.8.2 Responsibility:

The compensation committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors.

(1) To prescribe and periodically assess the policy, system, standards, and structure for reviewing the performance of directors, supervisors and managerial officers, and deciding their remuneration and compensation.

(2) To periodically evaluate and prescribe the remuneration and compensation of directors, supervisors, and managerial officers.

3.4.8.3 Information on the Operations of the Compensation Committee

(1) The Company has three members in the compensation committee.

(2) Term: from June 23, 2020 to June 22, 2023. The compensation committee has held 3 meetings (A) (2 meetings for former committee and 3 meetings for current committee) for the most recent fiscal year (2021). The attendance records of committee members are as followings:

Title	Name	Attendance in Person	Attendance by Proxy	Ratio of Attendance [B/A]	Remarks
Chairperson	Chen, Hsiang-Sheng	3	0	100	
Member	Chen, Shi-Shu	3	0	100	
Member	Hsu, Sung-Tsai	3	0	100	

Other Important Information:

1. If the Board of Directors does not adopt or amend the recommendations of the compensation committee, it shall state the date and period of the board of directors, the content of the proposal, the resolutions of the board of directors and the Company's treatment of the opinions of the compensation committee (e.g. if the remuneration and compensation approved by the board of directors is better than those proposed by the compensation committee, the Company should state the difference and the reasons): None.
2. If members of the compensation committee have objections or reservations in the compensation committee's resolutions, which have been recorded in the minutes or in a written statement, the Company should state the date and period of the compensation committee meetings, the content of the proposals, the opinions of all members and the treatment of members' opinions: None.

3.4.8.4 Information on the Meetings of the Compensation Committee

Date	Meeting	Proposal	Resolution and Execution
Jan. 15, 2021	First Meeting in 2021	1. The company's year-end bonus proposal.	Approved with no objection from all members.
Mar. 19, 2021	Second Meeting in 2021	1. Proposal for the Compensation of Employees and the Remuneration of Directors of 2020.	Approved with no objection from all members.
		2. Appointment of Chief Corporate Governance Officer.	Approved with no objection from all members.
Aug. 11, 2021	Third Meeting in 2021	1. Promotion of Audit Supervisor.	Approved with no objection from all members.
Jan. 12, 2022	First Meeting in 2022	1. The company's year-end bonus proposal.	Approved with no objection from all members.
Mar. 14, 2022	Second Meeting in 2022	1. Proposal for the Compensation of Employees and the Remuneration of Directors of 2022.	Approved with no objection from all members.

3.4.9 Fulfillment of Social Responsibility: The Company’s systems and measures and implementation of environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social responsibility activities.

The Company’s core values extend to every aspect of the business, including commitment to employee benefits, commitment to society and the community, and commitment to the environment.

In promoting environmental protection and enhancing safety and health, the Company not only complies with the relevant domestic laws and regulations, but also meets requirements of internationally recognized standards. The Company’s policies of environmental protection and enhancement of safety and health include pollution prevention, effective usage of resources, prevention of accidents, promotion of employees’ safety and health, protection of company assets, and to provide a work environment that promotes the well-being of all employees and local communities.

3.4.9.1 Environmental Protection

(1) Environmental Management Policies and Systems

a. The Company complies with the requirements of ISO 14001 to establishes an environmental management system. We have been paying considerable attention to such significant environmental issues as the pollutions (including air pollution, water pollution and waste), water and electricity consumption and hazardous substances, which have been generated during the production process. We set up dedicated management units and personnel to prevent environmental pollution, which include air pollution, water pollution and waste, and to manage energy consumption efficiently.

b. The Company regularly checks greenhouse gas emissions in accordance with ISO 14064-1 to review the impact on our operations. Based on the results of the greenhouse gas inventory, we will continue to implement carbon reduction measures to effectively reduce the risk of Scope 1 emissions and the indirect emissions of Scope 2 greenhouse gases caused by the use of electricity. The annual internal audit plan is planned, aiming at the compliance with various relevant environmental laws and regulations, and at auditing each operating process to ensure that they are in accordance with the regulations.

(2) Energy Management

The Company continues to focus on energy conservation and consumption reduction and implements energy management to reduce production costs. When any equipment is installed, its performance evaluation will be carried out, and its electricity consumption will be inspected irregularly and its energy-saving projects will be launched. In 2021, the total electricity consumption of Taiwan’s plants was 182,791,000 kWh and that of China’s plants was 140,340,303 kWh. The total of both was 323,131,303 kWh. The main source of energy consumption required for the Company's operations is purchased from the local power companies.

Electricity Usage Statistics in 2021

Region	Electricity Consumption (kWh/year)
Taiwan's plants	182,791,000
China's plants	140,340,303

Note: The data is based on the monthly electricity bills.

Energy-Saving Projects in 2021

Region	Project	Total Savings (kWh/year)
Taiwan's plants	■ The replacement of the damaged blower in Brown Oxidation Line 2 was upgraded to the more advanced model with high energy-saving improvement. ■ Energy saving in the solder mask semi-automatic exposure chamber was improved by removing the blowing line. ■ Non-ultraviolet yellow light tubes in Plant T2-1 was replaced by yellow light LEDs with enhanced capability of energy saving. ■ Replacement of the chillers in Building A and Building G were upgrade to the advanced model with high efficiency and energy saving. ■ Replacement of T8 tubes in exposure clean room on the third floor of Plant P5. ■ Improvement of energy saving in the locker room of the clean room.	1,293,655
China's plants	■ Power-saving improvement of brushless motors in SLO1 line. ■ Power-saving improvement of conveying motors in the discharge section of VCP11 line. ■ The light source of the automatic exposure machine on the surface layer line in Plant S1 was changed to the LED light. ■ Replacement of energy-saving lighting in the new women's locker room in the clean room for surface layer exposure. ■ Power-saving improvement of replacement from normal activated carbon core to specialized activated carbon core for pattern plating. ■ Power-saving improvement of energy-saving lighting in the stairwell of Plant S2-2.	847,930

(3) Water Management

Due to the requirements of PCB production, the Company needs to use chemical substances in the manufacturing process, which consumes a lot of water. Based on the commitment of environmental conservation and of cherishing water resources, and on the approaches of "reduction, recycling and reuse", each manufacturing sites implements various projects to reduce water consumption and water resource recovery. In order to improve the efficiency of water use in our manufacturing sites, we have taken a variety of water-saving projects such as: recycling of waste water by environmental engineering, recycling of washing water in the pre-treatment section of IR2 line, etc.

Water Usage in 2021

Region	Usage (ton)
Taiwan’s plants	2,162,024
China’s plants	1,711,931

Water Conservation Projects in 2021

Region	Project	Total Savings (ton/year)
Taiwan’s plants	■ Increasing the usage of recycle water to reduce the usage of municipal water in the waste water treatment plant in Building J. ■ Reducing water consumption in the reproducing system of pure water facility in Building H. ■ Installing input pipe for recycling cooling water of air conditioner of HRF cooling tower #1 ■ Reuse of waste water by environmental engineering in Plant P1. ■ Water conservation of cycling water of scrubber in Plant P5.	39,077
China’s plants	■ Water conservation of flushing water in all plants’ toilets. ■ The water conservation of acidic rinsing water after film striping at the etching stage in the automated line. ■ Water conservation of IR 2 pre-treatment line: the recycled water from brushing rinsing process is reused to middle-pressure rinsing process. ■ Water conservation of HASL pre-treatment line.	18,084

(4) Use of Recycled Materials and Green Product Management

a. Compliance with laws and regulations

The Company actively follows the trend of green environmental protection and conforms to our customers' requirements of green products, and takes such approaches as a full participation of all employees and a comprehensive implementation of green products in the manufacturing and maintaining. We have formulated " Regulations Governing Hazardous Substances Management", and manages suppliers, raw materials and product quality accordingly to ensure that products meet relevant international standards on requirements of hazardous substances management (such as: RoHS, REACH, California’s Proposition 65, etc.), which are our customers’ requirements as well. We have achieved 100% compliance with laws and regulations in 2021.

b. Hazardous Substance Management

In order to effectively manage the implementation of suppliers' green products approaches, we compulsorily require suppliers to provide such documents as "Warranty of Non-Use of The Hazardous Substances" and "The Activity in Compliance with REACH Regulation" and other surveys and commitments. We also commission third party inspection organizations to provide reports to verify whether there are hazardous substances. In order to avoid contamination of raw materials, packaging materials and finished printed circuit boards during transportation or production, we also arrange for XRF testing of raw materials, packaging materials and finished goods every month.

c. Actions of Green Products Management

Item	Subitem	Achievement Rate
Commitment/ Declaration Signing Completion Rate	Warranty of Non-Use of The Hazardous Substances Signed by Suppliers	100%
	Declaration of Environmental And Occupational Health And Safety Management System	100%
Questionnaire Completion Rate	The Activity in Compliance with REACH Regulation	100%
	Supplier Hazardous Substance Questionnaire	100%
XRF Inspection Pass Rate	Raw Materials/Packaging Materials	100%
	Final Product	100%
Third-Party Inspection Report Pass Rate		100%

In addition, for raw material suppliers, we conduct regular audit plans every year. For suppliers with audit deficiencies, we will provide specific improvement suggestions and time limit for correction. In order to maintain better mutual understanding and good interaction with our supplier, we will hold seminars and training programs for our supplier from time to time and provide multiple and timely communication channels, such as: Email, telephone or face-to-face communication. We have established a dedicated unit for a direct contact to enhance our suppliers' better understanding of green products.

(5) Waste management

In order to achieve sustainable resources recycling, the Company's principle of waste treatment is to give priority to reuse in the factories and reducing the use of raw materials. The resources which cannot be reused in the factories will be sent to recycling facilities. In the end, those which cannot be recycled will be treated with incineration or other treatments. We have been managing to actively move towards the goal of green industry. The wastes needed to be cleaned up must be clearly classified first, and then be commissioned to the companies obtaining the waste clearance and disposal permission in accordance with the Waste Disposal Act. All commissioned companies are required to have obtained the waste clearance and disposal permission. Those companies should be under strict selection procedures before the commissions and their performance should be subject to uncompromising audits. Following the correct procedures of clearance and disposal of the wastes, we will file the wastes clearance declaration before their removal, classify them during their removal, and obtain proper disposal documents after their treatment.

The types of waste are divided into two categories: general industrial waste and hazardous industrial waste. Their volume in the past two years is as follows:

Categories	Treatment	2020		2021	
		KG	KG/M^2	KG	KG/M^2
General	Incineration &r Physical Treatments	2,204,391	1.49	2,376,451	1.46
	Recycling	1,084,368	0.73	1,112,006	0.68
Hazardous	Incineration & Physical Treatments	932,878	0.63	988,933	0.61
	Chemical Treatments & Stabilization	1,186,812	0.80	1,971,778	1.21
	Recycling	2,380,010	1.61	2,762,200	1.70

The average output of general industrial wastes which were subject to incineration and physical treatment decreased from 1.49 KG/ M^2 to 1.46 KG/ M^2. The average output of general industrial wastes which were recycled decreased from 0.73 KG/ M^2 to 0.67 KG/ M^2 due to the reduction of raw materials usage. The average output of hazardous industrial wastes which were subject to incineration and physical treatment decreased from 0.63 KG/ M^2 to 0.61 KG/ M^2. The average output of hazardous industrial wastes which were recycled increased from 1.61KG/ M^2 to 1.70KG/ M^2 due to the increase of recycling methods. However, the amount of hazardous waste sludge increased due to the tightening of wastewater discharge control.

(6) Inventory of greenhouse gas emissions

The Company regularly checks greenhouse gas emissions in accordance with ISO 14064-1 to review the impact on our operations. Based on the results of the greenhouse gas inventory, we will continue to implement carbon reduction measures.

The scope of inventory is as follows:

Category	Scope	Execution Method
Scope 1 Direct greenhouse gas emission	1. Direct emissions from stationary combustion, such as electricity generators, boilers 2. Direct emissions from mobile combustion, such as official vehicles, stackers, etc., which consume petrochemical raw materials to produce greenhouse gases. 3. Direct fugitive emissions from the release.	Qualitative and quantitative examination.
Scope 2 Energy indirect greenhouse gas emission	Imported electricity	Qualitative and quantitative inspections.
Scope 3 Other indirect greenhouse gas emission	Employees' commuting, outsourcing, such as: waste removal, air/sea/land transportation contractors, etc.	Verification not carried out.

Greenhouse Gas Emissions Unit: tons CO_{2e} / year

Region		Taiwan's plant	China's plants
2021	Scope 1	5,156	4,870
	Scope 2	102,451	84,982
	Subtotal	107,608	89,853
	Total	197,461	

Note:

1. The above data are rounded to the nearest integer.
2. The above greenhouse gas emissions inventory are the results of our own inventory and have not been certified by a third party.
3. Greenhouse gas emission factors are based on "2006 IPCC Guidelines for National Greenhouse Gas Inventories ", "Electricity Carbon Emission Factor for 2020" by the Bureau of Energy, Ministry of Economic Affairs, Taiwan, and "Greenhouse Gas Emissions Factors Management Table Version 6.0.3" by the Environmental Protection Administration, Executive Yuan, Taiwan, "Baseline Emission Factors for Regional Power Grids in China " and "China Energy Statistical Yearbook 2016".
4. The greenhouse gas include CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3.
5. The Company's inventory of the greenhouse gas emissions is based on the emissions in the production of printed circuit boards, which is characteristic of the PCB industry where the Company is.

(7) Climate Change Management Policy

The Company takes the Sustainability Committee as the top authority on climate change management, which is presided by the chairperson of the board of directors. It reviews the Company's climate change strategy and goals, manages climate change risks and opportunities, reviews the implementation status and discusses future plans, and reports to the board of directors every year.

The Company regularly checks greenhouse gas emissions in accordance with ISO 14064-1 to review the impact on our operations. Based on the results of the greenhouse gas inventory, we will continue to implement carbon reduction measures.

At the same time, in accordance with the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD) published by the Financial Stability Board, the Company have considered the characteristics of the production process and supply chain in the PCB industry, and evaluated the risks and opportunities of climate change for the Company, and then focuses on the following six major risks: (1) that unstable water and electricity supply will cause production disruptions; (2) that extreme weather will cause earthquakes, fires, industrial safety risks from chemical spills; (3) that the price of greenhouse gas emissions will increase; (4) that fast change of environmental regulations will cause compliance issues; (5) that there will be a huge cost for the Company’s transformation into a low carbon economy; (6) that climate change will increased the cost of raw materials.

In order to reduce the above risk factors, the Company has also established the Sustainability Committee to supervise and manage issues on environmental conservation and climate change, to identify feasible opportunities and develop proper approaches, and to evaluate and manage the short- term, medium- term and long-term risks and to develop the transformation strategies for climate change. The committee use the "risk matrix" to evaluates the frequency of major climate risk events and the severity of their impact on our operations, to prioritize items of risk control and define a full spectrum of risk levels and to take proper approaches of risk control to deal with issues with different risk level.

The short-term goal will be to establish indicators for the management of greenhouse gas reduction, water saving and electricity saving, and to manage the potential risks of unstable water and electricity supply, earthquakes, fires, and chemical leakage, which will be caused by climate change.

The medium-term goal is to establish quantitative performance indicators to reduce total carbon emissions, to obtain various certifications for sustainability and meet customers' expectations of sustainable supply chain, and to evaluate the feasibility and financial performance on various investment opportunities of renewable energy.

In the long-term, our vision is to implemented in the Company the system developed by Task Force on Climate-Related Financial Disclosure (TCFD) and to disclose the TCFD report. The Company is planning to gradually improve our related disclosure from "climate risk disclosure" to "climate-related financial disclosure", and to establish a target management and a disclosure mechanism, which are based all on quantitative performance indicators.

3.4.9.2 Safety and Health Management

The Company's safety and health management architecture adopt four-step management method of PDCA (plan–do–check–act) to achieve the goal of preventing accidents, promoting employee safety and health, and protecting company assets. In addition to its commitment to accident prevention, the Company also develops disaster emergency procedures to protect the lives of employees and contractors and the property and interests of the Company's investors in the event of a disaster and to avoid or reduce the impact of the disaster on society and on the environment. We have also acquired the certificate of ISO 45001 Occupational Health & Safety Management System.

(1) Labor Safety Policy

Employees are the most precious assets of an enterprise. And ensuring the safety and health of employees is the most important responsibility of an enterprise. In order to make our commitment to labor safety and health, the Company has established an occupational safety and health management system to comply with occupational safety and health regulations and other requirements, to be in accordance with ISO45001 and to meet customers' requirements. The goal of the system is to reduce any and all hazards and risks to our employees. We actively implement environmental and occupational safety and health policies and make sure that all employees can fully understand those policies through proper communication. We have been upholding the occupational safety and health policy of "compliance with laws and regulations, prevention first, safety first, and continuous improvement."

We commit to the following goals:

a. To provide safe working conditions and environment to protect the safety and health of employees.

b. To comply with laws, regulations and other relevant requirements and fulfill corporate social responsibilities.

c. To eliminate hazards and reduce occupational safety and health risks, and improve the working safety of all employees.

d. To continuously improve the occupational safety and health management system and improve the performance of safety and health management.

e. To enhance the communication channels, implement the consultation of workers and labor representatives, and participate in safety and health related activities.

(2) Occupational Accidents

When an employee is injured due to a disaster or an accident, his or her supervisor will immediately send the injured to the hospital for emergency treatment, and will, at the same time, immediately follow the injury notification procedure to report the injury case. The unit in charge of works' safety and health will start the investigation on the cause of the injury after having received the accident notification and then record the analysis of the accident. And all matters concerning this accident will be handled in accordance with labor-related laws and regulations.

When the investigation on the cause of the accident is completed, the supervisor of the injured employee will be notified and is asked to submit a proposal for improving work environment and measures of injury prevention, and the effectiveness and progress of the improvement measures will be tracked continuously.

Disabling injury index (DII) in 2021:

FR=3.08

SR=81

Note 1. Disabling injury frequency rate (FR)
= number of occupational injuries × 1,000,000 / total working hours.

Note 2. Disabling injury severity rate (SR)
= total lost days × 1,000,000 / total working hours.

In order to prevent occupational accidents, We continue to educate our employees about their working attitude, to make them understand the hazards of their own work environment and the measures to deal with emergencies, etc., and to train them to master their work skills. And we also implement industrial safety audits and inspect various safety and health equipment and facilities to ensure labor safety and avoid occupational accidents.

(3) Environmental Measurement

In order to grasp the actual status of the working environment and evaluate the labor exposure status of harmful substances, to protect the workers from the hazards of harmful substances in the workplace, and to meet the legal standards of the exposure concentration, we measure the actual exposure status of the labor working environment and quantify them. Based on the measurements, we can effectively improve the working environment so that each employee can work in a healthy and safe environment. That also enhance the Company's competitiveness by providing workers with a healthy and comfortable working environment.

We continue to implement environment monitoring in the operating sites where the Company uses chemically hazardous substances and physical hazards in accordance with the relevant authorities' regulations. The monitoring frequencies of the operating sites are as follows:

Category	Frequency	Monitored Items
Physical Factors	twice a year	Noise
Chemical Factors	twice a year	Dust, Specialized CO_2, Organic Solvents…etc.
	once a year	Lead…etc.

(4) Health Examination Management

In order to fulfill employee health management, we grasp the health status of workers through medical examinations and regular health examinations. And we also assist our employees to maintain or improve their health through appropriate work assignment, improvement of working environment, medical care for workers' injuries and illnesses, timely first aid in case of emergencies, regular health education, hygiene guidance and health promotion activities..

a. When hiring employees, medical examinations should be performed. Jobs should be properly assigned by confirming whether employees are suitable for the job. Employees should be protected from harm caused by other employees who are not suitable for the jobs. The correct basic information of employees' health should be established.

b. Frequencies of regular health examinations for different working age groups in accordance with regulations:

(a) Persons over the age of sixty-five years shall be examined once a year.

(b) Persons over the age of 40 but under the age of 65 shall be examined every three years.

(c) Persons under the age of 40 are inspected every five years.

c. For employees engaged in jobs that are potentially more hazardous to health, special medical examinations should be carried out for a certain period of time according to the hazards of their jobs to protect their health, which help to find out the potential risk factors and can be used to improve their working environment. The records of special medical examinations should be kept for at least 30 years.

d. Administration by different levels for employees engaged in jobs that are potentially more hazardous to health according to regulations:

(a) For employees of the third and fourth level, their health information should be filed to the Occupational Safety and Health Administration.

(b) For employees of the second level, medical personnel in the Company should give them health education guidance.

(c) For employees of the third level, physicians who have relevant medical expertise should trace and conduct their health examinations.

(d) For employees of the fourth level, they should take special medical examinations and shall take hazard control and related management measures.

(5) Four major plans for labor health protection

Through measures such as hazard identification and assessment of working environment, personnel composition and work activities, analysis of ergonomic hazard factors, disease risk control categorization and other measures, we can prevent and reduce the occurrence of unlawful infringement in the workplace, diseases and musculoskeletal injuries caused by abnormal workload and protect the health of female workers and infants and fetuses. We have formulate four major plans to implement those measures and promote those goals.

a. Prevention of unlawful infringement in the performance of duties

The Company expressly declares that all kinds of physical, verbal, psychological, violent and sexual harassment will not be tolerated. And the necessary safety and health measures will be taken to prevent workers from being abused by their superiors, colleagues, service recipients or other third parties while performing their duties in the workplace. unlawful infringement will cause physical or mental harm to workers. We take the following measures to prevent any abuse:

(a) Identify and assess any infringement.

(b) Appropriately configure the workplace.

(c) Properly adjust manpower according to job suitability.

(d) Establish code of conduct.

(e) Conduct training on infringement prevention and communication skills.

(f) Create proper procedures of handling the cases of infringement.

(g) Evaluate and improve their performance effectiveness.

b. Prevention of abnormal workload-triggered disorders

For the workers with a high risk of workplace fatigue and stress, who are engaging in shift work, night work and long hours, we take the following measures to prevent those workers from developing abnormal workload-triggered disorders. And their execution records should be made and kept for three years.

(a) Identify and assess the high-risk workers.

(b) Arrange for physician interviews and health guidance.

(c) Take measures to adjust or shorten working hours and change work assignment.

(d) Implement their health examinations, health management and health promotion.

(e) Evaluate and improve their performance effectiveness.

Workers fill in their personal and work-related overload status in the "Worker Overload Index". And they fill in the risk factors for cardiovascular disease, including age, high blood pressure, total cholesterol, high-density cholesterol and smoking habit, etc., in the "Overload Risk Assessment Record" with the attachment of their reports of medical examination or health examination. Based on the content recorded in the "Overload Risk Assessment Record ", physicians and nursing staff will calculate the risk index of cardiovascular disease for the worker with abnormal workload to estimate his or her risk of cardiovascular disease. The final scores of labor overload risk, which is derived from the integration of the risk of cerebrovascular disease, the risk of cardiovascular disease, his or her workload and the risk level of workload-triggered cerebrovascular disease and cardiovascular disease, is assessed and is recorded in the "Overload Risk Assessment Record". We will select high-risk workers and arranges physicians' interviews and health guidance with them. We will take the proper measures and the necessary treatment proposed by the physicians according to their interview results, and keeps records on the whole process.

c. Prevention of ergonomic hazard

In order to ensure the safety of the workers engaged in repetitive operations and to avoid them get musculoskeletal injuries owing to human errors or accidents, which will reduce work performance, result in poor production, easily cause fatigue, seriously affect the health, safety and well-being of employees, and so on, we develop plans to maintain the health and well-being of employees, to prevent ergonomic hazards and to avoid repetitive musculoskeletal injuries. We take the following hazard prevention measures, make and keep records of their execution for three years.

(a) Analyze all work flow, their content and the actions involved.

(b) Identify ergonomic hazards.

(c) Evaluate and select improvement methods and their implementation.

(d) Evaluate and improve the implementation effectiveness.

(e) Other matters related to safety and health.

d. Maternal health protection in the workplace

In accordance with the " Occupational Safety and Health Act", "Regulations of the Maternity Health Protection at the Workplace" and other relevant regulations, the "Maternal Health Protection Plan" is stipulated to ensure the physical and mental health of female employees during childbearing age, pregnancy, postpartum, breastfeeding, etc. in order to protect maternal health.

(a) Identify and assess hazards.

(b) Distinguish risk levels according to assessment results.

(c) Inform the evaluation results.

(d) Implement control measures.

(e) Evaluate perform effectiveness and conduct continuous improvement.

(6) Education and training on safety and health

We continue to educate and train our employees at all levels in the occupational safety and health management system to possess the necessary safety and health awareness and to cultivate the ability to assess potential hazards, and to effectively implement safety and health control measures to ensure a safe and healthy working environment.

a. Orientation programs for new employees:

(a) Outline of regulations related to work safety and health.

(b) The concept of occupational safety and health and the code of practice for safety and health.

(c) Self-inspection before, during and after their operations.

(d) Standard operating procedures.

(e) Emergency response handling.

(f) Knowledge and drills on fire and first aid.

(g) Other safety and health knowledge related to labor operations.

Safety and health education and training for newly hired workers or current workers before changing into a new job assignment (3 hours); education and training on operational safety of machinery and equipment for new personnel engaged in the use of machinery or equipment on production lines (3 hours); education and training on the use of hazardous chemicals for new personnel engaged in producing, handling or using hazardous chemicals (3 hours).

b. On-the-job education and training for current employees are aimed to implement relevant education and training according to training requirements and to provide on-the-job personnel with the necessary professional knowledge and skills and with safety and health awareness in order for them to perform their duties.

c. In line with the safety and health job category, we send relevant personnel to receive related safety and health education and training, and obtain the following certifications, such as “ Occupational Safety Management Specialist”, “ Occupational Health Nurse”, “ Specific Chemical Safety Supervisor”, “ Organic Solvent Safety Supervisor”, “Lead Safety Supervisor”, “ Oxygen Deficiency Safety Supervisor”, “ Work at Height Safety Supervisor”, “ Work in Dusty Environment Safety Supervisor”, “ Boiler Attendance Safety Supervisor”, “Dwarf Boiler Attendance Safety Supervisor”, “ Forklift Driver”, “Fixed Crane Operator”, “Fixed Crane Hoisting Operator”, “ Emergency Medical Technician”, “ Oxyacetylene Torch Operator”, etc. The workers doing the above-mentioned jobs shall undergo recurrent training in accordance with relevant regulations.

(7) Industrial Safety Audit

a. Inter-plant safety inspection (the inspection projects are based on the annual safety inspection plan)

According to the inspection projects of the annual safety inspection plan, inter-plant safety inspections are carried out on a monthly basis, including falling protection, chemical use, electrical safety, cutting protection, protection from person caught by machine, elevator, protective gear management, firefighting equipment, chemical tank inlets , forklifts, noise protection, emergency shower equipment and hoisting equipment, etc., in order to discover the unsafe conditions, unsafe working environment, unsafe working behavior and potential operational dangers.

b. All sites joint safety inspection

The departments in charge of safety and health will schedule all sites joint safety inspection four times each year, which held in January, April, July and October, to carry out all sites joint safety inspections. They will collaborate with the departments in charge of production equipment, utilities and equipment, environmental engineering and other personnel from all plants and all sites in order to avoid any occupational disaster.

(a) Inspection of firefighting equipment: water systems, alarm systems, fire hydrants and fire extinguishers.

(b) Safety and health inspection: with regard to chemicals and organic solvents, their storage, use, storage tank, transportation pipeline, marking, protective equipment, and locking of chemical tank inlets.

(c) Electricity safety inspection: the safety status of each distribution board, high and low voltage electrical equipment, and the safety status of wires and circuits.

(d) Equipment safety inspection: equipment operation status, operation status of automatic control system in all equipment, equipment maintenance status, equipment safety devices.

(e) Inspection of environmental protection facilities: the operation of waste water treatment equipment, the detection of waste water discharge, and the sorting of waste.

c. Inspection of the contractors' own protective equipment and machinery

We will confirm the contractors' own protective equipment and machinery to comply with laws and regulations and necessary safety and health requirements.

(a) Personal protective equipment (helmets, goggles, gloves, safety harnesses, safety shoes, etc.).

(b) The qualification certificates of inspection for hazardous machines and equipment, which are designated by the central competent authority.

- Mobile crane certificate
- Hazardous machines and equipment operator certificate
- Hoisting operator certificate
- Hoisting cage operator certificate

(The above certificates should not be expired.)

(c) Electric welding machines shall be provided with mechanism to prevent electric shock.

(d) The materials and structures of mobile ladders and A Type Ladders (no more than 2m) should comply with laws and regulations.

(e) The machinery, equipment and appliances which are used and designated must have Taiwan’s TS mark.

d. Contractors safety audit (on their hazardous work and their general operations)

Contractors safety audit is to effectively supervise and manage various safety and health operations of contractors who enter the premises of the Company, to ensure the safety of contractors, the Company's personnel and property, and to prevent occupational accidents and industrial disasters.

(a) Confirm whether the contractors have applied for work permits or construction permits for their hazardous work (approved by the relevant authorities in the work site), whether the contractors' operators have acquired certificates of competency (to ensure that the personnel entering the premises of the Company have received the necessary safety and health education and training) and whether the contractors' supervisors have acquired the relevant certificates ("Organic Solvent Safety Supervisor", "Specific Chemical Safety Supervisor", "Work at Height Safety Supervisor", "Oxygen Deficiency Safety Supervisor", "Scaffolds Assembly Supervisor").

(b) Contractors' operations management: pre-work inspection, inspection during the operations and post-work inspection to confirm that its operations comply with safety and health regulations.

e. Audit on the safety of tank car loading and unloading

The department in charge of safety and health will carry out the audit of the tank car loading and unloading in each plant three times a week (12 times a month). The items of the audit, such as inlet-locking control during loading and unloading, personal protection measures, safety data records, training certificates, fire extinguishers, warning signs, transportation permits, pipeline connection safety (to prevent leakage), electricity safety and electrical leakage, are checked one by one to ensure the safety of tank car loading and unloading.

f. Audit on the effectiveness of infrared thermal imaging cameras

The department in charge utilities and equipment in each plant provides the list of infrared thermal imaging cameras installed in the electric cabinets for the department in charge of safety and health to conduct the audit on their effectiveness. The audit is carried out on a monthly basis. Its report on any abnormal infrared thermal imaging cameras should be submitted to the responsible departments for correction. After the corrections are completed, the corrections should be reviewed again by the department in charge of safety and health in order to ensure the electric safety of equipment and prevent the occurrence of industrial accidents caused by equipment abnormalities.

g. Fire Extinguishers Inspection and Review

The safety and health team leader of each unit inspect the fire extinguishers in their workplaces monthly. After the items of inspection, such as their locations, the date of performance inspection, the effective range of pressure, the integrity of the positioning of the pins, whether there is oxidation damage to the hose, the appearance of the cylinder and so on, have been inspected, they should be reviewed by the department in charge of safety and health in order to ensure that the fire extinguishers maintain their functions at all times to provide effective first responses in case of emergency.

h. Consult the former inspectors of the Northern Region Inspection Office, Council of Labor Affairs, Executive Yuan (CV: the manufacturing supervisor, the supervisor in charge of hazardous machinery and equipment, the lecturer of the manufacturing risk assessment project in Formosa Plastics Enterprise Group, and the on-site diagnosis expert of the external audit) to conduct diagnosis and inspection of safety and health facilities in all plants in the third quarter of every year. The external experts who conduct safety and health inspections on site can provide a fresh perspective to identify potential risks and hazard factors, enhance the probability of predicting the occurrence of accidents and disasters, improve safety awareness and eliminate industrial safety accidents.

i. Self-inspection on fire prevention (on potential risks from fire, electrical, mechanical equipment, etc.)

The safety and health team leader of each unit will conducts self-inspection of the workplace according to the characteristics of their own area and operations in order to finds defects in equipment (facilities), electrical devices, chemical substances, etc., and report them for improvement.

(8) Hazardous equipment management

In order to ensure that personnel can understand the potential hazards when operating hazardous machinery or equipment and then take necessary preventive measures to avoid the occurrence of occupational accidents, the Company's put five boilers into the list of managed objects in accordance with the Occupational Safety and Health Act and take the relevant preventive measures as follows:

a. Personnel engaged in machinery or equipment maintenance, regular maintenance and other operations shall notify the supervisor of the on-site unit.

b. A work permit is required for boiler maintenance.

c. Workers' personal protective equipment is available and used properly.

d. Warning signs should be set up in the working area and marked with “Prohibiting from Entering”.

e. Safety measures such as power-off and cordon-off are required for the operation.

f. Strictly abide by the relevant safety regulations and control unsafe behaviors.

g. Portable wires used inside the boiler should be double insulation winding wire or any wire with equivalent insulation. Portable electric lights should be equipped with appropriate shields.

h. If the boilers is connected by pipes, it should be isolated or blocked.

i. Personnel perform pre-operation inspection, in-operation inspection, and post-operation inspection to confirm that all operation devices and safety devices, etc. are functioning normally.

The department in charge of safety and health in accordance with the relevant regulations on occupational safety and health, schedules self-inspection programs which list the inspection items suggested by each department and mandated by the relevant competent authorities. The programs are as follows: a daily boiler operation inspection table, a monthly boiler regular inspection record and a yearly dwarf boiler regular inspection table. The self-inspection is carried out by each responsible department. When any abnormality is found, the operation will be stopped immediately. And the department in charge of utilities and equipment will be notified to carry out equipment maintenance or take necessary improvement measures to prevent occupational accidents and ensure the safety and health of employees.

3.4.9.3 Compliance with The International Bill of Human Rights

The Company follows the spirits and standards on human rights such as "Universal Declaration of Human Rights by the United Nations", "International Labour Organization", "the ten principles of United Nations Global Compact", "United Nations Guiding Principles on Business and Human Rights" , etc. to fulfills corporate social responsibilities in daily operations. In the daily activities, the basic human rights of employees and partners are protected, and any form or type of human rights violations are strictly prohibited, so as to create a safe and healthy working environment.

(1) No discrimination

We promote and protect the multicultural integration of the workplace. Our employees' recruiting, salary adjustment, promotion, development, training, leaving, etc. will not suffer from any discrimination in any category such as race, social class, language, ideology, religion, political party, place of origin, place of birth, gender, or sexual orientation , age, marriage, appearance, facial features, physical and mental disabilities, astrological sign, blood type, union membership. We have issued a "Declaration on Prohibition of any Category of Violence in the Workplace", and formulated and implement a "Program on Prevention of Unlawful Infringement in the Performance of Duties" in order to regularly conduct risk assessment on the hazard identification for prevention of unlawful infringement in the workplace to reduce workplace abusing.

(2) Gender equality

We promote gender equality in the workplace, and provide various measures to implement it, such as maternity leave, paternity leave, pregnancy checkup accompaniment, menstrual leave, family care leave, and unpaid parental leave for raising children.

We have issued a "Declaration on Prohibition of Sexual Harassment in the Workplace", formulated " Operational Procedures for Sexual Harassment Prevention, Complaint and Disciplinary Measures", established a "Sexual Harassment Complaint and Handling Committee", and been providing education and trainings on gender equality to provide a safe and comfortable workplace.

(3) Prohibition of child labor:

No child labor is employed. And it is clearly stipulated in the Company's "Personnel Management Rules". During the recruitment, the identification of whether it is child labor is required to carry out in the interview.

(4) Prohibition of forced labor:

We have committed to the corporate ethical management, established a corporate culture of people-oriented approaches, mutual respect and treating each other with honesty and trust, been prohibiting any form of forced labor, and repeatedly been instructing it in all levels of supervisors' education and trainings.

(5) Open and smooth communication channels:

In addition to regular labor-management meetings, we have set up suggestion boxes, dedicated telephone lines and e-mails, QR code feedback platforms, etc. to facilitate our employees to offer the Company their opinions. We also list all various communication channels during the new employees' orientation to promote positive interaction between labor and management in order to maintain workplace harmony.

3.4.9.4 Supplier Management Policy

(1) Overview of our Supply Chain

The Company's suppliers are divided into five main categories: raw material suppliers, equipment suppliers, waste clearance and disposal service providers, contractors (such as security companies, corporate catering providers) and freight forwarders. Among them, raw material suppliers are the most important. For those suppliers that provide the main raw material for our production, we have established a sound administration system to ensure their quality and their CSR/ESG performance to achieve corporate social responsibility, to avoid financial risk, to not use conflict minerals and to be a going concern in order to achieve corporate sustainability. At the same time, we have established good partnership with our suppliers so as to grasp the risks related to our suppliers' CSR/ESG, to strengthen audit management, to coach and assist their improvement, and to collaboratively drive the overall supply chain towards a sustainable future.

(2) Supply Chain Management

a. Selection and approval of new suppliers and new materials

For the development of new raw materials, new suppliers or old suppliers' products that are different from those produced in the past, their evaluation will follow "Operational Procedures for Evaluation and Approval of Raw Materials Suppliers and their Products". A prospective supplier is required to at least acquire a certificate of ISO 9001 and is encouraged to obtain a certificate of ISO 14001 and of ISO 45001. In addition to requirements of having passed our on-site audit, got procurement capability, possessed enough production capacity and established control system to manage the hazardous substances, , etc., our prospective suppliers should meet the requirements of having established proper measures to protect the environment, human rights, labor safety and labor health and to implement corporate sustainable development. And then they must meet the further requirements of having installed a control system to enhance labor safety and health, not used child labor, not violated labor rights, fostered ethical management, , etc. before they can become one of our suppliers.

b. Suppliers’ Commitment

(a) The Company requires our suppliers to sign the "RBA Compliance Commitments" before doing business with them, which urges our suppliers to commit to the high standard of human rights, ethical behaviors, environment protection, labor health enhancement and other conducts.

(b) Conflict Minerals Management

The Company complies with the RBA code of conduct, collaborates with our customers, promises not to use metals from armed groups, illegal mining and poor working conditions, and requires our suppliers to fulfill social responsibilities and to trace the origins of gold (Au), tin (Sn), tantalum (Ta), tungsten (W), etc., which are contained in their products, to ensure that these metals do not come from "conflict mines". When evaluating new materials, if they contain metal materials, our suppliers are required to disclose the source of minerals involving metals and sign the "Declaration of Minerals Conflict-Free" and to use the Conflict Minerals Reporting Template (CMRT) to regularly update their sources of minerals.

Suppliers Management in 2021

Items		Completion Rate
Agreements and Commitments	Purchase Contract	100%
	Quality Agreement	100%
	Aerospace Quality Management System Declaration	100%
	RBA Compliance Commitments	100%
	Declaration of Minerals Conflict-Free	100%
Surveys	CMRT	100%

c. Suppliers Audit

Based on the audited items of material risk and annual risk assessment stipulated in the Company's "Operational Procedures for Evaluation and Approval of Raw Materials Suppliers and their Products" and "Operational Procedures for Suppliers Management", we adopt the "Raw Material Suppliers Survey and Evaluation Table" to conduct the yearly assessments on raw material suppliers to reduce risk through preventive measures.

Suppliers Audit Pass Rate in 2021

Region	Number of Audited Suppliers	Pass Rate
Taiwan' Sites	60	100%
China's Sites	43	100%

d. Supplier Performance Management

In order to ensure the quality of suppliers' products, the Company evaluates the quality, delivery time, price and service of suppliers' materials on a monthly basis and conducts risk assessments based on the overall performance of suppliers on a yearly basis in accordance with the "Operational Procedures for Suppliers Management". Even the suppliers that meet the requirements of risk levels must provide improvement measures and participate in improvement meetings.

2021 Supplier Risk Assessment Completion Rate

Region	Number of Assessed Suppliers	Completion Rate
Taiwan' Sites	35	100%
China's Sites	90	100%

3.4.10 Promotion of Sustainable Development

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
1. Does the Company establish a governance framework to promote sustainable development, and set up a dedicated office to promote sustainable development, which is managed by senior management who is authorized by the board of directors and reports to the board of directors?	V		Following the vision and mission of the Company's ESG policy, it has chief corporate governance officer and a dedicated CSR office in CEO’s Staff Office, which is run by senior management who is authorized by the board of directors and reports to the board of directors, to promotes the corporate social responsibility. At the same time, the departments of human resources, general administration, procurement, equipment and utilities, factory management and other units implement the corporate social responsibility in the practical affairs under their scope of duties and responsibilities. In order to further improve the Company's organization for promoting sustainable development, the "Sustainable Development Committee" was established in 2022, which is the top authority on issues of sustainable development. The committee presided by the chairperson who collaborate with a number of senior officers in different functions review the Company's core operating capabilities and formulate medium-term and long-term plans for sustainable development. The "Sustainable Development Committee" serves as a cross-departmental communication platform integrating a variety of different departments vertically and horizontally. Through regular meetings and task groups responsible for different issues, the committee identifies the sustainable issues related to the Company’s operations and its stakeholders, formulates corresponding strategies and work guidelines, compiles each organizations’ budgets for sustainable development, plans and implements annual projects and tracks the implementation results to ensure that the sustainable development strategy is fully implemented in the Company's daily operations.	No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
			The chairperson of the "Sustainable Development Committee" is expected to report to the Board of Directors on the implementation results of sustainable development and future projects. The first meeting was held in April 2022. The agenda of the meeting includes (1) identifying sustainable issues that need our attention, and formulating action plans to deal with them; (2) setting up the goals and policy on issues related to sustainable development; (3) supervising implementation of issues on sustainable management and assessing their results. The board of directors has listened to the reports of the committee (including an ESG report). The management proposed the Company's strategies to the board of directors, and the board of directors evaluated the results of these strategies. The board of directors also regularly reviews the implementation status of the strategies and urges the management to make adjustments when necessary.	
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality?	V		This following information covers the Company's sustainable development performance at its main sites from January 1,2021 to December 31, 2021. The assessed boundaries of risks were mainly on the Company, including existing sites in Taiwan, China, and Thailand. Based on the relevance to the operations of the Company and the degree of their impact on material topics, Chin-Poon (Changshu) Electronics Co., Ltd. and Draco PCB Public Co. Ltd which are our subsidiaries are included in the boundaries. The Sustainability Committee conducts analysis based on the materiality principle of the Corporate Sustainability Report, communicates with internal and external stakeholders, and reviews domestic and foreign research reports and documents, and integrates the assessment of various departments and subsidiaries to select the material topics related to ESG issues, to formulate risk management policies	No difference.

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>involving effective risks identification, risks measurement, risks monitoring and risks control, and to take specific action plans to reduce the impact of related risks.

Based on the assessed risks, relevant risk management policies or strategies are formulated as follows:
<table>
<tr><th>Material Topics</th><th>Risk Assessment Items</th><th>Remark</th></tr>
<tr><td>Environment</td><td>Environmental Impact and Management</td><td>● The Company complies with the requirements of ISO 14001, establishes an environmental management system, and fully considers such significant environmental issues as pollution (e.g. air pollution, water pollution, waste) and water and electricity consumption, etc. and takes into account hazardous substances that may be introduced in the manufacturing process. Therefore, we set up dedicated management units and personnel to prevent environmental pollution, such as air pollution, water pollution, and waste, and to manage energy and resources.
● The Company regularly checks greenhouse gas emissions in accordance with ISO 14064-1 to review the impact on our operations. Based on the results of the greenhouse gas inventory, we will continue to implement carbon reduction measures to effectively reduce the risk of Scope 1 emissions and the indirect emissions of Scope 2 greenhouse gases caused by the use of electricity. The annual internal audit plan is planned, aiming at the compliance with various relevant environmental laws and regulations, and auditing that each</td></tr>
</table></td><td></td></tr>
</table>

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
			operating process is in accordance with the regulations.	
			Social / Occupational Safety: ● Employees are the most precious assets of an enterprise. And ensuring the safety and health of employees is the most important responsibility of an enterprise. In order to make our commitment to labor safety and health, the Company has established an occupational safety and health management system to comply with occupational safety and health regulations and other requirements, to be in accordance with ISO45001 and to meet customers' requirements. The goal of the system is to reduce any and all hazards and risks to our employees. We actively implement environmental and occupational safety and health policies and make sure that all employees can fully understand those policies through proper communication. We have been upholding the occupational safety and health policy of "compliance with laws and regulations, prevention first, safety first, and continuous improvement." ● We commit to the following goals: 1. To provide safe working conditions and environment to protect the safety and health of employees. 2. To comply with laws, regulations and other relevant requirements and fulfill corporate social responsibilities. 3. To eliminate hazards and reduce occupational safety and health risks, and improve the working safety of all employees. 4. To continuously improve the occupational safety and health management system and improve	

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td>the performance of safety and health management.
5. To enhance the communication channels, implement the consultation of workers and labor representatives, and participate in safety and health related activities.</td></tr>
<tr><td></td><td>Product Safety</td><td>● The Company's products comply with relevant governments' regulations and laws and with EU's Restriction of the use of Hazardous Substance (RoHS). At the same time, in order to ensure the quality of customer service, we set up a customer service dedicated communication channel and actively conduct customer service satisfaction surveys on a regular basis every year to strengthen the collaboration with customers.
● In order to avoid losses caused by a variety of risks, the Company has also taken various insurance policies, such as product liability insurance (the policy number is 0500-21APD0300065 and the insured coverage is USD 10 million.), etc., to ensure that we have sufficient capacities and resources to carry out the following recovery when risks occur, and indeed keep our commitments to customers.</td></tr>
<tr><td>Corporate Governance</td><td>Socio-economic Issues and Legal Compliance</td><td>● By establishing an organizing framework of corporate governance and implementing an internal control system, we ensure that all employees and operations of the Company comply with relevant laws and regulations.
● The Company will apply for patents for the products developed by it to protect its rights and interests.</td></tr>
<tr><td></td><td>Enhancement of the</td><td>● We plan education and trainings on relevant topics for directors, and provide directors with the</td></tr>
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<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td>Functions of Directors</td><td>updated information on the latest regulations, system development and policies every year.
● We have taken directors' liability insurance for directors to protect them against lawsuits or claims.</td></tr>
<tr><td></td><td>Communication with Stakeholders</td><td>● In order to prevent stakeholders from having different perspectives with the Company, which may cause misunderstandings and lead to operational risks or litigation, the Company analyzes on a yearly basis the material topics which our stakeholders care about most.
● The Company has established a variety of communication channels and been communicating actively to reduce confrontation and misunderstanding. We have set up the dedicated mailboxes and e-mail address for investors, in which the spokesperson is responsible for responding the received messages and opinions.</td></tr>
</table></td><td></td></tr>
<tr><td>3. Environmentally Sustainable Development
(1) Has the Company established a suitable environmental management system based on its industrial characteristics?
(2) Is the Company committed to improving energy efficiency and using renewable materials with low environmental impact?
(3) Does the Company assess the</td><td>V</td><td></td><td>(1) For details, please refer to section (1) in the “3.4.9.1 Environmental Protection”.
(2) For details, please refer to section (2) and (4) in the “3.4.9.1 Environmental Protection”.
(3) For details, please refer to section (6) and (7) in the “3.4.9.1 Environmental</td><td>(1) No difference.
(2) No difference.
(3) No difference.</td></tr>
</table>

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
potential risks and opportunities of climate change for the Company now and in the future, and take measures to address climate related issues?			Protection".	
(4) Has the Company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies on energy conservation, carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?			(4) For details, please refer to section (3), (5), (6) and (7) in the "3.4.9.1 Environmental Protection".	(4) No difference.
4. Promotion of Social Welfare (1) Does the Company set policies and procedures in compliance with relevant laws and regulations and International Bill of Human Rights?	V		(1) For details, please refer to "3.4.9.3 Compliance with The International Bill of Human Rights".	(1) No difference.
(2) Does the Company formulate and implement reasonable employee welfare system (including compensation, vacations, and other benefits), and appropriately reflect its operating performance or results			(2) For details, please refer to "5.5 Labor Relations".	(2) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
in employee compensation? (3) Does the Company provide a safe and healthy working environment for employees and regularly implement safety and health education for employees? (4) Does the Company establish an effective career development training program for employees? (5) Does the Company comply with relevant regulations and international standards on such issues as customer health and safety, customer privacy, marketing and labeling of its products and services, etc. and has it formulated relevant policies and complaint procedures to protect the rights of consumers and customers? (6) Does the Company have a supplier management policy requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or human rights in the workplace, and how is it implemented?			(3) For details, please refer to "3.4.9.2 Safety and Health Management" and "5.5 Labor Relations". (4) For details, please refer to "5.5 Labor Relations". (5) The customers of the Company are electronic manufacturers, not consumers. The Company and its customers are partners in collaborative design and manufacturing, and both parties can fully communicate on all topics of their rights, products and services. The Company has been complying with relevant regulations and international standards for the marketing and labeling of products and services. (6) For details, please refer to "3.4.9.4 Supplier Management Policy".	(3) No difference. (4) No difference。 (5) No difference. (6) No difference.

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>5. Does the Company refer to international standards or guidelines for the preparation of a corporate sustainability report and other reports that disclose non-financial information about the Company? Did you obtain a third-party certification agency's assurance on the above-mentioned reports?</td><td>V</td><td></td><td>We are integrating the process of preparing the corporate sustainability report. And the report is expected to be issued this year or next year.

The third-party’s assurance of the report will begin as soon as it has issued. Initially, the third-party’s assurance will be conducted for key material topics, and then gradually expanded to include the whole report.</td><td>To be issued this year or next year.</td></tr>
<tr><td colspan="5">6. If the Company has established its code of practice for promotion of sustainable development according to “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the policies and their implementation.

The Company has established its own code of practice for promotion of sustainable development according to “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and has implemented various responsibilities for promotion of sustainable development in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”. For details, please refer to “3.4.9.1 Environmental Protection”, "3.4.9.2 Safety and Health Management", "3.4.9.3 Compliance with The International Bill of Human Rights", "3.4.9.4 Supplier Management Policy", "5.5 Labor Relations" and other sections.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company’s promotion of sustainable development:

The Company has explained them in detail in the “3.4.9.1 Environmental Protection”, "3.4.9.2 Safety and Health Management", "3.4.9.3 Compliance with The International Bill of Human Rights", "3.4.9.4 Supplier Management Policy", "5.5 Labor Relations" and other sections.</td></tr>
</table>

3.4.11 Implementation of Ethical Corporate Management

The Company has established internal control system, internal auditing system, a code of practice for ethical corporate management and various procedures. And internal auditors and external professionals (CPAs) check their implementation on irregular basis. In addition, the Company has a company website for the public to understand the Company. The major financial and business information are properly disclosed for investors' review on the "Market Observation Post System", which is Taiwan official disclosure website for all listed companies. The implementation of corporate social responsibility is disclosed in our annual report and prospectus.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
1. Establishment of Ethical Corporate Management Policy and its Implementation Measures	V			
(1) Has the Company formulated the ethical corporate management policy that has been approved by the board of directors, and stated in the regulations and external documents the policies and practices of ethical corporate management? Do the board and senior management demonstrate their commitment to actively implement the ethical corporate management policy?			(1) The Company has formulated the ethical corporate management policy that has been approved by the board of directors, and stated in the regulations and annual reports the policies and practices of ethical corporate management. And the board and senior management have demonstrated their commitment to actively implement the ethical corporate management policy as well.	(1) No difference.
(2) Has the Company established an assessment mechanism against unethical conduct to regularly analyzes and evaluates on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs to prevent them, which at least covers the preventive measures			(2) The Company has clearly defined in its internal regulations that "the Company and its directors, managers, employees and substantial controllers shall not directly, or indirectly, provide, promise, request or accept any form of illegitimate interests in the execution of business, which include commissions, rebates,	(2) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
stipulated in the second paragraph of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?			facilitating payment or other improper benefits through other means provided to or received from customers, agents, contractors, suppliers, public officials or other interested parties." And we have been implementing the concepts of employees' integrity and self-discipline in various operational procedures and training programs.	
(3) Does the Company clearly specify the operational procedures, code of conduct, a well-defined disciplinary and appeal system in the prevention programs to prevent unethical conduct, and effectively implement them, and regularly review their adequacy and effectiveness?			(3) The Company expressly prohibits the provision or acceptance of improper benefits and related measures for their violations in its internal regulations and operational procedures. And the Company reviews their adequacy and effectiveness on a regular basis.	(3) No difference.
2. Implementation of Ethical Corporate Management (1) Does the Company assess the integrity records of its counter parties with whom it has business relationship and include a clause of ethical conduct in their contracts? (2) Does the Company set up an office under the board of directors, which is dedicated to promoting the Company's ethical corporate management, and reports its policy, plans, supervision and implementation directly to the board of directors on a regular basis (at least once a year)?	V		(1) Before the Company signs a contract with other parties, it will conduct a credit review and will ask the other party to sign Supplier Honesty and Integrity Agreement. (2) Chief corporate governance officer and CEO's Staff Office is responsible for the amendment and implementation of relevant regulations and procedures of the Company, which are approved by the board of directors when they are amended. And the internal audit unit reports regularly to the board of directors on its plans to prevent unethical conduct and oversee its implementation.	(1) No difference. (2) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
(3) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels and implement such policies properly?			(3) The Company's internal regulations and operational procedures clearly stipulate the terms on avoidance of conflict of interest. When employees encounter conflicts of interest in the execution of their business, they should report to their immediate supervisor.	(3) No difference.
(4) Has the Company established an effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct? Has the internal audit unit devised relevant audit plans by being based on the results of assessment of the risk of involvement in unethical conduct, and used it to examine accordingly the compliance with the prevention programs? Or has the internal audit unit instead of by itself engaged a certified public accountant to carry out the audit?			(4) The accounting system of the Company is based on Company Act, Securities Exchange Act, Business Entity Accounting Act, Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards and relevant laws and regulations, and take into consideration the Company's characteristics of business, organization and actual needs. The internal control system has been formulated according to " Regulations Governing Establishment of Internal Control Systems by Public Companies " and has been implemented. The Audit Office also regularly reviews the compliance of the accounting system and the internal control system, and tracks its corrections, and reports to the board of directors on a regular basis.	(4) No difference。
(5) Does the Company provide internal and external training programs on ethical corporate management on a regular basis?			(5) The Company has added the education and training program on ethical corporate management in regular education and training for all levels of managers.	(5) No difference.

Assessment Item	Implementation Status			Non-implementation and its Reason(s)
	Yes	No	Explanation	
3. Implementation of Whistleblower System	V			
(1) Does the Company establish a whistleblower system and an incentive policy for whistleblowing, set up conveniently accessible whistleblowing channels, and assign a dedicated person for the whistleblowers to handle their reports?			(1) The Company has stipulated a whistleblower system in its internal regulations and operational procedures, and has been educating employees to use it through the education and training programs. A conveniently accessible whistleblowing channels has been established. And we will assign a dedicated person for the whistleblowers to handle their reports to protect them.	(1) No difference.
(2) Does the Company establish standard operational procedures for investigating the reports of the whistleblowers, follow-up measures to be taken after the completion of the investigation, and relevant confidentiality mechanisms?			(2) The Company has not established the standard operational procedures for investigating the reports of the whistleblowers and ensuring such reports are handled in a confidential manner. However, the cases in recent years has been handled in a prudent manner by the senior executives to ensure the rights and interests of the whistleblowers.	(2) No difference.
(3) Does the Company adopt proper measures to prevent whistleblowers from retaliation for their reports?			(3) The Company will take appropriate measures to protect the whistleblowers from improper treatment due to their reports. However, the Company will also conduct cautious investigations to protect the accused from improper or incorrect accusation.	(3) No difference.
4. Enhanced Information Disclosure	V			
Does the Company disclose its code of practice for ethical corporate management as well as information about			The Company has disclosed internal regulations and operational procedures on the Company's	No difference.

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td>implementation of such code of practice on its website and on the “Market Observation Post System”, which is Taiwan official disclosure website for all listed companies?</td><td></td><td></td><td>website. The Company has set up a stakeholders’ area on the Company’s website and on the “Market Observation Post System”, which is Taiwan official disclosure website for all listed companies. And we have been responding appropriately to stakeholders’ concern and important issues of ethical corporate management.</td><td></td></tr>
<tr><td colspan="5">5. If the Company has established its code of practice for ethical corporate management according to “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation.

No difference.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate better understanding on implementation of the Company’s ethical corporate management (e.g., review the Company’s code of practice for ethical corporate management , etc.).

The Company has been commission KPMG to audit and verify the Company’s financial statements and to disclose various financial and business information on the “Market Observation Post System”, which is Taiwan official disclosure website for all listed companies and the Company’s website to enhance operational transparency.</td></tr>
</table>

3.4.12 For the Company's code of practice for corporate governance and related regulations

Please refer to our website: www.chinpoon.com

3.4.13 For other important information that can enhance the understanding of the implementation of corporate governance

Please refer to our website: www.chinpoon.com

3.4.14 Implementation status of internal control system:

(1) Statement on Internal Control System: Appendix 1.

(2) If the Company has commissioned CPAs to review the internal control system, it should disclose their review report: None.

3.4.15 The events in which the Company and its employees were punished according to law and the disciplinary actions the Company has put on its employees for violating the internal control system in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, where the result of such punishment and disciplinary actions could have a material effect on shareholder equity or securities prices, the major wrongdoings and their corrections: None.

3.4.16 Important resolutions of the shareholders' meeting and the board of directors in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

3.4.17 Directors' or supervisors' different opinions on the important resolutions of the board of directors, which have been recorded in the board meeting minutes or in a written statement, in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report and their key points: None.

3.4.18 Summary of the resignation or dismissal of the Company's chairperson, CEO, chief accounting officer, CFO, internal auditing officer and executives in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Table of the Resignation or Dismissal of the Company's Key Persons

March 31, 2022

Title	Name	Date of Appointment	Date of Resignation or Dismissal	Reason for Resignation or Dismissal
	None.			

Note: The Company's key persons refer to the chairperson, CEO, chief accounting officer, CFO, internal auditing officer and executives in R&D.

Table of the Resignation or Dismissal of the Persons Involved In Financial Reporting

March 31, 2022

Title	Name	Date of Appointment	Date of Resignation or Dismissal	Reason for Resignation or Dismissal
	None.			

Note: The persons involved in financial reporting refer to the chairperson, CEO, chief accounting officer and internal auditing officer.

3.5 Information on the Company's Audit Fees

3.5.1 Information on Audit Fee

Unit: NT$ thousand

Accounting Firm	Name of CPA	CPAs' Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
KPMG Taiwan	Lily Lu	Jan. 1, 2021~ Dec. 31, 2021	5,050	0	5,050	
	Victor Wang	Jan. 1, 2021~ Dec. 31, 2021				

The amounts for non-audit fees (e.g. fees for tax attestation, assurance or other financial advisory services) are 0.

3.5.2 State if non-audit fees are more than 25% of the audit fee: None.

3.5.3 State if the Company has replaced the accounting firm and if the audit fee paid in the year after the replacement is less than that in the year before the replacement: No replacement.

3.5.4 State if the audit fee is reduced by more than 15% compared with that in the previous year: None.

3.6 Information on the Change of CPAs

3.6.1 Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="4">March 22, 2017</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">Personnel changes in KPMG</td></tr>
<tr><td rowspan="3">State if the appointment is terminated or rejected by the consignor or CPAs.</td><td colspan="2">Party
Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td colspan="2">The engagement terminated by which party</td><td>V</td><td></td></tr>
<tr><td colspan="2">The engagement rejected by which party</td><td></td><td></td></tr>
<tr><td>The opinions other than unqualified opinion issued in the last two years and the reasons for the said opinions.</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">State if there was any different opinion between CPAs and the issuer.</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting Principle or Practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td></td><td colspan="2">Auditing Scope or Procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Supplementary Disclosure (Disclosures specified in Article 10.6.1.4 ~ 10.6.1.7 of “Regulations Governing Information to be Published in Annual Reports of Public Companies”)</td><td colspan="4">None</td></tr>
</table>

3.6.2 Successor CPAs

Accounting Firm	KPMG
CPA	CPA Lily Lu and CPA Victor Wang
Date of Engagement	March 22, 2017
State if there was any consultation with the newly engaged CPAs, prior to the formal engagement with them, regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Company's financial statements.	None
The successor CPAs' written opinions that are different from the former CPAs' opinions	None

3.6.3 Former CPAs' reply letter specified in Article 10.5.1 and 10.5.2.3 of "Regulations Governing Information to be Published in Annual Reports of Public Companies": None.

3.7 Where the Company's chairperson, CEO, or any managerial officer in charge of finance or accounting has in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a CPA's accounting firm" means one in which CPAs at the accounting firm of the Company's CPAs hold more than 50 percent of the shares, or of which such CPAs hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the said accounting firm: None.

3.7.1 Procedures for Evaluating the Independence of our CPAs

The Audit Committee evaluates the independence of the Company's CPAs on a yearly basis. In addition to requiring the CPAs to provide an "Independence Statement", the Audit Committee conducts the independent evaluation of our CPAs according to the criteria in the table below. It has been confirmed that our CPAs and the Company have no other financial interests and business relations except for the audit fee and tax consulting. The evaluation report for the latest year has been discussed and approved by the Audit Committee on January 12, 2022, and submitted to the board of directors on January 12, 2022, which has resolved to approve the independent evaluation of our CPAs.

Criteria for Evaluating the Independence of our CPAs

Evaluation Item		Evaluation Result	Whether it meets the criterion of independence
1	Does the CPA have a direct or significant indirect financial interest in the Company?	No	Yes
2	Has the CPA involved any matter of financing or guarantee with the Company or its directors?	No	Yes
3	Does the CPA have close business relationship and potential employment with the Company?	No	Yes
4	Have the CPA and the members of the audit team been the Company's directors or managers or got a significant influence on the audit work in the Company currently or in the last two years?	No	Yes
5	Has the CPA provided the Company with non-audit services that may directly affect the audit work?	No	Yes
6	Has the CPA brokered the shares or other securities issued by the Company?	No	Yes
7	Has the CPA acted as the Company's defender or represented the Company in coordinating disputes with other third parties?	No	Yes
8	Does the accountant have any kinship with the Company's directors, managers or persons who have a significant impact on the audit work?	No	Yes

3.8 Changes in shareholding of directors, managers and major shareholders with 10% shareholdings or more in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

3.8.1 Net Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2021		Jan. 1, 2021 ~ Apr. 26, 2021	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairperson	Tseng-Liu, Yu-Chih				
Director	Tung, Hsiao-Hung				
Director	Lin, Pi-Chi	(243,000)		(45,000)	
Director	Huang, Wei-Jin	(1,000,000)			
Director	Lai, Hwei-Shan				
Director	Tseng, Wen-Yu				
Independent Director	Chen, Hsiang-Sheng				
Independent Director	Chen, Shi-Shu				
Independent Director	Hsu, Sung-Tsai				
CEO	Alan Hwang				
CEO in China	Charlie Tseng				
VP	Catherine Hsing				
VP	Rachel Lin				
VP	Jack Lin				
AVP	Phil Su	8,000			
Internal Auditing Officer	Candy Sung				
Chief Corporate Governance Officer	Yu-Chiao Huang				

3.8.2 Stock Trade with Related Parties: None.

3.8.3 Stock Pledge with Related Parties: None.

3.9 Related Parties among our Top 10 Shareholders

April 26, 2022

Name (Note 1)	Current Shareholding		Spouse and Minor Children Shareholding		Shareholding by Nominee Arrangement		Name and Relationship between Shareholders (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Fubon Life Insurance Co., Ltd. (its representative: Richard M. Tsai)	26,499,000	6.67							
Huang, Wei-Jin	11,238,409	2.83	2,642	0.00					
Tseng-Liu, Yu-Chih	9,603,279	2.42	1,372,422	0.35					
Lin, Pi-Chi	7,282,649	1.83	2,591,839	0.65					
Tung, Hsiao-Hung	6,308,043	1.59							
Lai, Hwei-Shan	6,283,114	1.58							
Tseng, Wen-Yu	5,546,357	1.40	183,630	0.05					
HSBC in custody for SFC Foresta Master Fund	5,285,000	1.33							
JPMorgan Chase Bank in custody for Vanguard Emerging Markets Stock Index Fund	4,806,890	1.21							
Dawei Investment Co., Ltd. (its representative: Hsieh, Hsiu-Chu)	4,690,540	1.18							

Note 1: The top 10 shareholders should be listed (If one of them is an institutional shareholder, the name of the institutional shareholder and its representative should be listed simultaneously).

Note 2: The total of the shareholding of a shareholders, his/her spouse and minor children and other shareholders by nominee arrangement shall be used in the calculation of the shareholding ratio of a shareholder.

Note 3: The relationship among the shareholders listed in the above table, including shareholders and institutional shareholders, should be disclosed.

3.10 The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the Company

March 31, 2022

Unit: Shares; %

Investee (Note1)	Ownership by the Company (A)		Ownership by Directors, Managers and Directly/Indirectly Owned Subsidiaries (B)		Total Ownership (A) + (B)	
	Shares	%	Shares	%	Shares	%
Vega International Enterprise Co.,LTD	131,242,925	100%			131,242,925	100%
Chin Poon Holdings Cayman Limited			92,354,035 (Note1)	100%	92,354,035	100%
Chin-Poon (Changshu) Electronics Co., Ltd			120,000,000 (Note1)	100%	120,000,000	100%
Draco PCB Public Co. Ltd	670,618,477	99.78%			670,618,477	99.78%

Note 1: The following are investees indirectly owned by the Company:

Chin Poon Holdings Cayman Limited has a share capital of US$ 92,354,035.

Chin-Poon (Changshu) Electronics Co., Ltd has a share capital of US$ 120,000,000.

4. Information on Shares

4.1 Capital and Shares

4.1.1 Source of Share Capital (up to the date of publication of the annual report)

Unit: Shares; NT$

Year/ Month	Par Value (NT$)	Authorized Share Capital		Share Capital		Remark					
		Shares	Amount	Shares	Amount	Source of Share Capital				Payment for Shares by Assets Other than Cash	Other (Note 3)
						Cash	Retained Earnings	Capital Surplus	Conversion of Convertible Bonds		
1996/8	10	70,000,000	700,000,000	61,050,000	610,500,000	-	33,300,000	22,200,000	0	0	0
1997/8	10	170,000,000	1,700,000,000	96,312,500	963,125,000	200,000,000	152,625,000	-	0	0	0
1998/8	10	170,000,000	1,700,000,000	145,206,250	1,452,062,500	200,000,000	192,625,000	96,312,500	0	0	0
1999/8	10	260,000,000	2,600,000,000	174,247,500	1,742,475,000	-	145,206,250	145,206,250	0	0	0
2000/8	10	260,000,000	2,600,000,000	200,384,625	2,003,846,250	-	87,123,750	174,247,500	0	0	0
2001/7	10	300,000,000	3,000,000,000	232,372,201	2,323,722,010	-	119,491,140	200,384,620	0	0	0
2002/8	10	380,000,000	3,800,000,000	271,242,921	2,712,429,210	-	156,335,000	232,372,200	0	0	0
2003/1	10	380,000,000	3,800,000,000	274,852,991	2,748,529,910	-	-	-	36,100,700	0	0
2003/7	10	380,000,000	3,800,000,000	305,027,493	3,050,274,930	-	95,605,280	206,139,740	0	0	0
2003/10	10	380,000,000	3,800,000,000	305,049,232	3,050,492,320	-	-	-	217,390	0	0
2004/1	10	380,000,000	3,800,000,000	305,099,231	3,050,992,310	-	-	-	499,990	0	0
2004/5	10	380,000,000	3,800,000,000	305,462,867	3,054,628,670	-	-	-	3,636,360	0	0
2004/9	10	450,000,000	4,500,000,000	330,553,310	3,305,533,100	-	22,080,010	228,824,420	-	0	0
2004/10	10	450,000,000	4,500,000,000	331,326,703	3,313,267,030	-	-	-	7,733,930	0	0
2005/6	10	450,000,000	4,500,000,000	348,969,211	3,489,692,110	-	43,894,400	132,530,680	-	0	0
2005/12	10	450,000,000	4,500,000,000	330,490,346	3,304,903,460	-	-	-	-	0	(184,788,650)
2005/12	10	450,000,000	4,500,000,000	332,542,147	3,325,421,470	-	-	-	20,518,010	0	0
2006/4	10	450,000,000	4,500,000,000	343,194,943	3,431,949,430	-	-	-	106,527,960	0	0
2006/7	10	450,000,000	4,500,000,000	343,785,610	3,437,856,100	-	-	-	5,906,670	0	0
2006/10	10	450,000,000	4,500,000,000	348,246,806	3,482,468,060	-	-	-	44,611,960	0	0
2007/5	10	450,000,000	4,500,000,000	382,884,998	3,828,849,980	-	-	-	346,381,920	0	0

2007/7	10	450,000,000	4,500,000,000	409,237,088	4,092,370,880	-	-	-	263,520,900	0	0
2007/10	10	450,000,000	4,500,000,000	412,764,322	4,127,643,220	-	-	-	35,272,340	0	0
2008/9	10	450,000,000	4,500,000,000	406,079,322	4,060,793,220	-	-	-	-	0	(66,850,000)
2008/12	10	450,000,000	4,500,000,000	397,579,322	3,975,793,220	-	-	-	-	0	(85,000,000)
2009/9	10	450,000,000	4,500,000,000	397,976,420	3,979,764,200	-	3,970,980	-	-	0	0
2009/11	10	450,000,000	4,500,000,000	397,495,420	3,974,954,200	-	-	-	-	0	(4,810,000)

Note 1: The Company’s share capital in 1995 was NT$ 555,000,000.

Note 2: The Company’s previous fundraisings were approved according to the following letter: 85.07.02 (85) Taiwan Finance and Securities (1) Letter No. 41277, 86.05.30 (86) Taiwan Finance and Securities (1) Letter No. 39311, 87.05.21 (87) Taiwan Finance and Securities (1) Letter No. 39137, 87.05.27 (87) Taiwan Finance and Securities (1) Letter No. 46114, 88.07.07 (88) Taiwan Finance and Securities (1) Letter No. 61438, 89.06.15 (89) Taiwan Finance and Securities (1) Letter No. 51185, 90.05.17 (90) Taiwan Finance and Securities (1) Letter No. 130493, 91.06.12 (90) Taiwan Finance and Securities (1) Letter No. 0910131911, 92.01.27 Taiwan Securities Upward Letter No. 0920001822, 92.07.01 Taiwan Finance and Securities (1) Letter No. 0920129138, 92.10.27 Taiwan Securities Upward Letter No. 0920027311, 93.2.3 Taiwan Securities Upward Letter No. 0930001797, 93.5.14 Taiwan Securities Upward Letter No. 0930012041, 93.07.6 Securities and Futures (1) Letter No. 0930129618, 93.10.28 Taiwan Securities Upward Letter No. 0930027762, 94.6.9 FSC Securities (1) Letter No. 0940123159, 94.12.08 Taiwan Securities Upward Letter No. 09400349981, 95.2.6 Taiwan Securities Upward Letter No. 0950002547, 95.4.27 Taiwan Securities Upward Letter No. 0950008649, 95.7.27 Taiwan Securities Upward Letter No. 09500197291, 95.10.26 Taiwan Securities Upward Letter No. 09500282201, 96.05.14 Taiwan Securities Upward Letter No. 0960011571, 96.08.06 Taiwan Securities Upward Letter No. 090006223631, 96.10.24 Taiwan Securities Upward Letter No. 09600315051, 97.9.23 Taiwan Securities Upward Letter No. 09700286131, 98.1.7 Taiwan Securities Upward Letter No. 09800000241, 98.7.2 FSC Securities Letter No. 0980032975 and 98.11.25 Taiwan Securities Upward Letter No. 09800300791.

Note 3: Other in December 2005 was the retired treasury stocks of 11,602,000 shares bought back by the Company and of 6,876,865 shares acquired through the merger with Shunhong Co., Ltd. Others in September of 2008, December of 2008 and November of 2009 were the retired treasury stocks bought back by the Company.

April 26, 2022
Unit: share

Type of Stock	Authorized Share Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stock	397,495,420	52,504,580	450,000,000	Listed

4.1.2 Composition of Shareholders

April 26, 2022

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	2	4	101	43,878	142	44,127
Shareholding	1,542,000	32,506,000	23,214,123	285,394,610	54,838,687	397,495,420
Holding Percentage (%)	0.39%	8.18%	5.84%	71.80%	13.79%	100.00%

4.1.3 Distribution Profile of Ownership

Par Value NT$ 10

April 26, 2022

Ownership of a Single Shareholder (Unit: Share)	Number of Shareholders	Subtotal Ownership	Subtotal Ownership (%)
1 ~ 999	11,219	1,400,981	0.35%
1,000 ~ 5,000	25,457	53,416,611	13.44%
5,001 ~ 10,000	3,942	31,753,426	7.99%
10,001 ~ 15,000	1,117	14,232,690	3.58%
15,001 ~ 20,000	761	14,247,333	3.58%
20,001 ~ 30,000	591	15,180,486	3.82%
30,001 ~ 40,000	273	9,923,800	2.50%
40,001 ~ 50,000	166	7,809,144	1.96%
50,001 ~ 100,000	315	22,161,840	5.58%
100,001 ~ 200,000	138	20,206,094	5.08%
200,001 ~ 400,000	56	15,878,352	3.99%
400,001 ~ 600,000	21	9,849,983	2.48%
600,001 ~ 800,000	15	10,549,561	2.65%
800,001 ~ 1,000,000	12	10,980,016	2.76%
1,000,001 and more	44	159,905,103	40.23%
Total	44,127	397,495,420	100.00%

4.1.4 Major Shareholders

April 26, 2022
Unit: share

Shares / Shareholders	Total Shares Owned	Shareholding (%)
Fubon Life Insurance Co., Ltd. (its representative: Richard M. Tsai)	26,499,000	6.67
Huang, Wei-Jin	11,238,409	2.83
Tseng-Liu, Yu-Chih	9,603,279	2.42
Lin, Pi-Chi	7,282,649	1.83
Tung, Hsiao-Hung	6,308,043	1.59
Lai, Hwei-Shan	6,283,114	1.58
Tseng, Wen-Yu	5,546,357	1.40
HSBC in custody for SFC Foresta Master Fund	5,285,000	1.33
JPMorgan Chase Bank in custody for Vanguard Emerging Markets Stock Index Fund	4,806,890	1.21
Dawei Investment Co., Ltd. (its representative: Hsieh, Hsiu-Chu)	4,690,540	1.18

4.1.5 Market Price, Net Worth, Earnings, and Dividends Per Common Share in the Most Recent Two Years

<table>
<tr><td colspan="3">Year
Item</td><td>2020</td><td>2021</td><td>Jan. 1, 2022 ~ Mar. 31, 2022 (Note 8)</td></tr>
<tr><td rowspan="3">Market Price Per Share (Note 1)</td><td colspan="2">Highest Market Price</td><td>34.50</td><td>40.45</td><td>44.40</td></tr>
<tr><td colspan="2">Lowest Market Price</td><td>18.70</td><td>23.85</td><td>32.05</td></tr>
<tr><td colspan="2">Average Market Price</td><td>27.40</td><td>32.32</td><td>38.32</td></tr>
<tr><td rowspan="2">Net Worth Per Share (Note 2)</td><td colspan="2">Before Distribution</td><td>38.50</td><td>38.42</td><td>39.13</td></tr>
<tr><td colspan="2">After Distribution</td><td>38.00</td><td>(Note 2)</td><td>(Note 2)</td></tr>
<tr><td rowspan="2">Earnings Per Share</td><td colspan="2">Weighted Average Shares (thousand shares)</td><td>397,495</td><td>397,495</td><td>397,495</td></tr>
<tr><td colspan="2">Earnings Per Share (Note 3)</td><td>0.12</td><td>0.85</td><td>0.005</td></tr>
<tr><td rowspan="4">Dividends Per Share</td><td colspan="2">Cash Dividends</td><td>0.50</td><td>(Note 2)</td><td>(Note 2)</td></tr>
<tr><td rowspan="2">Stock Dividend</td><td>From retained earnings</td><td>0</td><td>(Note 2)</td><td>(Note 2)</td></tr>
<tr><td>From capital surplus</td><td>0</td><td>(Note 2)</td><td>(Note 2)</td></tr>
<tr><td colspan="2">Accumulated Undistributed Dividend (Note 4)</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">Price/Earnings Ratio (Note 5)</td><td>228.33</td><td>38.02</td><td>1916</td></tr>
<tr><td colspan="2">Price/Dividend Ratio (Note 6)</td><td>54.8</td><td>(Note 2)</td><td>(Note 2)</td></tr>
<tr><td colspan="2">Cash Dividend Yield (Note 7)</td><td>1.82</td><td>(Note 2)</td><td>(Note 2)</td></tr>
</table>

Note 1: The highest and lowest market prices of common stocks for each year are listed, and the average market price for each year is calculated based on the market price and trade volume of each year.

Note 2: The number of shares that have been issued at the end of the year and the profit distribution approved by the board of directors or by the shareholders' meeting next year are used in the calculation.

Note 3: If there is a diluting adjustment due to stock dividend, the earnings per share and the diluted earnings per share should be listed.

Note 4: If there are any term in issuance of equity securities, which allows the Company to hold payment of dividend until the year when there is profit, the Company should separately disclose the accumulated undistributed accrued dividend up to the end of the year.

Note 5: Price/Earnings Ratio = Average Market Price / Earnings Per Share

Note 6: Price/Dividend Ratio = Average Market Price / Cash Dividend Per Share

Note 7: Cash Dividend Yield = Cash Dividend Per Share / Average Market Price

Note 8: The book value per share and earnings per share in the latest quarterly reviewed financial statements in the current year should be presented. The information in the other fields should have the data in the current year until the date of publication of the annual report.

4.1.6 Dividend Policy and Distribution of Earnings

4.1.6.1 Dividend Policy in the Company's Articles of Incorporation

The Company's Articles of Incorporation before 2015 has stipulated as follows: Should there be any remaining earnings after making the final settlement of account every year, after allocating for tax payments according to law, they shall first be used to cover losses for preceding years, and then setting aside 10% for legal reserve. However, when the cumulative legal reserve has reached the amount of paid-in capital, no more legal reserve shall be allocated. Should there still be remaining earnings, the allocation of a special reserve may be considered or they shall simply be retained. Among the rest of the remaining earnings, the total remunerations for directors and supervisors shall range from 0.5% to 5%, and the bonus to employees shall range from 2% to 10%, and the dividends or bonuses to shareholders shall range from 20% to 80%; the rest is unallocated remaining earnings. The specific part of remaining earnings, which is transferred back from special earnings reserve after the purpose of setting aside special earnings reserve has been satisfied or the cause of setting aside special earnings reserve has been ruled out, is allowed to be distributed as dividends or bonuses. If shareholders are not allotted with stock dividends, the employees shall not be allotted with stock bonus. The employees for bonus distribution shall include qualified employees of subsidiary companies, and the bonus distribution plan for these employees shall be decided by the board of directors.

According to Company Act amended in May 2015, the compensation for employees and the remuneration of directors are not in the category of the profit distribution approved by the shareholders' meeting. The Company has amended its Articles of Incorporation, which was approved by the shareholders' meeting on June 14, 2016, to comply with the newly amended Company Act. The amended articles in its Articles of Incorporation are as follows:

Article 25 " When the Company makes profits in a year, 2%~10% of the yearly profits shall be allocated for employee bonuses, and not more than 3% of the yearly profits for the remuneration of directors. However, when the Company has accumulated losses, the profit shall be used to cover the accumulated losses beforehand. The employees for bonus distribution shall include qualified employees of subsidiary companies."

Article 26 " Should there be any remaining earnings after making the final settlement of account every year and after allocating for tax payments according to laws, they shall first be used to cover accumulated losses, and then setting aside 10% for legal reserve. However, when the cumulative legal reserve has reached the amount of paid-in capital, no more legal reserve shall be allocated. Should there still be remaining earnings, a special reserve can be allocated because of operational consideration and regulatory imperatives. Among the rest of the remaining earnings of the yearly profits, the dividends or bonuses to shareholders shall range from 20% to 80%, The rest is unallocated remaining earnings and will be added to the remaining earnings of previous years. The board can make a proposal of distributing those remaining earnings for the Shareholders' Meeting to approve."

The distribution ratio of cash dividends in the Company's Articles of Incorporation is also clearly defined as follows:

" The dividend policy shall take into consideration the actual business environment and stage of business growth. The board of directors shall prepare and submit the specific distribution plans for implementation after approval by the Shareholders' Meeting, in view of future fund needs and the financial plans under the optimal principle of cash dividend and stock dividend. The cash dividend shall not be less than 20% of the total current-time Distribution, and shall not be less than 50% of the total current-time Distribution if the Company can acquire enough external financing. The actual distribution amount, category and proportions of the earnings shall be decided and adjusted per actual profitability and capital status and be resolved by he Shareholders' Meeting."

4.1.6.2 Proposal for Distribution of 2019 Profits and Retained earnings

Cash Dividend:
It is proposed to allocate NT$ 198,747,710 from the 2021 profits and the retained earnings and to distribute a cash dividend of NT$ 0.50 per share to the shareholders. The total amount of cash dividend is NT$ 198,747,710.

4.1.7 Impact on Business Performance and EPS Resulting from the Proposal for Stock Dividend

Not applicable.

4.1.8 Compensation for Employees and Remuneration for Directors and Supervisors

4.1.8.1 The Percentage and range of Compensation for Employees and of Remuneration for Directors and Supervisors

The Company’s Articles of Incorporation before 2015 has stipulated as follows: Should there be any remaining earnings after making the final settlement of account every year, after allocating for tax payments according to law, they shall first be used to cover losses for preceding years, and then setting aside 10% for legal reserve. However, when the cumulative legal reserve has reached the amount of paid-in capital, no more legal reserve shall be allocated. Should there still be remaining earnings, the allocation of a special reserve may be considered or they shall simply be retained. Among the rest of the remaining earnings, the total remunerations for directors and supervisors shall range from 0.5% to 5%, and the bonus to employees shall range from 2% to 10%, and the dividends or bonuses to shareholders shall range from 20% to 80%; the rest is unallocated remaining earnings. The specific part of remaining earnings, which is transferred back from special earnings reserve after the purpose of setting aside special earnings reserve has been satisfied or the cause of setting aside special earnings reserve has been ruled out, is allowed to be distributed as dividends or bonuses. If shareholders are not allotted with stock dividends, the employees shall not be allotted with stock bonus. The employees for bonus distribution shall include qualified employees of subsidiary companies, and the bonus distribution plan for these employees shall be decided by the board of directors.

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4.1.8.2 The basis for accruing the compensation for employees and the remuneration for directors and supervisors in the current period and the accounting for handling the difference between the amount of actual payment, which include the estimated value for employees' stock bonus and the payment of cash bonus, and the accrued amount of employees' compensation:

(1) The basis for accruing the compensation for employees and the remuneration for directors and supervisors:

It is in accordance with the Company's Articles of Incorporation.

(2) The accounting for handling the difference between the amount of actual payment, which include the estimated value for employees' stock bonus and the payment of cash bonus, and the accrued amount of employees' compensation:

There is no employees' stock bonus for this period and no difference between the amount of actual payment and the accrued amount of employees' compensation.

4.1.8.3 Resolution of Employees' Compensation and Directors' Remuneration Approved by the Board of Directors

(1) If the amount of employees' compensation and directors' remuneration in cash or in stock is different from the accrued amount of them, the difference,

its reason and the accounting of handling it should be disclosed:

The proposed amount of the compensation of employees in cash is NT$ 9,304,153 and the proposed amount of the remuneration of directors in cash is NT$ 3,240,000. There are no differences between the amount proposed by the board of directors and the amount of expense for the compensation and the remuneration accrued in the 2021 financial statements of the Company.

(2) The proportion of the employees’ stock bonus to the total net income and to the total amount of employee compensation in the 2021 parent company only financial statements of the Company:

There was no employees’ stock bonus from the 2021 profit.

(3) The earnings per share after deducting employees’ compensation and directors’ remuneration in cash or in stock:

It is NT$ 0.85.

4.1.8.4 The distribution of employees’ compensation and directors’ remuneration in the previous year (including the number of shares, amount and share price): If the amount of employees’ compensation and directors’ remuneration in cash or in stock were different from the accrued amount of them, the difference, its reason and the accounting of handling it should be disclosed.

(1) The distribution of employees’ compensation and directors’ remuneration in the previous year:

Unit: NT$

	Resolution by the shareholders’ meeting	Resolution by the board of directors	Difference	Reason
A. Distribution				
1. Employees’ Compensation	0	0	0	-
2. Directors’ Remuneration	0	0	0	-
B.Earnings Per Share on 2020				
Earnings Per Share in the income statement	0.12	0.12	0	-

(2) If the amount of employees’ compensation and directors’ remuneration in cash or in stock were different from the accrued amount of them, the difference, its reason and the accounting of handling it should be disclosed:

The amount of the compensation of employees in cash and the amount of the remuneration of directors in cash were NT$ 0 and NT$ 0. There are no differences between the amount approved by the shareholders’ meeting and the amount of expense for the compensation and the remuneration accrued in the 2020 financial statements of the Company.

4.1.9 Share Repurchases

4.1.9.1 Share Repurchases Already Completed

Round	3rd round
Purpose	For transferring shares to the Company's employees
Duration	Aug. 11, 2006 ~ Oct. 10, 2006
Price Range	NT$ 15 ~ 28
Type and Quantity of shares repurchased	Common Stock, 6,000,000 shares
Total Value of Shares Repurchased	NT$ 125,071,721
The Ratio of the Number of Shares that Were Repurchased to the Planned Number of Shares to Be Repurchased	100%
The Number of Shares Retired or Resold	6,000,000 shares
Quantity of Total Treasury Stock Holdings	-
Total Treasury Stock Holdings as A Percentage of Total Shares Issued (%)	-

Note: In order to motivate employees, the Company decided to buy back common stock from August 11, 2006 to October 10, 2006 and then spent NT$125,071,721 to buy back 6,000,000 shares. After 5,519,000 shares have been transferred to employees, the remaining 481,000 shares were retired in November, 2009 due to their having missed the transfer period.

4.1.9.2 Share Repurchases Still in Progress

None.

4.1.10 Implementation of the Resolutions of the Shareholders' Meeting

Date	Resolutions	Implementation
July 30, 2021	Resolution for Distribution of 2020 Profits (a cash dividend of NT$ 0.5 per share)	The Company has set the ex-dividend date at September 4, 2021 and has paid the cash dividends on October 1, 2021.
	To amend the Operational Procedures for Acquisition and Disposal of Assets	The Company has implemented the amended one.
	To amend the Operational Procedures for Derivatives Transactions	The Company has implemented the amended one.

4.2 Issuance of Corporate Bonds.

The convertible bonds were issued on July 24, 2002 and has expired on July 24, 2007.

4.3 Issuance of Preferred Shares

None.

4.4 Issuance of Global Depository Receipts.

None.

4.5 Employee Subscription Warrants

None.

4.6 New Restricted Employee Shares.

None.

4.7 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies.

None.

4.8 Financing Plans and Implementation.

None.

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

5.1.1.1 Main Business

(1) Manufacturing, processing and sale of printed circuit boards and electronic materials.
(2) Manufacturing, processing and sale of punching machines and press dies for printed circuit boards.
(3) Manufacturing, processing and sale of insulation boards.
(4) Importing and exporting of the aforesaid items.

5.1.1.2 Business Breakdown:

The Company’s main business is manufacturing, processing and trading of printed circuit boards. They accounted for approximately 100% of its business in 2021.

5.1.1.3 Products:

Single-sided, double-sided, multi-layer printed circuit boards and HDI.

5.1.1.4 New Products Development:

Refer to 5.1.3.3 “Upcoming R&D Plans”.

5.1.2 Industry Overview:

5.1.2.1 The Industry's Current Situation and Development

The Industry of printed circuit board (PCB), which is one of the main components of all electronic products, has been known as the "mother of electronics". Moreover, the PCB industry is the leader of Taiwan's top five electronic components industry. In 2021, the production value of Taiwan's PCB makers was NT$ 817.8 billion in Taiwan and overseas. That is more than twice that of the passive components industry, which is the second largest electronic component industry in Taiwan. The PCB industry is one of the most complete industry cluster in Taiwan. It is also one of the industries with the most listed companies in Taiwan.

According to the IEK statistics of the Industrial Technology Research Institute (ITRI), the production value of Taiwan's PCB makers in Taiwan totaled NT$ 817.8 billion in 2021, an increase of 17.5% year-on-year. It is obvious that Taiwan's PCB industry has grown a little last year.

Figure 1 Global PCB Production Value by Region

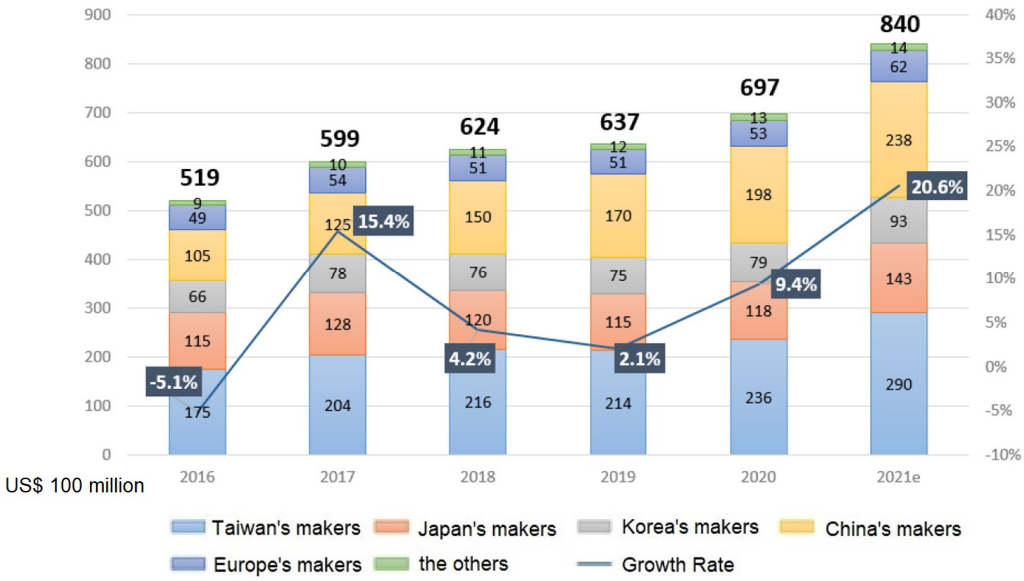
Region	**2018**	**2019**	**2020**	**2021F**
America	3,160	3,220	3,200	3,400
Germany	940	841	743	915
Other Europe+Russia	1,330	1,250	1,210	1,350
Africa & Middle East	142	143	120	100
West Total	**5,572**	**5,454**	**5,273**	**5,765**
China	42,430	45,420	49,280	57,100
Taiwan	8,140	7,850	7,570	8,330
S. Korea	7,415	7,220	6,800	7,140
Japan	5,940	5,830	5,750	6,100
Thailand	3,130	2,810	2,650	2,540
Vietnam	2,700	2,890	2,900	3,000
Other Asia	1,670	1,590	1,450	1,280
Asia Total	**71,425**	**73,610**	**76,400**	**85,490**
World Total	**76,997**	**79,064**	**81,673**	**91,255**

(Sept 10, 2021, N.T. Information Ltd, Europe by Michael Gasch)

** Note; Production includes assembly by PCB makers, particularly FPC*

Source: N.T. Information (Sep. 2021)

Figure 2 Global PCB Production Value by Makers' Nationality



Source: TPCA and IEK (Mar. 2022)

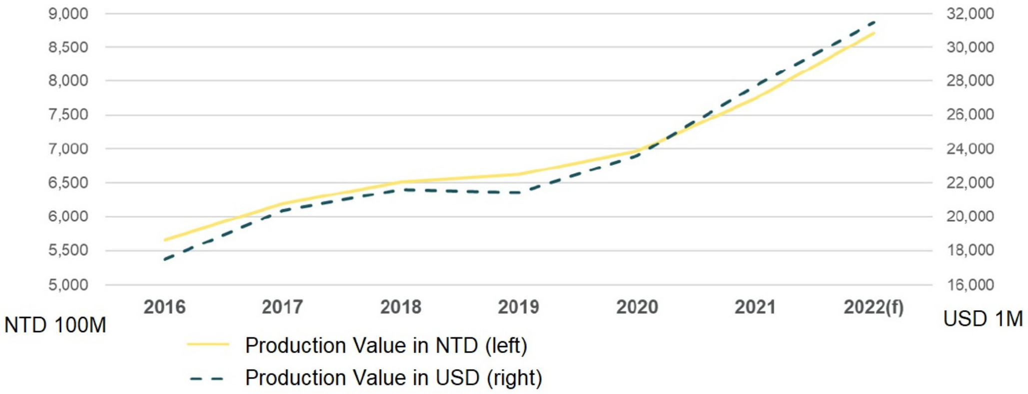
Since 2000, many PCB makers in the United States and Europe have closed their production. Due to the price and quality advantages, Taiwan' PCB makers have been taking business from international manufacturers who consider cost reduction under the recession. In particular, the huge demand for consumer electronics in emerging regions has caused a large influx of PCB orders into Asia and resulted in the prosperity of the PCB industry in Asia since the second half of 2005. However, these orders mainly went to PCB makers located in China. The total production value of PCB in Taiwan and in China is estimated to have reached 77% of the global production value in 2021. PCB production in Taiwan and in China has become the dominant force in the PCB industry. Taiwan's PCB makers are among the major players.

TPCA and IEK estimated that the global PCB production value was US$ 84.0 billion in 2021, up 20.6% from 2020.

Looking forward to this year, the global economy still has a variety of uncertainties. However, with the continual expansion of the global electronics industries, TPCA and IEK estimated that the global PCB production value will be US$ 92.4 billion and grow by 10% in 2022. IEK estimates that the Taiwan's PCB production value in 2022 is expected to reach NT$ 871.1 billion with a growth rate of 6.5%. Considering the fact that Taiwan's PCB industry has survived several economic cycles and it has been expanding its market share, Taiwan's PCB industry benefiting from the future growth of the electronics industry will still be able to obtain stable profits under the advantage of cost reduction and of competitive capacity both in Taiwan and in China.

Figure 3 Taiwan PCB Production

	2016	2017	2018	2019	2020	2021	**2022(f)**
NTD 100M	5,656	6,192	6,514	6,624	6,963	8,178	**8,711**
Y/Y (NT)	-1.62%	9.5%	5.2%	1.7%	5.1%	17.5%	**6.5%**
USD 1M	17,495	20,348	21,601	21,426	23,609	29,308	**31,447**
Y/Y (US)	-2.93%	16.3%	6.2%	-0.8%	10.2%	24.1%	**7.3%**
USD / NTD	32.33	30.43	30.16	30.92	29.49	27.90	**27.70**

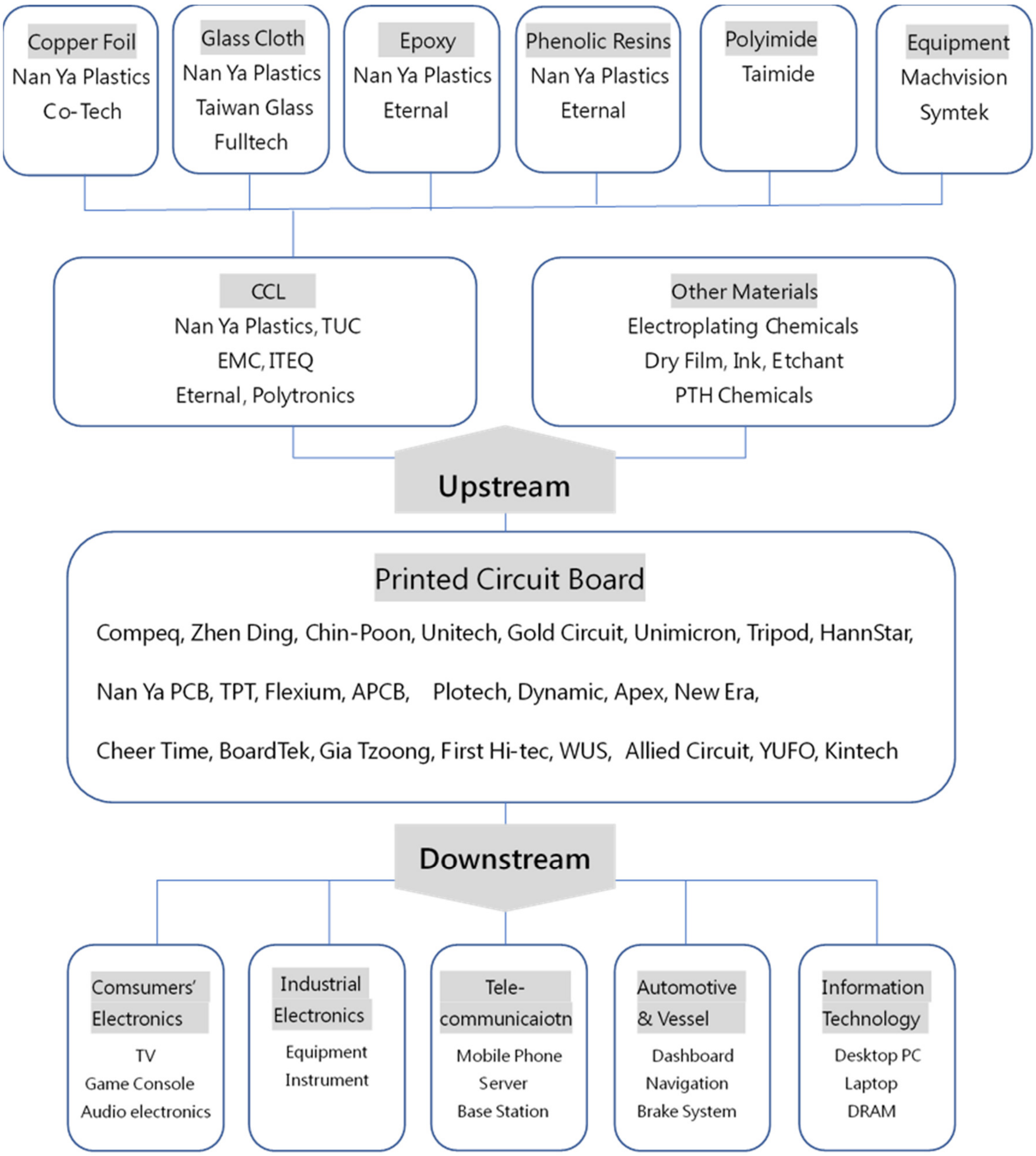


Source: TPCA & IEK (Feb. 2022)

5.1.2.2 Supply Chain of PCB Industry

The PCB industry produces printed circuit boards that carry electronic components. Upstream of the PCB industry, there are makers of CCL (copper clad laminates), such as paper base copper clad laminates and epoxy fiberglass fabric copper clad laminate, and manufacturers of dry film, ink, and etching liquid , etc. More upstream of them, there are manufacturers of copper foil, fiberglass cloth, epoxy resin and other materials. Downstream of the PCB industry, there are manufacturers of home appliances, consumer electronics, computers, telecommunications, and electronic components for vehicles and ships.

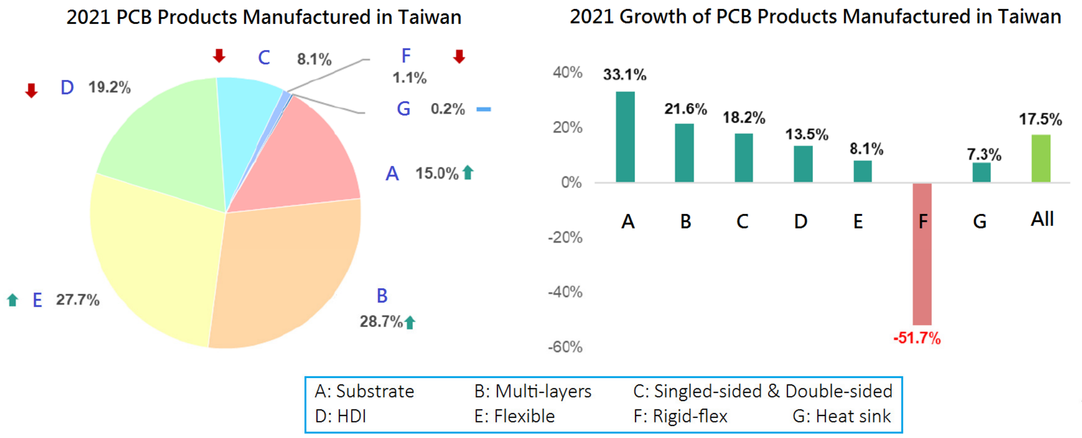
Diagram of PCB Industry Supply Chain



5.1.2.3 Products Development Trends and Competition

According to IEK's statistics, the composition of products in Taiwan's PCB industry can be divided into rigid boards, flexible boards and substrates. Their distribution of output value is shown in Figure 1. Rigid boards are still the mainstream products due to their low price and wide application. However, the growth of Taiwan PCB makers' capacity expansion for rigid boards will slow down in the future. There is no more waste water permit approved in China's PCB industry clusters where Taiwan PCB makers has been expanding their capacity. Taiwan PCB makers' production of substrate is extremely low overseas. They have even converted their domestic capacity of rigid boards to manufacture substrates. It is expected that the growth of Taiwan's PCB makers' substrates business will mainly come from domestic production in Taiwan. The production of flexible boards in Taiwan is mainly composed of rigid-flex boards and multi-layer flexible boards. The application of flexible boards was based on the development of NB-related products in the past and has been already focused on mobile phones, game consoles and digital cameras that have relatively high margin. Overall, the supply of PCBs will slow down. But it is expected that supply and demand of PCB will be balanced because the global economy can only get a modest growth.

Figure 1 The Weights of Various PCB Products Manufactured by Taiwan PCB Makers in Taiwan and in China



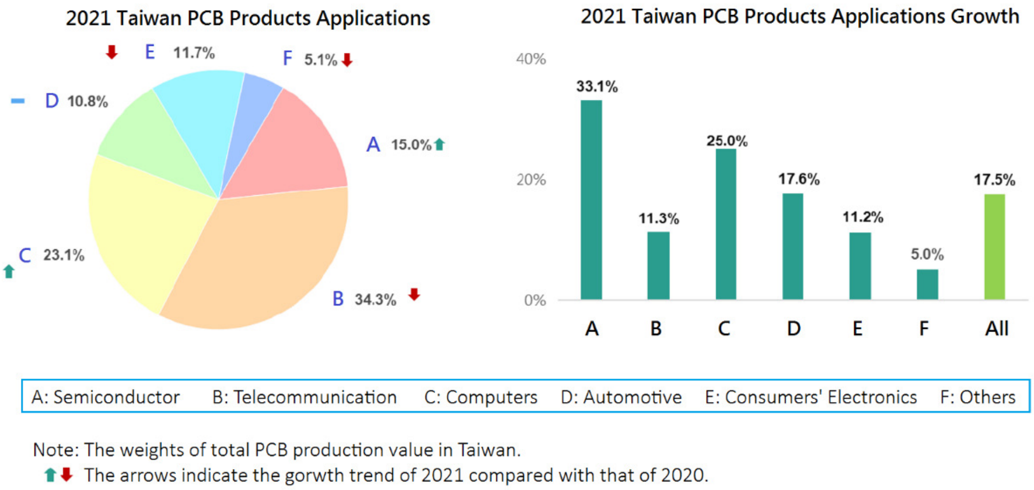
Note: The weights of total PCB production value in Taiwan.

The arrows indicate the gorwth trend of 2021 compared with that of 2020.

Source: TPCA & IEK (Feb. 2022)

Taiwan PCB makers' products applications were concentrated on the IT-related PCBs in the past. However, due to the rapid decline in the price of the IT-related PCBs in recent years, Taiwan PCB makers has been developing new products in more applications. According to the 2021 statistics of TPCA and IEK telecommunication ranked first in the application of PCBs, accounting for 34.3%; computers ranked second, accounting for 23.1%; semiconductor ranked third, accounting for 15.0%; consumers electronics ranked fourth, accounting for 11.7%; automobile electronics ranked fifth, accounting for 10.8%. The top five applications, which accounted for a high proportion of 95% in 2021, show that the Taiwan PCB industry mainly supplies large-volume products in the market. Their weights are shown in Figure 2.

Figure 2 Taiwan PCB Makers' Products Applications



Source: TPCA & IEK (Feb. 2022)

5.1.3 Technology and R&D Overview

5.1.3.1 The research and development expenses invested by the Company in 2021 and 2022 up to the date of publication of the annual report are NT$ 306,422 thousand and NT$ 84,266 thousand respectively.

5.1.3.2 Results of R&D in 2021

A. Development of modified copper inlay process for cost reduction
B. Middle/High current carrying PCB - Mini-busbar
C. Partial thermal management PCB – Inlay + blind vias
D. Partial thermal management PCB – Square inlay
E. Partial thermal management PCB – Convex
F. Partial thermal management PCB – AlN
G. Development of rigid flex
H. Development of cavity PCB
I. Development of radio frequency PCB
J. Development of advanced HDI
K. Assisting overseas factories to upgrade the capabilities of multilayers and HDI
L. Others

5.1.3.3 Future R&D plan and R&D Budget

- Future R&D plan:
  - Technology development for all aspects of smart factories, including smart monitoring, smart automation, smart cooperation and AI applications
  - Development of middle/high current carrying PCBs
  - Development of partial heat dissipation PCBs
  - Development of semi-flex with 3 flex layers & semi-flex plus
  - Development of rigid flex – flex tail
  - Development of radio frequency PCBs
  - Development of cavity PCB
  - Development of advanced HDI
  - Application of periodic pulse reverse plating
  - Evaluation of thermally conductive materials for EPS PCB
  - Evaluation of automatic robot arm for precise handling and automatic process flow of production

- R&D Budget:
  The R&D budget is NT$ 275,217 thousand.

5.1.3.4 R&D Expenses as a Percentage of Revenue in the Last Two Years

R&D Expenses as a Percentage of Revenue

Unit: NT$ thousand; %

Year	R&D Expenses	% of Revenue
2020	81,783	0.53%
2021	306,422	1.68%
As of March 31, 2022	84,266	1.93%

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

5.1.4.1 Short-term Business Development Plan

(1) Focus on the global market and work with customers to develop high value-added products with market potential..
(2) Increase products diversification to meet customers' development strategy and their demand for total solutions.
(3) Maintain the leading advantages in single-sided and double-sided boards,

and expand the revenue of high value-added products.

(4) Continue to develop niche markets such as heavy copper boards, metal PCBs, and high current carrying PCBs.
(5) Continue to develop the auto PCB market and enhance our comprehensive services.

5.1.4.2 Long-term Business Development Plan

(1) Build a cluster of Asian manufacturing sites. We are planning to simultaneously expand the manufacturing sites in Taiwan, in China and in Thailand in the next 2-3 years. Our new plant in Changshu, China, with a total investment of NT$ 2.1 billion, started mass production in 2019. There is still plenty of room for our capacity expansion in the future. We have increased our ownership on Draco, our manufacturing site in Thailand, to 99.78% in 2021. We are planning to build more capacity in Thailand. New capacity in Thailand has a very important significance to our strategy of grasping the opportunities of Southeast Asia and South Asia, providing extra capacity to our manufacturing site in Taiwan and Mainland China, and becoming our main source of future growth.
(2) Continue to expand the niche market of printed circuit board (PCB) for automobiles, which has a higher entry barrier for our competitors, and become a professional manufacturer of automotive PCBs.
(3) Continue to develop various niche markets such as heavy copper boards, metal PCBs, high frequency PCBs and high current carrying PCBs to maintain high margins.
(4) Continue to develop a variety of HDIs to meet the large demand for slim type of electronics in the future.
(5) Continue to strengthen the automation and smart manufacturing to enhance the quality of products and the flexibility of production.

5.2 Market Overview and Our Production and Sales

5.2.1 Market Overview

5.2.1.1 Our Sales by Region

Unit: NT$ thousand

Year	2019		2020		2021	
Region	Amount	%	Amount	%	Amount	%
America	3,890,887	21.80%	3,251,390	21.23%	3,971,305	21.80%
Europe	6,197,480	34.72%	4,949,916	32.32%	5,867,269	32.20%
Asia	5,793,223	32.46%	5,676,933	37.07%	6,866,123	37.69%
Others	1,966,908	11.02%	1,435,046	9.38%	1,514,583	8.31%
Total	17,848,498	100.00%	15,313,285	100.00%	18,219,280	100.00%

5.2.1.2 Market Share:

The Company’s business is mainly manufacturing, processing and trading of printed circuit boards. The market share in 2021 was about 2.23%. (calculated based on the statistics of TPCA and IEK)

5.2.1.3 Market Supply and Demand and Growth Potential in the Future

TPCA and ITRI's IEK estimate that global PCB production will grow by 10% in 2022, with an output value of US$ 92.4 billion. They also estimate that the Taiwan PCB's output value in 2022 is expected to reach NT$ 871.1 billion, with a growth rate of 6.5%.

5.2.1.4 The Estimated Sales Volume of the Company

Unit: M^2

Business Objectives	2022
Product	Estimated Sales Volume (M^2)
Single-sided	1,555,426
Double-sided and Multilayer	4,751,510
Total	6,306,936

5.2.1.5 Competitiveness and Prospects, Favorable and Unfavorable Factors, and Response Measures:

As far as the development of the printed circuit board industry and the current situation of the Company are concerned, the favorable factors and unfavorable factors affecting our competitiveness and prospects are summarized as follows:

5.2.1.5.1 Favorable Factors:

(1) The industry’s supply chain is complete, which is conducive to our competition in the international market.

Taiwan's printed circuit board industry has a complete supply chain. The supply of raw materials such as CCL and chemicals are sufficient, and the competitiveness of their quality and price give Taiwan PCB makers an edge in the international competition. In addition, the electronics industry downstream has been booming. It also provides Taiwan PCB makers a good playground in the world market.

(2) The booming global electronic products drive the continued growth of demand for printed circuit boards.

In recent years, under the trend of convergence among computers, telecommunication and consumers electronics, the output value of the electronics industry has been growing year by year, and printed circuit boards have become an indispensable basic component in the overall industry. With the dramatic changes in the global economic environment, international electronics manufacturers have moved toward the global division of labor and have actively outsourced their manufacturing in the Asia-Pacific region. Taiwan and China have become top choices for the professional manufacturing bases of international electronics manufacturers by virtue of their superior process capability and integrated production environment. Taiwan PCB industry has been benefiting from these trends.

(3) The Company has a strong customers portfolio, which is conducive to the Company's stable growth.

The Company has long been specialized in the production and sales of printed circuit boards. In all aspects of technology, quality, and delivery, we have been appraised by many global manufacturers. We have been maintaining good cooperative relations with them for many years, which is conducive to the Company's stable growth.

(4) The Company has excellent manufacturing capability, good process management, and long-term competitive advantage

The Company has long been dedicated to the development of precision technology, high value-added products, high level of automation, and good management of process capabilities. It is leading the industry in the capabilities of silver through hole, carbon paste, peelable mask and large panel production technology. We also have a competitive advantage on product quality, yield and delivery, etc.

(5) There are more business opportunities after the rise of China and China's accession to the WTO.

Since the introduction of the market economy in China, the vast market has attracted the attention of global manufacturers. The moving of manufacturing to China by the electronics industries has created huge demand for the printed circuit boards in China and in Asia. After China has joined the WTO, the average export tariffs will be reduced year by year, so the PCB makers that has been produced in China can meet the demand of the customers in the near areas in Asia. In addition, the reduction of import tariffs will also reduce the burden on Taiwan's PCB makers to export to China. Therefore, Taiwan PCB makers who operate and produce both in Taiwan and in China are the biggest winner benefiting from those trends.

(6) Our subsidiary in Thailand has an edge on lower cost and nearness to the business opportunities in in Southeast Asia and South Asia

In 2021, our ownership of Draco, our subsidiary in Thailand, has increased to 99.78%. And the expansion plan of Draco's double-sided and multi-layer production capacity has been actively launched to capture business opportunities in Southeast Asia and South Asia and to make up for insufficient capacity in Taiwan and in China.

(7) the trade wars between China and the United States has promoted business opportunities outside China.

In the trade war from 2018 on, downstream customers are highly interested in the capacity outside China in order to diversify their supply. The Company has more production capacity in Taiwan and Thailand than that of our competitors, which will help us to get more business.

5.2.1.5.2 Unfavorable Factors and Response Measures:

(1) Labor shortage and rising labor costs: In recent years, due to the decrease of labors who are interested in manufacturing, labor recruitment is not easy and the cost is increased.

Response measures:

a. Increase automated equipment and reduce dependence on manpower.
b. Introduce computer-aided manufacturing systems to increase production efficiency.
c. Implement quality control circle comprehensively to improve the efficiency of personnel work.
d. Develop automation to reduce labors.

(2). Exchange rate risk: As the Company’s export sales accounted for more than 90% of our revenue, there is a risk of exchange rate.

Response measures:

a. Instantly grasp the exchange rate information.
b. Maintain flexible foreign exchange hedge (such as forward foreign exchange contract) and keep a hedged position to reduce the risk of exchange rate.
c. Use natural hedge to mitigate the risk of exchange rate by buying raw materials in US dollars.

(3) Stricter environmental standards and increasing environmental costs: Waste water, waste gas and scrapped printed circuit boards, etc. will be produced during the manufacturing process of printed circuit boards. The environmental cost for dealing with them has been increasing.

Response measures:

a. Establish solid pollution prevention measures and treatment equipment.
b. Improve the operation of green facilities and reduce human negligence.
c. Use the black hole process to replace the electroless plating in order to simplify the raw materials and to reduce waste as well.
d. Cooperate with professional recyclers approved by the Environmental Protection Administration to recycle and treat waste sludge and scrapped printed circuit boards.

(4) Tight time schedule of delivery and production and challenges of logistics efficiency: Customers require that we have the ability of immediate supply because they need to reduce their inventory but can still remain their just-in-time production.

Response measures:

a. Coordinate the supplier to reduce the time for preparing materials and accelerate the delivery schedule in order to quickly meet customers' needs.
b. Maintain good communication with customers, and instantly grasp the customer's demand for PCBs, which is conducive to the Company's planning of capacity expansion and production.
c. Actively improve manufacturing processes, enhance process efficiency, integrate the entire processes, shorten manufacturing time and strengthen logistics efficiency in order to achieve the goal of just-in-time supply.

(5) The advent of the meager profit era: In recent years, due to the excessive expansion of manufacturers, the imbalance between supply and demand in the market has tilted to over-supply. And the prices of raw materials continue to rise. Manufacturers of products that do not differentiate have to cut their prices to win the competition. Consumers with more choices of supply choose to hold their orders to get better purchase terms, which blocks their demand in a way. All of these have triggered the advent of the era of meager profit.

Response measures:

a. Enhance research and development, innovate products and enhance processes technology.
b. Develop niche markets with high value and high potential, provide quality services and technical support to meet the customers’ need for total solutions.
c. Become customers' outstanding partner in their supply chain, integrate company-wide resources to provide a single window for our customers to get products and services and to reduce their costs and to enhance their value in order to increase customer stickiness.
d. Implement the cost management with excellent performance and quickly response to the dynamics of the market to build the niche products portfolio in order to expand the profit margin and to dampen the threat of the era of meager profit.

(6) The threat of China's transformation into a world factory and a price destroyer since the reforms and opening-up in China: The advantages of low-cost and the abundance of production resources have led to China's transformation into a world factory and a price destroyer.

Response measures:

a. Provide resources of technology, R&D and management to our Changshu Plant in China to facilitate its expansion of operations, services, customers and markets.
b. Create differentiated products and services that are beyond price destroyers by innovative R&D capabilities, superior manufacturing competitiveness, and outstanding customer service systems.
c. The excellent cost control mechanism is launched in our domestic and overseas business. We face the challenge of price destroyers with our competitive advantages in cost, technology and service.
d. Thailand's production cost is lower than that in China. The Company has expanded its production capacity in Thailand since 2015 to meet the opportunities of some price-competitive products.

5.2.1.6 SWOT analysis of Taiwan's printed circuit board industry (source: TPCA)

(1) Strengths of the industry

a. Highly flexible production and short lead time supply.
b. Good cost control systems.
c. Having the same cultural background as that in China.

d. Hard-working and well-educated labors.
e. A well-developed and well-established IT industry supply chain.

(2) Weakness of the industry
a. A certain degree of gap in high-end technology compared with the American and Japanese peers.
b. Some gaps to catch up in the ability to develop and promote the market needs compared with more competitive peers in other countries.
c. Taiwan's printed circuit board industry is not a price maker, but more like a price taker, so it can only obtain less profit.

(3). Opportunities facing the industry
a. North American manufacturers are no longer competitive in terms of cost, so more and more orders for higher-end products are transferred to Taiwan’s makers.
b. China has become the largest and fastest growing market.
c. The market of telecommunications and home appliance in China is growing rapidly.

(4) Threats facing the industry
a. More and more printed circuit board manufacturers have moved their production bases to China.
b. Local PCB makers in China have become more competitive and operationally more efficient.
c. “Made in China” and “China Price” have become the mainstream of the market.
d. Customers are not satisfied with the current price and still expect lower prices.
e. Due to the global economic recession, the demand in Europe and the United States has declined.

(5) Key performance indicators with industry characteristics: Operating Income Ratio and EBITDA

KPI	Definition	Budget in 2021	2021	Achievement Rate
Operating Income Ratio	Operating Income to Operating Revenue	3.69%	-1.02%	-27.64%
EBITDA (NT$ thousand)	Earnings before Interest, Tax, Depreciation and Amortization	1,929,442	1,586,548	82.23%

Our operating loss in 2021 was NT$ 185,654 thousand and the operating loss was increased by NT$ 61,883 thousand from 2020. The operating income ratio for the year was -27.64%, which did not meet the target. This was mainly due to the impact of the hike in raw materials in 2021, which will increase related costs and affect the gross profit margin and operating income ratio. At the same time, the sharp depreciation of U.S. dollar against Taiwan dollar and Renminbi was the biggest factor that severely affected the gross profit margin. As a result, the EBITDA only reached 82.23% of the target.

5.2.2 Important Applications and Manufacturing Processes of the Main Products

5.2.2.1 Important Applications

(1) Single-sided printed circuit board

a. Consumers electronics: TV sets, video recorders, tape recorders, remote controls, handheld game consoles, cameras, alarms, emergency lighting equipment, power supplies, control panels for home appliances, industrial control panels, etc.

b. Telecommunication: telephones, telephone switches, fax machines, etc.

c. Computers: monitors, terminals, keyboards, mouse, etc.

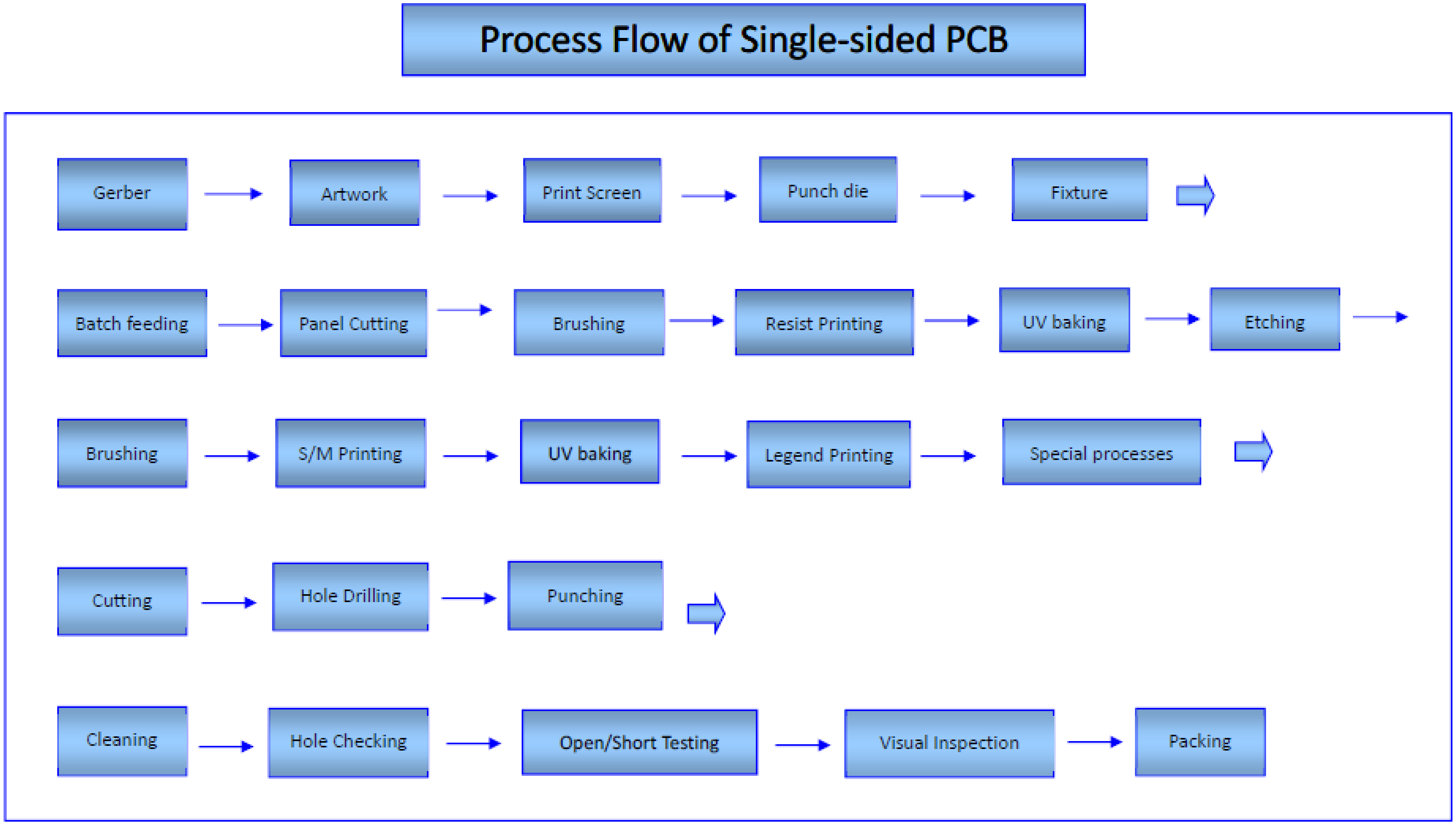
(2) Double-sided and multi-layer printed circuit boards:

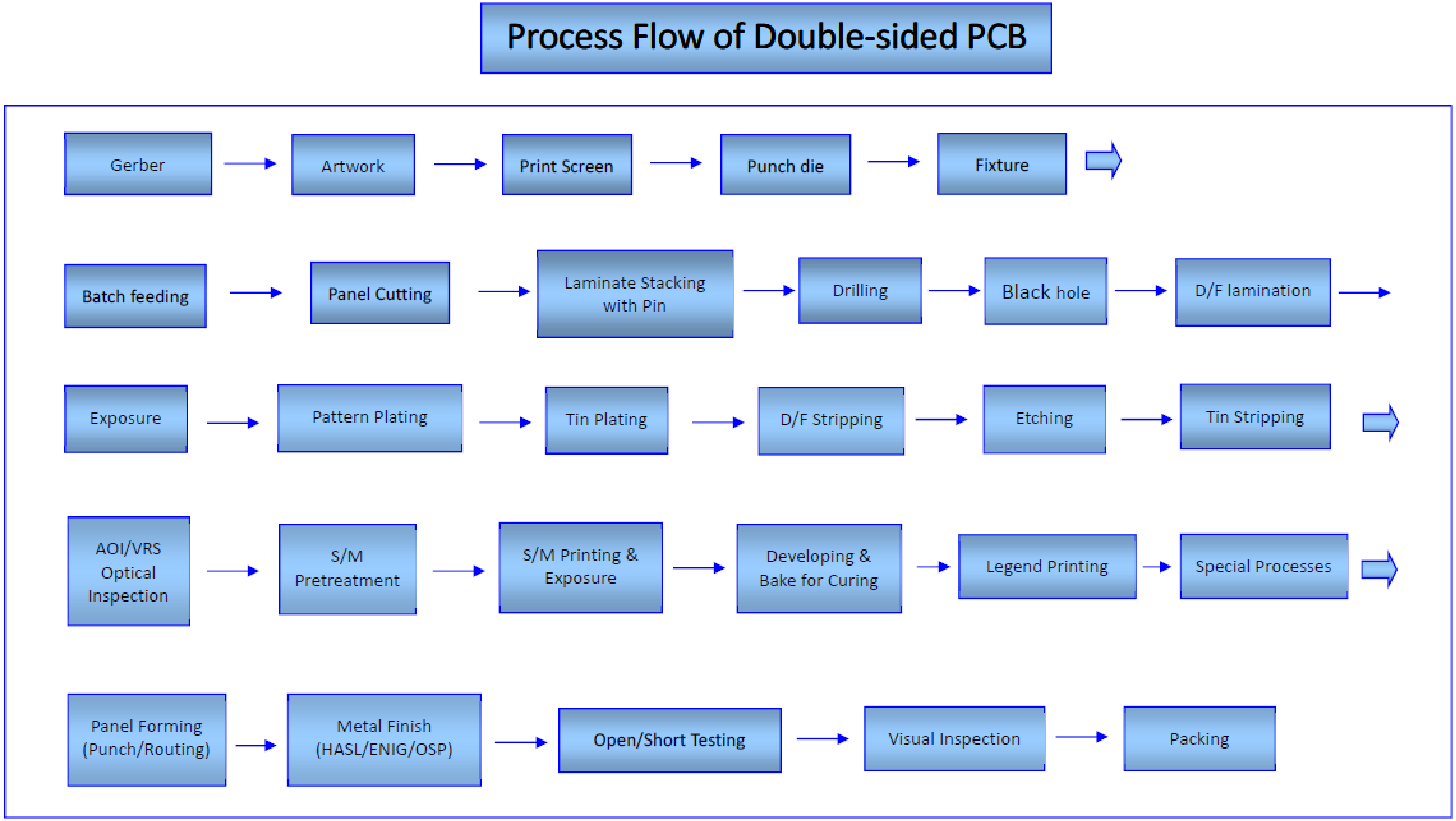
a. Consumers electronics: video camera, car audio, CD-Player, TV game consoles, high-end power supply, industrial control panel, car dashboard, uninterruptible power system, etc.

b. Telecommunication: digital telephones, answering machines, private branch exchange, modems, pagers, satellite receivers, personal digital assistants, mobile phones, etc.

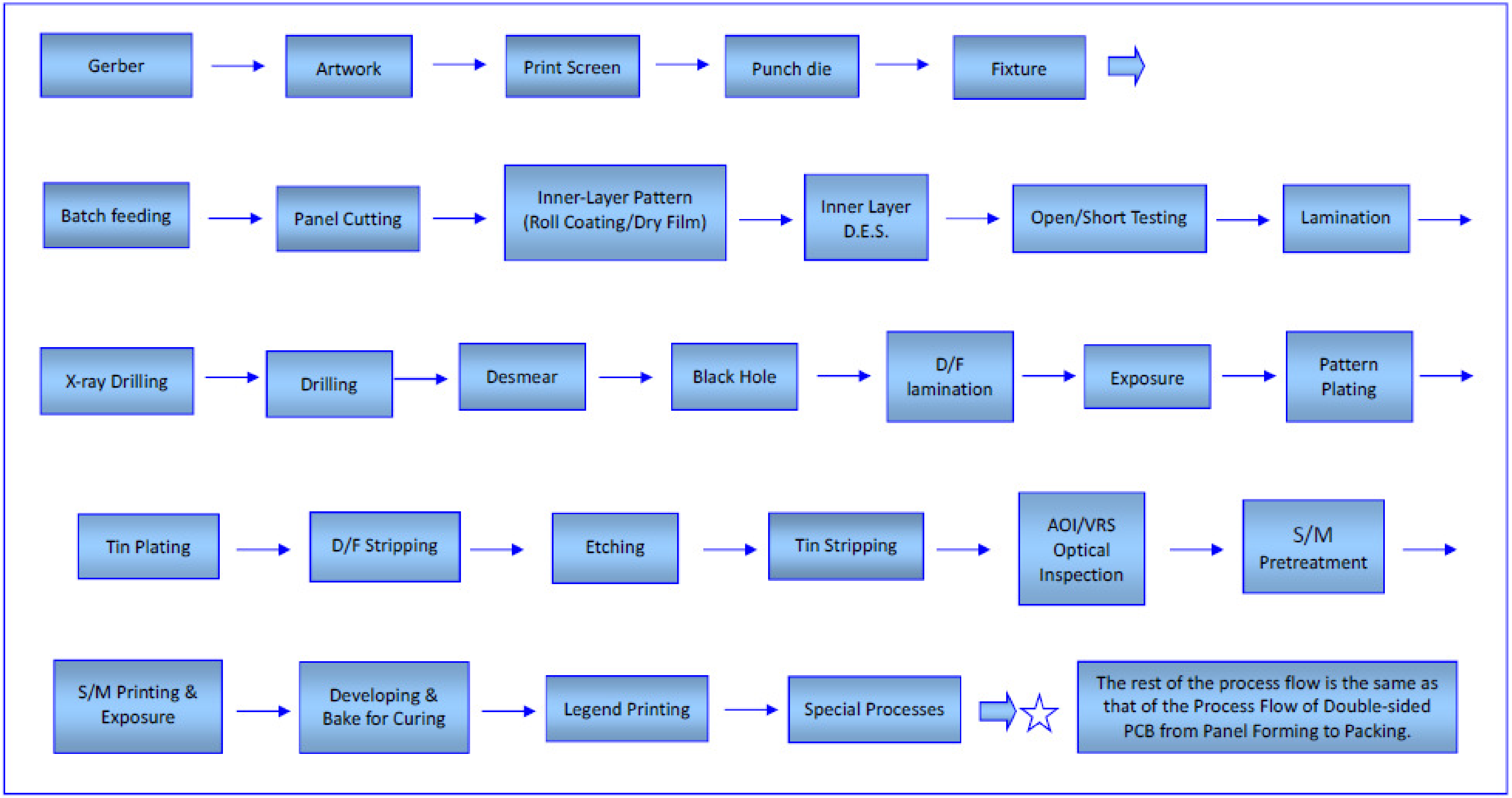
c. Computers: high-end monitors, high-end terminals, printers, graphics cards, sound cards, network cards, video cards, scanners, CD players, laptops, etc.

5.2.2.2 Manufacturing Processes




Process Flow of Double-sided PCB
Gerber
Artwork
Print Screen
Punch die
Fixture
Batch feeding
Panel Cutting
Laminate Stacking with Pin
Drilling
Black hole
D/F lamination
Exposure
Pattern Plating
Tin Plating
D/F Stripping
Etching
Tin Stripping
AOI/VRS Optical Inspection
S/M Pretreatment
S/M Printing & Exposure
Developing & Bake for Curing
Legend Printing
Special Processes
Panel Forming (Punch/Routing)
Metal Finish (HASL/ENIG/OSP)
Open/Short Testing
Visual Inspection
Packing

Process Flow of MLB



5.2.3 Supply of Main Raw Materials

The Company's main raw material is copper clad laminate (CCL). In the early stage of the industry's development, PCB makers rely on imported CCL. Recently, with the clustering of the industry, upstream makers of CCL and process chemicals have been setting up factories and expanding their capacity rapidly. At present, except for a few special raw materials that still depend on imports, domestic PCB makers can obtain almost all raw materials from domestic suppliers.

5.2.4 List of Major Suppliers in the Last Two Years

Unit: NT$ thousand

Year	2020				2021				Jan. 1, 2022 ~ Mar. 31, 2022 (Note2)			
Rank	Name	Amount	Purchase %	Related Party	Name	Amount	Purchase %	Related Party	Name	Amount	Purchase %	Related Party
1	Nan Ya Plastics	1,027,741	16.94%	No.	Nan Ya Plastics	1,510,338	17.20%	No.	Nanya Electron Material Kunshan Company	355,310	17.62%	No.
2	Nanya Electron Material Kunshan Company	755,984	12.46%	No.	Nanya Electron Material Kunshan Company	1,332,288	15.18%	No.	Nan Ya Plastics	345,064	17.11%	No.
	Others	4,283,141	70.60%		Others	5,936,167	67.62%		Others	1,316,281	65.27%	
	Total	6,066,866	100.00%		Total	8,778,793	100.00%		Total	2,016,655	100.00%	

The top 10 suppliers of the Company are mostly domestic manufacturers. The Company adopts a diversified supplier policy, so only Nan Ya Plastics and Nanya Electron Material Kunshan Company are suppliers with more than 10% of our purchase.

The changes: In the production of printed circuit boards, CCLs take the highest proportion of the raw materials. Therefore, the top ten suppliers are mostly manufacturers of various types of CCLs, such as Nan Ya Plastics, TUC, EMC and Taiwan Shengyi Technology, etc. Nan Ya Plastics is the manufacturer with the largest supply of CCLs in Taiwan. They have abundant production capacity and can keep stable supply, so it has been our largest supplier in the past three years. The materials we purchase from it include glass fiber epoxy CCLs and composite CCLs. In general, domestic printed circuit board manufacturers have enough domestic supply of raw materials and do not need to rely too much on imports.

5.2.5 Changes of Major Customers in the Last Two Years

The top 10 customers of the Company are mostly international big companies, The Company adopts a diversified customer policy, so it does not have a single customer with more than 10% of our sales. The change of top 10 customers is mainly due to the dynamics in their industries and in their business. In addition, with the expansion of the Company's multi-layer board in recent years, our sales for European, American and Japanese international manufacturers has been increasing.

5.2.6 Production Volume and Value in the Last Two Years

Production Volume and Value in the Last Two Years Unit: NT$ thousand, M^2

Year / Volume & Value / Major Products	2020			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Single-sided	1,888,851	1,565,327	1,887,565	1,672,072	1,637,415	1,897,593
Double-sided & Multilayer	4,590,977	3,274,252	11,702,022	4,194,162	4,039,096	14,949,550
Total	6,479,828	4,839,579	13,589,587	5,866,234	5,676,511	16,847,143

Note: The capacity refers to the volume that can be produced under normal operation of existing production equipment after the Company has considered the necessary stoppages, holidays, etc.

5.2.7 Sales Volume and Value in the Last Two Years

Sales Volume and Value in the Last Two Years Unit: NT$ thousand, M^2

Year / Volume & Value / Major Products	2020				2021			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Single-sided	20,567	76,298	1,526,487	1,976,015	40,782	160,551	1,503,476	1,917,033
Double-sided & Multilayer	68,243	477,867	3,202,867	12,783,105	106,000	685,098	3,800,233	15,456,598
Total	88,810	554,165	4,729,354	14,759,120	146,782	845,649	5,303,709	17,373,631

5.3 Employees' Data of the Last Two Years

Year		2020	2021	Jan. 1, 2022 ~ Mar. 31, 2022 (Note)
Number of employees		6,357	6,100	6,071
Average age		34.32	35.48	35.05
Average Seniority		5.75	6.64	6.31
Education	Ph.D.	0	0	0
	Master	85	87	77
	Bachelor	1,803	1,774	1,745
	High School	3,367	3,349	3,373
	Others	1,102	890	876

5.4 Environmental Expenditure Information

5.4.1 Losses caused by environmental pollution during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

	2021	Jan. 1, 2022 ~ Mar. 31, 2022
Pollution (type and status)	None	None
Regulator	-	-
Penalty or Expense	-	-
Remark	-	-

5.4.2 Future Response Measures and Possible Expenditures

5.4.2.1 Strengthening Resources Recovery

(1) The scrapped materials of printed circuit boards are reused or resold as much as possible.
(2) Scrapped boards and waste sludge are recycled to extract copper by professional recyclers.
(3) Set up copper powder recycling machines to make 100% of the washing water of each process be recycled and reused, greatly reducing the water consumption.
(4) Strengthen the recovery of other reusable materials.

5.4.2.2 Enhancing Waste Reduction in the Manufacturing

(1) The PTH process of Pin-Cheng Plant fully adopts the black hole process to greatly reduce wastewater.
(2) Expand the copper powder recycling machines to reduce the volume of wastewater by recycling water resources.
(3) Promote silver through-hole products to reduce chemical pollution of electroplating.

5.4.2.3 Expanding Pollution Prevention Equipment

(1) Upgrade the wastewater treatment equipment of Tao-Yuan Plant.
(2) Add exhaust scrubber systems to make the exhaust gas emission meet the national emission standards.
(3) Strengthen the diversion system of factory drainage to let the wastewater containing high COD pool together for intensive special treatment in order to meet national discharge standards.

5.4.2.4 Responding to the EU Directives on Restriction of Hazardous Substances

Since July 1, 2006, the European Union has imposed restrictions on electronics sold to EU countries. All the electronic and electrical products in the lists cannot contain six hazardous substances regulated in RoHS (The Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS) Directive (2002/95/EC)) when they enter the European market.

In recent years, the Company has been taking environmental protection as its own responsibility. It has introduced and widely used environmentally-friendly materials and lead-free processes. Therefore, this limited usage in the directives has little impact on the Company. And environmental protection measures taken by the Company earlier than the directives has also brought more business opportunities to the Company.

5.4.3 Budget of Environmental Investment

Reducing the impact of the manufacturing on the environment and enhancing environmental protection has become the trends of the world. The Company continues to implement the environmental management system, and plans to invest NT$ 33,926 thousand in 2022 to upgrade the pollution prevention equipment, to reduce the impact of the manufacturing on the environment, and then to improve the Company’s corporate image and competitiveness.

5.4.4 Impact of Environmental Investment

5.4.4.1 Impact on Net Income:
The yearly depreciation is increased by approximately NT$ 4,241 thousand.

5.4.4.2 The tax credit from the investment is NT$ 0.

5.4.4.3 Impact on Competitiveness:
Doing a good job in environmental protection is a world trend. The Company actively invests in environmental protection. Although it has a slight impact on earnings, it has won the appraisal of foreign customers, thus strengthening market competitiveness.

5.5 Labor Relations

5.5.1 The Company's employee welfares, education, trainings, retirement plans and their implementation, as well as the negotiation with employees and the measures for protecting employees' rights and interests

5.5.1.1 Employee Welfares and its Implementation

Employees are an important resource for the Company. Therefore, the Company has always been paying great attention to labor relations. In order to fully take care of employee, in addition to complying with the regulations and laws of labor affairs, there are a variety of welfares for our employees.

(1) Employee insurance policy:
   a. All employees participate in labor insurance and health insurance. In accordance with the laws and regulations, the Company applies for labor insurance, health insurance, and contributes to labor pensions for our employees to protect their current livelihood and their old age in the future.
   b. All employees participate in casualty insurance. The full premiums for insurance policy are borne by the Company.

(2) Implement a system of employee salary adjustment, bonus distribution and employee stock subscription. In order to motivate employees and share the Company's profits, its year-end bonuses are given to our employees based on their work performance, contribution and future potential. We refer to the trend of salary adjustment in the labor market and the performance appraisal of our employees to handle their promotion and salary adjustment on a yearly basis in order to motivate and retain talents.

(3) All employees of the Company can get benefits or subsidies on a special occasion, such as marriage, birth, housewarming, hospitalization, death of parents/spouses/children/siblings, children's preschool education, scholarships for the employees themselves and their children, and emergency assistance for employees, etc. At the same time, the Company has established an Employee Welfare Committee to handle employee welfare matters, including social club subsidy, birthday gifts, holiday gifts (vouchers) in such holiday as

Dragon Boat Festival, Mid-Autumn Festival and Labor Day, wedding gifts, children's wedding gifts, childbirth gifts, housewarming gifts, employee and children's scholarships, kindergarten children's subsidy, hospitalization subsidy and allowances for relatives' funeral. In the event of an emergency, the employee may apply to the Employee Welfare Committee for an emergency relief and all members of the committee will vote on the amount of the emergency relief up to NT$100,000 depending on the status of the emergency.

(4) Regular employee health examination.

(5) On-the-job trainings.

(6) We provide healthy and delicious free meals for all our employees and dormitories for our non-local employees.

(7) Other welfare measures: The Company provides annual inflation subsidy. We also have several car and motorcycle parking lots so that employees can work with easy commute. In the event that employees need to take care of their babies or require longer-term medical treatment for major injuries or illnesses, we have a system of unpaid leave to allow our employees to take care of their needs of both their families and dealing with their special conditions. Regular health examination and health education are conducted to promote their physical and mental health and to provide a safe workplace for them. There is a library with a collection of more than 10,000 volumes of books and periodicals to expand their professional skills, life knowledge and macroscopic perspective, with literatures and novels to clear their mind and open their heart and with various practical guides for photography and other life skills to enjoy their life.

5.5.1.2 Education and Trainings

Employees are an important resource for the Company, so the Company always focuses on employees' education and trainings. The Company's education and trainings policy is to develop the knowledge and skills necessary for employees at all levels of the organizational system and to train appropriate personnel in advance for the Company's medium- and long-term development plans in order to achieve the Company's management goals for sustainable development.

(1) The education and trainings are divided into five categories: annual training projects, trainings for different levels of managers, trainings for different functions, special skills trainings and orientation programs

for new employees.

a. Annual training projects: In order to achieve the Company's annual goals and future development, the training projects are aimed for our employees to learn and enhance their professional knowledge and skills. The courses in the projects are conducted by the unit in charge of personnel training or the designated unit.

b. Trainings for different levels of managers: The Company have been developing training courses for professional knowledge and skills in management, technology and quality assurance. The necessary competency development trainings for different levels of supervisors, cadres, and personnel in different work areas are provided to build corporate culture and management consensus and to strengthen the skills of each rank. The courses in the trainings are conducted by the unit in charge of personnel training or the staff unit of the departments in charge of a variety of technology.

c. Trainings for different functions: The trainings to strengthen the capability of each function to perform a specific operation or business are provided to accomplish each department’s key development, its skills trainings or its professional legacy, and to enhance the professional skills and knowledge of each function. The unit of different functions is responsible for planning and conducting the courses in the trainings by itself.

d. Special skills trainings: We have special skills trainings, due to special requirements of a specific work or compliance with the laws and regulations, for the personnel in charge of such work as environmental protection (engineers in charge of waste water and air pollution), occupational safety and health, electrostatic protection, forklift operation, etc. The courses are planned and conducted by the unit responsible for the specific work.

e. Orientation programs for new employees are divided into new employee orientation and OJT (On the Job Training)

    (a) New employee orientation includes company profile and the courses on labor safety and health:

    - Company profile: It is aimed for new employees to understand the Company's history, products, organizational structure, key policies and systems, benefits, working time and other matters.
    - Courses on labor safety and health: It is aimed for new employees to understand relevant laws and regulations, self-

inspection procedures, standard operating procedures, emergency response, basic knowledge of fire and first aid, personnel safety, protection against environmental hazards, etc.

(b) OJT: For new employees' training of professional knowledge and skill, the unit supervisor will assign a person to instruct new employees on professional knowledge, machine operation and skills training according to their own unit's operational guidelines and skills roadmap until they have passed the assessment of their skills proficiency.

(2) Career development

a. We have charted a "Roadmap of Professional Proficiency for Every Positions" according to the capabilities required by each positions of the Company, which we use to plan and implement training and ability evaluation for employees. The supervisors are responsible for guiding and assisting their colleagues to pass the threshold of professional knowledge and skill in the roadmap to achieve their promotion.

b. Through the multi-skilled trainings and multi-job transfer, the professional knowledge and skills of our employees will be expanded, their capabilities will be enriched and their opportunities for promotion in the future will be increased. And the Company will also have more talents available.

(3) Establish an internal lecturer system to inherit the Company's intellectual assets and legacy.

(4) Introduce external training programs to meet some special needs.

(5) Implementation of employees' education and trainings as follows:

Item	Number of Classes	Total Trainees	Total Hours	Total Cost
1. annual special training projects	2	30	16	3,850
2. trainings for different levels of managers	31	541	170	59,500
3. trainings for different functions	3,468	41,568	4,025	1,408,750
4. special skills trainings	61	262	2,204	540,827
5. orientation programs for new employees	548	1,760	4,384	640,064
Total	4,110	44,161	55,075	2,652,991

(6) The certificates got by employees whose jobs are related to financial information transparency:

a. CPA of Taiwan, ROC: 1 person in the accounting department.

(7) Ethical Evaluation of Employee Behavior

a. The Company has established " Code of Practice for Ethical Corporate Management " and " Code of Conduct for Employees " as the codes of conduct for the directors, managers and employees of the Company.

The main contents are as follows:
(a) All employees should be honest and ethical, especially when individuals have a conflict of interest in performing their duties.
(b) The Company's confidential business information should be protected.
(c) Regular reports should be disclosed in a complete, fair, correct, timely and understandable manner.
(d) Treat customers, suppliers and competitors in a fair manner.
(e) Protect the Company's assets for effective application.
(f) Comply with regulations and laws, including that of insider trading.
(g) Report to the supervisors listed in these codes of conduct when there is a violation or a potential violation of these codes of conduct.

b. The Company evaluates employees according to the procedures for employee performance assessment and the procedures for employee reward and discipline. All the rewards and disciplines will be announced to employees, so that employees can clearly understand the codes of conduct. When employees' behaviors pass the threshold of reward or discipline, they will be rewarded or disciplined according to the regulations.

5.5.1.3 Retirement Plans

The Company has an operational procedure for employee retirement plans. Employees who have served a certain number of years or who have reached a certain age or who have lost their capability to work for life are eligible to receive a pension according to this procedure. The Company allocates monthly funds to the pension account in the department of trust of Bank of Taiwan. When an employee retires, the payment will be paid by the pension account. According to the procedure, the pension payment is fully borne by the Company.

With the implementation of Labor Pension Act (hereinafter referred to as the "New System") since July 1, 2005, employees who are applicable to the above procedure but choose to use New System and those who become employees of the Company after July 1, 2005, shall adopt Defined Contribution Plan for their retirement.

According to Defined Contribution Plan stipulated in Labor Pension Act, the Company will contribute funds of six percent of an employee's monthly wage to an employee's individual accounts of labor pension at the Bureau of Labor Insurance.

5.5.1.4 Labor Negotiation

(1) New employees will get a copy of employee work rules which describe the details of working hours, holidays, leave, salary, rewards and disciplines, assessment, dismissal, retirement, occupational injury, welfare, sexual harassment prevention, labor negotiation, etc.
(2) The Company's labor relation is harmonious and the labor issues are handled in a mutual manner. And labor-management meetings are held regularly, so both employers and employees can gain common

understanding and make all work smoothly moved.

(3) The Company signs work contracts with all employees to clearly define the rights and obligations of both employers and employees. At the same time, we follow the implementation of Act of Gender Equality in Employment to enhance the protection of employees' rights and interests.

5.5.1.5 Measures for Protecting Employees’ Rights and Interests

(1) The rights and obligations are clearly defined in the employee work contract to protect the employees' rights and interests.
(2) Use labor-management meetings to communicate with each other and to resolve issues through negotiation.
(3) Establish a labor complaints channel to deal with complaints from employees about disciplinary action, mismanagement, sexual harassment, etc.
(4) Set up labor mailboxes and expand communication channels.

5.5.2 Losses caused by labor disputes during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

5.6 Cyber Security Management:

5.6.1 Describe the management framework, the policy, the specific management plan and the invested resources, etc. in the Company’s cyber security management.

In order to undertake the Company's commitment to promoting the digital transformation of the industry, the sustainable development of the Group, the protection of employees' personal data and its trade secrets and reliable information and communication services, the cyber security management will be fully introduced to ensure the confidentiality, integrity and availability of information assets and the safety of information systems, equipment and networks. In addition, in order to ensure the rights and interests of our employees, customers and partners, to comply with the regulations of the Cyber Security Management Act and its sub-laws and to maintain a fair environment for market competition, we have hold an inter-departmental meeting to jointly formulate a report on cyber security management for the sustainable management of the enterprise as the top guideline for the Group's cyber security management.

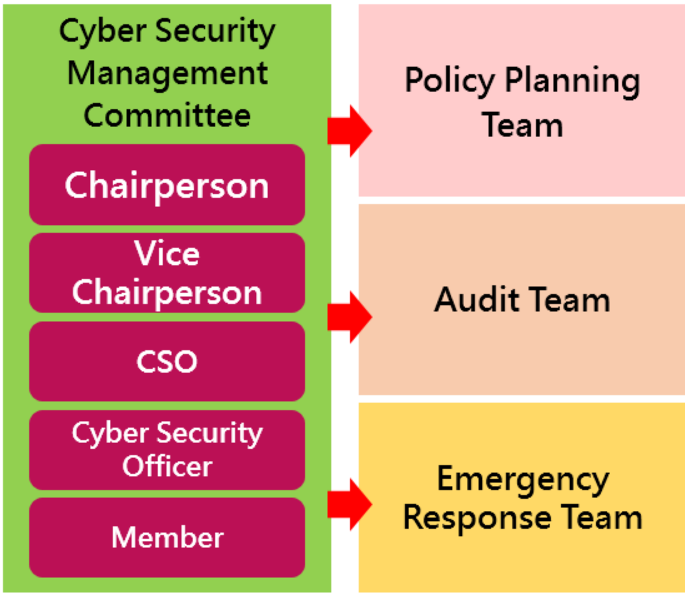
The objects of cyber security management are all employees in the Group, our customers, suppliers and shareholders, relevant trade secrets which include commercial trade secrets and technical trade secrets, and service providers and third-party personnel who have access to the Group's business information or provide services. In order to ensure the Company's cyber security, we have formulated relevant rules and guidelines by referring to proper technology and cyber security standards, and incorporated them into the system of corporate governance and operation management to protect the privacy and information security of employees, suppliers, partners and customers when conducting business contacts with each other.

5.6.1.1 Cyber Security Risk Architecture

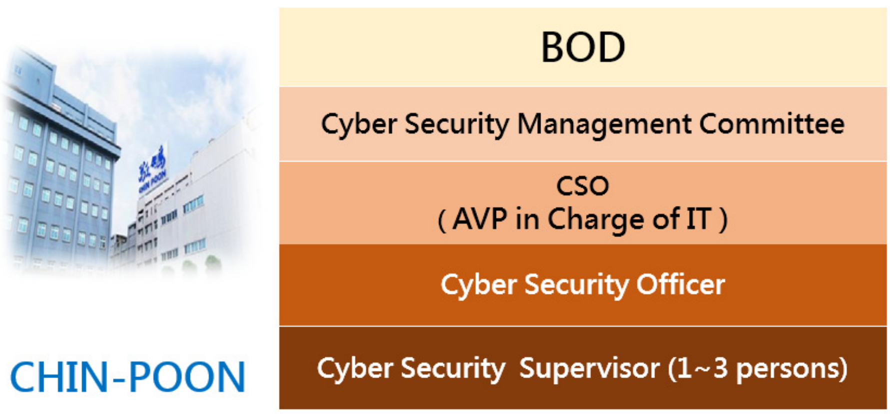
(1) The general manager of the Company convened to set up a cross-departmental cyber security committee, including the policy planning team who is responsible for leading and planning and under whose guidance all units cooperate with the implementation, the audit team who regularly reviews, tracks and audits the Group’s cyber security policies and plans and is responsible for supervising their implementation, and the emergency response team who is

responsible for the emergency response of cyber security accidents and disasters. The committee is responsible for formulating cyber security management policies, regularly reviewing and revising them, holding regular meetings to review the implementation, and reporting the implementation and review to the board of directors on an annual basis to reduce cyber security risks.

(2)



(2) The Information Department of the Group is the responsible office of cyber security, which is presided by chief security officer and administered by cyber security officer and several cyber security supervisors. The cyber security office is responsible for formulating the cyber security policies for the Group, planning and implementing cyber security management and its related policies, regularly issuing the Group's cyber security overview, and reporting on a regular basis to the Company's cyber security management committee.



5.6.1.2 Objectives of Cyber Security Policies:

In order to ensure the continuous operation of the Company, the constant availability of the information communication services, the confidentiality, integrity and availability of the information assets and protection of the privacy of personnel data, we have established a sustainable operation plan for the information and communication services and meet the requirements of the information and communication services in accordance with the relevant laws and regulations. The policy planning goals are as follows:

(1) To ensure the confidentiality of information related to the Group's business and to protect the security of trade secrets and personal data.
(2) To ensure the integrity and availability of the Group's business information and improve administrative efficiency and quality.
(3) To develop cyber security protection capabilities, follow government policies and enhance cyber security protection proficiency.
(4) To comply with laws and regulations and with internal regulations of the Group, ensure the Group's cyber security and achieve the Group's goals of sustainable development.

5.6.1.3 Cyber Security Policies and their Review

(1) The Group's foundation of cyber security environment should be completed, relevant procedures should be established, and the revision of the internal cyber security regulations in the Group should be completed to ensure the confidentiality, integrity and availability of the information assets of the Group.
(2) We should strengthen the resilience and security of the Group's foundation of communication network, implement various measures according to the architecture of cyber security responsibilities and establish the Group's governance model of cyber security.
(3) We should construct the Group's joint defense system of cyber security, strengthen the construction and protection of the key information infrastructures and establish a cross-areas joint defense mechanism of cyber security. In addition to requiring our suppliers to comply with the relevant regulations of cyber security, we should conduct appropriate supervision and management of their subcontractors as well.

(4) We should enhance the prevention mechanism for hackers' attacks, and establish a notification system for cyber security accidents and response mechanisms to ensure the proper response, control and handling of cyber security accidents.

(5) We should regularly perform cyber security audits, regularly survey the usage of all personnel and equipment within the cyber security management system and enhance the Group's own resources to ensure the self-implementation of the cyber security management.

(6) We should provide regular education and trainings and give irregular cyber security notices or warnings to enhance employees' awareness of cyber security.

(7) We should provide the professional trainings for the Group's cyber security talents, establish the cyber security management committee and organize the cyber security office.

(8) The cyber security policies should be approved by the chief information officer, assessed at least once a year, and regularly reported to the cyber security management committee. If there are major changes in the organization (such as organizational architecture adjustments, major business changes, etc.), we should reassess the current cyber security policies and make corresponding revisions based on the reassessment results and the latest status of relevant regulations, technology, business and audit reports.

CHINPOON					
	Vision	Build a Safe and Reliable Intelligent Enterprise and Smart Factories			
	Goal	Cultivate Self-Protection Resources of Cyber Security to Ensure the Security of the Enterprise			
	Strategy	Complete The Group's foundation of cyber security environment	Construct the Group's Joint Defense System of Cyber Security	Enhance the Group's the Self-Protection Resources of Cyber Security	Cultivate Excellent Cyber Security Talents
	Approaches	1. Revise the cyber security regulations. 2. Strengthen the resilience and security of network communication. 3. Establish the governance model of cyber security.	1. Strengthen the construction and protection of the key information infrastructures. 2. Establish a cross-areas joint defense mechanism of cyber security. 3. Enhance the prevention mechanism for hackers' attacks.	1. Converge the R & D resources of industry, academia and service providers to develop new technologies. 2. Provide regular trainings and irregular notices and warnings to enhance employees' awareness of cyber security.	1. Provide the professional trainings for the Group's cyber security talents. 2. Establish the cyber security Management Committee. 3. Organize the cyber security office.

5.6.1.4 Approaches and Measures for Cyber Security Management

(1) In accordance with the ISO 27001 requirements, we have implemented the "Plan-Do-Check-Act Cycle " (PDCA cycle) to establish operational procedures for cyber security management system. Various security measures can be divided into the following categories by using PDCA cycle.

a. Plan:
Establish policies and objectives for managing cyber security risks, formulate operational procedures for cyber security management system and assess the effectiveness of their management.

b. Do:
Regularly conduct management review and internal audit on the Group's cyber security policies, measure the effectiveness of the Group's cyber security operations and conduct risk analysis and assessment of the Group's cyber security.

c. Check:
Compare the difference between the results of the implementation and the expected targets and document usage records, track records and preserved evidence which are used as the necessary information in the cyber security audits

d. Act:
Propose a correction plan to reduce the difference between results and targets so that the next plan will be more complete to deal with cyber security. The corresponding actions facilitate the continuous correction and improvement of cyber security.

(2) Specific management projects for cyber security:

a. Comply with the laws and regulations and establish a compliance mechanism which completes the Group's internal regulations for cyber security and revises relevant operational procures to comply with the cyber security standards. And strengthen the resilience and security of the Group’s foundation of communication network.

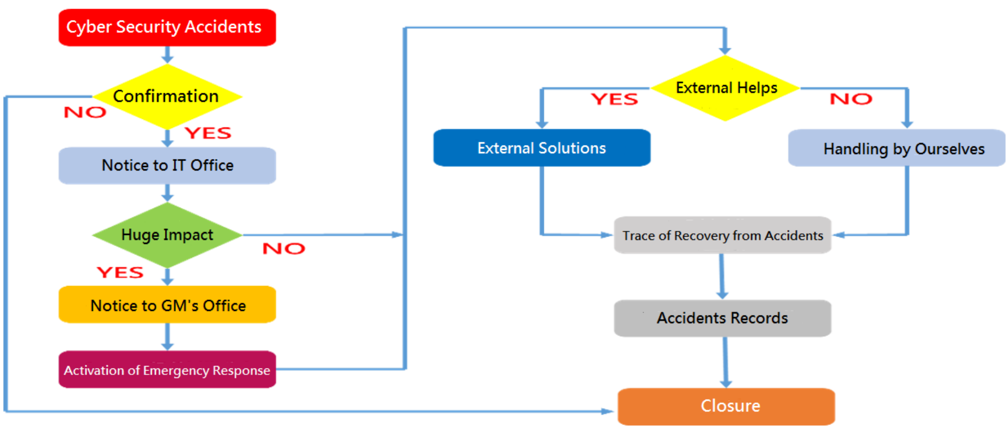
b. Establish the Group’s governance model of cyber security, regularly reassess the current cyber security policies and make corresponding revisions based on the reassessment results and the latest status of relevant regulations, technology, business and audit reports.

c. Strengthen the construction and protection of the key information infrastructures and establish a cross-areas joint defense mechanism of cyber security. Our employees, our contractors and their subcontractors, depending on the business needs, should sign a Non-Disclosure Agreement (NDA) to ensure that those who use the Company's information to provide information services or perform related information services have the responsibility and obligation to protect the access to or the use of the Company’s information assets in order to protect from unauthorized access, modification, destruction or improper disclosure.

d. Identify the core business and the core systems of the Group, compile a list of information assets to establish a regular inventory of them, conduct risk management according to the risk assessment of cyber security and implement various control measures.
e. Enhance the prevention mechanism for hackers’ attacks, regularly perform redundancy and backup operations and regularly adjust and audit them.
f. Ensure the processes of core business (key system) are not affected by major failures and disasters, formulate contingency plans, establish appropriate redundancy or monitoring mechanisms and conduct regular drills to ensure that operational processes are recovered in time and maintain their availability.
g. Install antivirus software on the computers of the Company and prohibit the use of unauthorized software. The account number, password and permission of our employees should be properly kept and used and changed on a regular basis.
h. Formulate the standard procedures for responding to and reporting cyber security accidents so as to appropriately deal with them in a timely manner to avoid the spillage of their damage.
i. All employees should abide by legal regulations and the requirements of the cyber security policies. And the supervisors should supervise the implementation of the cyber security system and enhance employees' awareness of cyber security and legal compliance.
j. Converge the R & D resources of industry, academia and service providers to develop new technologies, provide regular education and trainings and give irregular cyber security notices or warnings to enhance employees' awareness of cyber security.

Objects of Cyber Security Management	Related Measures
Availability	1.Real time monitoring of system and network availability. 2.Redundency and backup to ensure that complete information can be restored. 3.Regular drills of disaster recovery plan. 4. Planning and drills of emergency response measures.
Threats	1.Virus and malware attack detection. 2.Computer vulnerability assessment and management.
Authority Management	1.Account and permission management. 2.Regularly review of user accounts and their access permission. 3.Management of access to computer facilities.
Access Control	1. Management of access to administrative information. 2.Data access records. 3.Data encryption.

(3) Information Security Notification Procedure



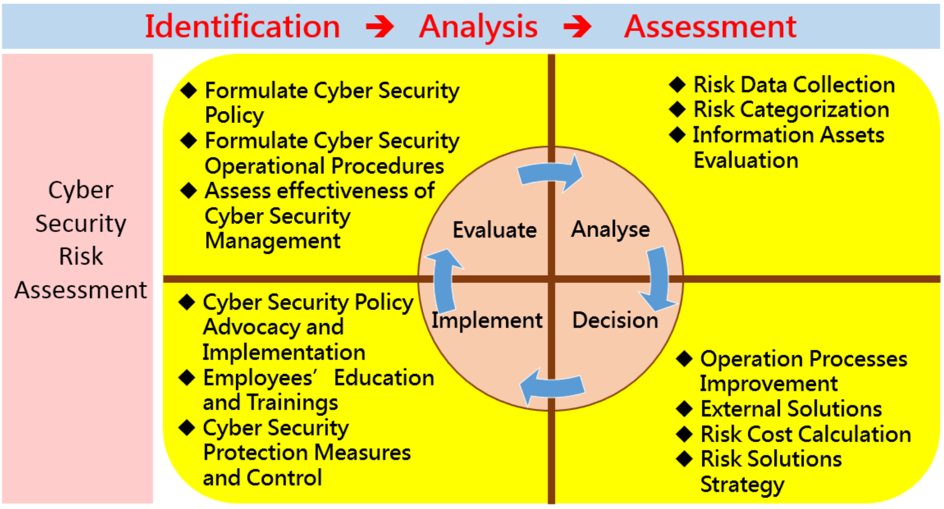
(4) Cyber Security Risk Assessment

a. The Group allocates limited resources to control cyber security according to the various levels of risk. Through control measures, we manage to reduce the Group's cyber security risk to an acceptable level. We systematically manage the risk of the Group's cyber security and effectively protect the investment in the Group's information and communication resources.

b. The Information Department of the Group is the responsible office of cyber security, which is administered by cyber security officer and several cyber security supervisors. The cyber security office is responsible for formulating the cyber security policies for the Group, planning and implementing cyber security management and its related policies, regularly reporting to the board of directors on its cyber security management overview, and regularly issuing the overview in order to facilitate the Group's sustainable development.

c. The Group establishes a cyber security audit team through the cyber security management committee, which is responsible for supervising and auditing the implementation of cyber security management within the Group. If there is any defect found in the audit, it will immediately ask the audited unit to propose relevant correction plans and specific actions and regularly track their corrections to effectively reduce internal cyber security risks.

d. We conduct continuous audit and improvement through PDCA cycle to ensure the achievement of the Group's goals of reliability and continuous improvement



5.6.2 List the losses, possible impacts caused by major cyber security accidents and their countermeasures in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be specified.

In the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the Company has never suffered any loss due to any major cyber security accident.

5.6.2.1 Implementation of Cyber Security Advocacy in 2021

We have conducted two batches of cyber security education, i.e., a 3-hour "Simulation Training on Social Engineering" with a total of 200 managers and employees attending.

5.6.2.2 Cyber Security Management Implementation in 2021

a. Cyber security accidents
The Company has reviewed the implementation of the cyber security policies by all units and found that there was no accident which has endangered the Company's cyber security during the year.
b. Drills on cyber security accidents and their recovery
We have conducted one drill on recovery from redundancy in case of accidents and one drill on social engineering to enhance employees' response and awareness against cyber security risks.

5.7 Important Contracts: None.

6. Financial Overview

6.1 Condensed Financial Statement and CPAs' Opinions in the Last Five Years

6.1.1 Condensed Balance Sheet

6.1.1.1 Condensed Balance Sheet (consolidated) - in accordance with IFRS

Unit: NT$ thousand

Item \ Year		Last Five Years (Note 1)					Jan. 1, 2022 ~ Mar. 31, 2022 (Note 3)
		2017	2018	2019	2020	2021	
Current Assets		15,225,751	14,306,924	12,906,391	11,981,325	14,405,703	14,324,167
Property, Plant and Equipment (Note 2)		7,766,272	7,117,745	7,863,012	7,331,156	7,388,403	7,309,191
Intangible Assets		0	0	0	0	0	0
Other Assets (Note 2)		2,237,363	1,731,165	2,335,024	3,164,837	1,422,837	1,122,829
Total Assets		25,229,386	23,155,834	23,104,427	22,477,318	23,216,943	22,756,187
Current Liabilities	Before Distribution	8,372,807	7,047,242	6,325,895	6,261,915	7,065,506	6,294,760
	After Distribution	7,478,442	6,848,494	5,928,400	6,063,167	Note 4	Note 4
Noncurrent Liabilities		670,683	647,120	1,041,234	909,299	879,600	907,622
Total Liabilities	Before Distribution	9,043,490	7,694,362	7,367,129	7,171,214	7,945,106	7,202,382
	After Distribution	8,149,125	7,495,614	6,969,634	6,972,466	Note 4	Note 4
Equity Attributable to Shareholders of the Parent		16,171,605	15,448,041	15,735,751	15,305,146	15,271,286	15,553,210
Share Capital		3,974,954	3,974,954	3,974,954	3,974,954	3,974,954	3,974,954
Capital Surplus		1,568,318	1,568,318	1,578,800	1,579,225	1,579,698	1,579,698
Retained Earnings	Before Distribution	10,757,737	10,046,949	10,532,226	10,185,336	10,288,379	10,291,194
	After Distribution	9,863,372	9,848,201	10,134,731	9,986,588	Note 4	Note 4
Other Equity		(129,404)	(142,180)	(350,229)	(434,369)	(571,745)	(292,636)
Treasury Stock		0	0	0	0	0	0
Noncontrolling Interests		14,291	13,431	1,547	958	551	595
Total Equity	Before Distribution	16,185,896	15,461,472	15,737,298	15,306,104	15,271,837	15,553,805
	After Distribution	15,291,531	15,262,724	15,339,803	15,107,356	Note 4	Note 4

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: If assets were applied for revaluation in the current year, the date of evaluation and the added value after the revaluation should be disclosed.

Note 3: Reviewed by CPAs.

Note 4: The resolution of the 2022 shareholders meeting is still pending.

6.1.1.2 Condensed Balance Sheet (parent company only) - in accordance with IFRS

Unit: NT$ thousand

Item \ Year		Last Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		10,011,756	8,447,888	8,654,500	8,298,405	9,325,573
Property, Plant and Equipment (Note 2)		4,730,621	3,997,508	4,129,901	3,829,617	3,716,195
Intangible Assets		0	0	0	0	0
Other Assets (Note 2)		8,720,431	8,938,895	8,988,380	8,889,839	8,626,907
Total Assets		23,462,808	21,384,291	21,772,781	21,017,861	21,668,675
Current Liabilities	Before Distribution	6,784,444	5,308,179	5,028,533	4,836,294	5,578,974
	After Distribution	5,890,079	5,109,431	4,631,038	4,637,546	Note 3
Noncurrent Liabilities		506,759	628,071	1,008,497	876,421	818,415
Total Liabilities	Before Distribution	7,291,203	5,936,250	6,037,030	5,712,715	6,397,389
	After Distribution	6,396,838	5,737,502	5,639,535	5,513,967	Note 3
Share Capital		3,974,954	3,974,954	3,974,954	3,974,954	3,974,954
Capital Surplus		1,568,318	1,568,318	1,578,800	1,579,225	1,579,698
Retained Earnings	Before Distribution	10,757,737	10,046,949	10,532,226	10,185,336	10,288,379
	After Distribution	9,863,372	9,848,201	10,134,731	9,986,588	Note 3
Other Equity		(129,404)	(142,180)	(350,229)	(434,369)	(571,745)
Treasury Stock		0	0	0	0	0
Total Equity	Before Distribution	16,171,605	15,448,041	15,735,751	15,305,146	15,271,286
	After Distribution	15,277,240	15,249,293	15,338,256	15,106,398	Note 3

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: If assets were applied for revaluation in the current year, the date of evaluation and the added value after the revaluation should be disclosed.

Note 3: The resolution of the 2022 shareholders meeting is still pending.

6.1.2 Condensed Income Statement

6.1.2.1 Condensed Income Statement (consolidated) – in accordance with IFRS

Unit: NT$ thousand

Item \ Year	Last Five Years (Note 1)					Jan. 1, 2022 ~ Mar. 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating Revenue	23,645,611	20,173,888	17,848,498	15,313,285	18,219,280	4,355,824
Gross Profit	3,290,564	2,075,859	1,394,508	869,832	1,133,647	180,168
Operating Income	2,035,142	895,053	298,142	(123,771)	(185,654)	(128,326)
Non-operating Income and Expenses	205,760	(519,984)	534,212	148,497	646,318	131,916
Profit before Tax	2,240,902	375,069	832,354	24,726	460,664	3,590
Profit (loss) from continuing operations	1,496,209	162,225	659,972	45,702	337,700	2,761
Net income (loss)	1,496,209	162,225	659,972	45,702	337,700	2,761
Other comprehensive income, net of tax	(192,772)	7,716	(184,552)	(79,873)	(173,693)	279,207
Total Comprehensive Income	1,303,437	169,941	475,420	(34,171)	164,007	281,968
Net Income (Loss) Attributable to Shareholders of the Parent	1,500,804	163,311	660,825	46,118	337,782	2,815
Noncontrolling Interests	(4,595)	(1,086)	(853)	(416)	(82)	(54)
Total Comprehensive Income (Loss) Attributable to Shareholders of the Parent	1,308,419	170,801	476,043	(33,504)	164,415	281,924
Total Comprehensive Income (Loss) Attributable to Noncontrolling Interests	(4,982)	(860)	(623)	(667)	(408)	44
Earnings Per Share (Note 3)	3.78	0.41	1.66	0.12	0.85	0.01

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: Reviewed by CPAs.

Note 3: Earnings per share is calculated by dividing the net income for the period by the weighted average number of shares of the issued common stock. If new issuance of common stock by using retained earnings or capital surplus, earnings per share shall be adjusted accordingly.

Note 4: The amount of interest capitalization for each year is as follows:
2017: NT$ 0.
2018: NT$ 0.
2019: NT$ 0.
2020: NT$ 0.
2021: NT$ 0.

6.1.2.2 Condensed Income Statement (parent company only) – in accordance with IFRS

Unit: NT$ thousand

Item \ Year	Last Five Years (Note 1)				
	2017	2018	2019	2020	2021
Operating Revenue	18,463,729	15,425,920	13,382,708	11,904,201	14,039,867
Gross Profit	2,237,921	1,307,784	994,049	468,018	589,242
Operating Income	1,447,232	619,681	346,391	(157,068)	(95,553)
Non-operating Income and Expenses	586,964	(361,869)	444,641	137,943	544,521
Profit before Tax	2,034,196	257,812	791,032	(19,125)	448,968
Profit (loss) from continuing operations	1,500,804	163,311	660,825	46,118	337,782
Net income (loss)	1,500,804	163,311	660,825	46,118	337,782
Other comprehensive income, net of tax	(192,385)	7,490	(184,782)	(79,622)	(173,367)
Total Comprehensive Income	1,308,419	170,801	476,043	(33,504)	164,415
Earnings Per Share (Note 2)	3.78	0.41	1.66	0.12	0.85

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: Earnings per share is calculated by dividing the net income for the period by the weighted average number of shares of the issued common stock. If new issuance of common stock by using retained earnings or capital surplus, earnings per share shall be adjusted accordingly.

Note 3: The amount of interest capitalization for each year is as follows:

2017: NT$ 0.
2018: NT$ 0.
2019: NT$ 0.
2020: NT$ 0.
2021: NT$ 0.

6.1.3 CPAs' Opinions in the Past Five Years

Year	CPAs	Opinions	Remark
2017	CPA Lily Lu, CPA Victor Wang	An Unqualified Opinion	
2018	CPA Lily Lu, CPA Victor Wang	An Unqualified Opinion	
2019	CPA Lily Lu, CPA Victor Wang	An Unqualified Opinion	
2020	CPA Lily Lu, CPA Victor Wang	An Unqualified Opinion	
2021	CPA Lily Lu, CPA Victor Wang	An Unqualified Opinion	

6.2 Financial Analysis for the Last Five Years

6.2.1 Financial Analysis (consolidated) – in accordance with IFRS

Item (Note 3)	Year (Note 1)	Last Five Years 2017	2018	2019	2020	2021	Jan. 1, 2022 ~Mar. 31, 2022 (Note 2)
Financial structure	Debt Ratio (%)	36	33	32	32	34.22	31.65
	Long-term Fund to Property, Plant and Equipment Ratio (%)	210	217	200	209	206.70	212.79
Solvency	Current Ratio (%)	182	203	204	191	203.88	227.55
	Quick Ratio (%)	131	150	154	144	142.77	160.31
	Interest Coverage Ratio (times)	47	7	15	2	22.02	1.72
Operating Performance	Accounts Receivable Turnover (times)	5.00	4.95	4.89	4.35	4.76	4.11
	Average Collection Period	73.00	73.73	74.64	83.9	76.68	88.80
	Average Inventory Turnover (times)	5.09	4.68	4.87	4.78	4.74	3.96
	Accounts Payable Turnover (times)	5.54	5.25	5.71	5.42	5.59	5.42
	Average Inventory Turnover Days	71.70	77.99	74.94	76.35	77.00	92.17
	Property, Plant and Equipment Turnover (times)	2.93	2.71	2.38	2.02	2.47	2.37
	Total Assets Turnover (times)	0.93	0.83	0.77	0.67	0.79	0.76
Profitability	Return on Total Assets (%)	6	1	3	0.47	1.54	0.11
	Return on Equity (%)	9	1	4	0.29	2.20	0.07
	Pre-tax Income to Share Capital Ratio (%)	56	9	21	1	11.58	0.36
	Net Margin (%)	6	1	4	0.3	1.85	0.06
	Earnings Per Share (NT$)	3.78	0.41	1.66	0.12	0.85	0.01
Cash Flow	Cash Flow Ratio (%)	31	26	28	21	-2.35	-12.64
	Cash Flow Adequacy Ratio (%)	120	116	140	177	122.24	93.30
	Cash Reinvestment Ratio (%)	5	3	6	3	-1.33	-2.83
Leverage	Operating Leverage	3.39	5.86	14.27	-27.13	-21.36	-6.88
	Financial Leverage	1.02	1.07	1.26	0.79	0.89	0.96

Please explain the reasons for the changes in the financial ratios in the last two years. (If the increase or decrease is less than 20%, it can be exempted from explanation)

- Interest coverage ratio: Due to the increase in net profit before income tax, the interest coverage ratio is increased as well.
- Property, plant and equipment turnover: Property, plant and equipment turnover increased as a result of higher net sales.
- Profitability: Due to the increase in net income, return on total assets, return on equity, Pre-tax Income to Share Capital Ratio, net margin and earnings per share increased as well.
- Cash Flow Ratio: The decrease in net cash flow from operating activities was greater than the increase in current liabilities, resulting in a lower cash flow ratio.
- Cash flow adequacy ratio: Due to the decrease in net cash flow from operating activities and the increase in inventory, the cash flow adequacy ratio is decreased.
- Cash reinvestment ratio: A significant decrease in net cash inflows from operating activities in the current period led to a decrease in the cash reinvestment ratio.
- Operating leverage: Operating leverage have decreased due to reduced operating income.

Note 1: The financial statements of the past five years have been audited by CPAs.
Note 2: Reviewed by CPAs.
Note 3: The resolution of the 2022 shareholders meeting is still pending.

6.2.2 Financial Analysis (parent company only) – in accordance with IFRS

Item (Note 2)	Year (Note 1)	Last Five Years				
		2017	2018	2019	2020	2021
Financial structure	Debt Ratio (%)	31	28	28	27	29.52
	Long-term Fund to Property, Plant and Equipment Ratio (%)	342	386	381	400	410.93
Solvency	Current Ratio (%)	148	159	172	172	167.15
	Quick Ratio (%)	105	118	131	133	119.40
	Interest Coverage Ratio (times)	92	9	23	0.21	30.47
Operating Performance	Accounts Receivable Turnover (times)	5.37	5.04	4.98	4.76	5.16
	Average Collection Period (days)	67.97	72.42	73.29	76.68	70.73
	Average Inventory Turnover (times)	5.89	5.69	5.99	5.96	6.03
	Accounts Payable Turnover (times)	6.99	4.99	4.81	4.99	5.39
	Average Inventory Turnover Days	61.97	64.15	60.93	61.24	60.53
	Property, Plant and Equipment Turnover (times)	3.76	3.53	3.29	2.99	3.72
	Total Assets Turnover (times)	0.79	0.69	0.62	0.56	0.66
Profitability	Return on Total Assets (%)	6	1	3	-0.06	1.63
	Return on Equity (%)	9	1	4	0.3	2.20
	Pre-tax Income to Share Capital Ratio (%)	51	6	20	-0.48	11.29
	Net Margin (%)	8	1	5	0.39	2.40
	Earnings Per Share (NT$)	3.78	0.41	1.66	0.12	0.85
Cash Flow	Cash Flow Ratio (%)	22	21	26	8	4.57
	Cash Flow Adequacy Ratio (%)	97	93	108	121	95.39
	Cash Reinvestment Ratio (%)	1	1	5	-0.01	0.25
Leverage	Operating Leverage	3.70	6.48	9.64	-16.63	-32.97
	Financial Leverage	1.02	1.06	1.12	0.87	0.86

Please explain the reasons for the changes in the financial ratios in the last two years. (If the increase or decrease is less than 20%, it can be exempted from explanation)

- Interest coverage ratio: Due to the increase in net profit before income tax, the interest coverage ratio is increased as well.
- Property, plant and equipment turnover: Property, plant and equipment turnover increased as a result of higher net sales.
- Profitability: Due to the increase in net income, return on total assets, return on equity, Pre-tax Income to Share Capital Ratio, net margin and earnings per share increased as well.
- Cash Flow Ratio: The decrease in net cash flow from operating activities was greater than the increase in current liabilities, resulting in a lower cash flow ratio.
- Cash flow adequacy ratio: Due to the decrease in net cash flow from operating activities and the increase in inventory, the cash flow adequacy ratio is decreased.
- Cash reinvestment ratio: A significant decrease in net cash inflows from operating activities in the current period led to a decrease in the cash reinvestment ratio.
- Operating leverage: Operating leverage have decreased due to reduced operating income.

Note 1: The financial statements of the past five years have been audited by CPAs.

Note 2: The resolution of the 2022 shareholders meeting is still pending.

※ The formulas of financial analysis are as follows:

1. Capital Structure
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Interest Coverage Ratio = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance
   (1) Accounts Receivable Turnover = Net Sales / Average Accounts Receivables
   (2) Average Collection Period = 365 / Accounts Receivable Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Accounts Payable Turnover = Cost of Sales / Average Accounts Payables
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity = Net Income / Average Equity
   (3) Pre-tax Income to Share Capital Ratio = Income before Tax / Share Capital
   (4) Net Margin = Net Income / Net Sales
   (5) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Cost and Expense) / Operating Income
   (2) Financial Leverage = Operating Income / (Operating Income – Interest Expenses)

6.3 Audit Committee's Review Report for the Last Annual Financial Statements

CHIN-POON INDUSTRIAL CO., LTD.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statement, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit the Company's Financial Statements. KPMG has completed audit procedures and issued Audit Opinion. The Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee of the Company. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

CHIN-POON INDUSTRIAL CO., LTD.

Chairman of the Audit Committee:

Mr. CHEN, HSIANG-SHENG

March 14, 2022

6.4 The Consolidated Financial Statements of the Most Recent Year with CPA's Audit Report

Stock Code:2355

CHIN-POON INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address: **No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County, Taoyuan City, Taiwan, R.O.C.**

Telephone: **(03)322-2226**

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Representation Letter

The entities that are required to be included in the combined financial statements of Chin-Poon Industrial Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chin-Poon Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Chin-Poon Industrial Co., Ltd.

Chairman: Zeng , Liu-Yuzhi

Date: March 14, 2022

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Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Chin-Poon Industrial Co., Ltd. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), 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 of 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 consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Subsequent measurements of inventories

   Please refer to note 4(h), note 5(a) and 6(f) for the related disclosures on subsequent measurements of inventories of the consolidated financial statements.

Description of key audit matter:

The inventories of the Group are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and extermal evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents of inventory subsequent measurements and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

2. Refund liability of sales returns and discounts

Please refer to note 4(l), note 5(b) and note 6(o) for the related disclosures on the refund liabilities for sales returns and discounts of the consolidated financial statements.

Description of key audit matter:

The Group recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion on the above paragraph concerning the emphasis of matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our 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.

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2022

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 3,824,300	17	4,110,135	19
1110	Financial assets measured at fair value through profit and loss－current (note 6(b))	34	-	416,822	2
1150	Notes receivable, net (notes 6(d) and (o))	4,337	-	34,747	-
1170	Accounts receivable, net (notes 6(d) and (o))	4,229,831	18	3,383,028	15
1200	Other receivables (note 6(e))	138,836	1	113,631	-
1220	Current income tax assets	9,805	-	111,426	-
130x	Inventories (notes 6(f) and 9)	4,256,689	18	2,941,555	13
1410	Prepayments	61,466	-	53,079	-
1476	Other financial assets－current (note 6(c))	1,663,308	7	656,602	3
1479	Other current assets	217,097	1	160,300	1
	Total current assets	14,405,703	62	11,981,325	53
15xx	Non-current assets:				
1600	Property, plant and equipment (notes 6(g), 7, 8 and 9)	7,388,403	32	7,331,156	33
1755	Right-of-use assets (note 6(h))	350,369	2	409,007	2
1840	Deferred tax assets (note 6(l))	218,925	1	207,994	1
1915	Prepayments for equipment (note 9)	-	-	365,177	2
1975	Net defined benefit asset－non-current (note 6(k))	95,926	-	128,510	-
1980	Other financial assets－non-current (note 6(c))	757,617	3	2,054,149	9
	Total non-current assets	8,811,240	38	10,495,993	47
1xxx	**Total assets**	**$ 23,216,943**	**100**	**22,477,318**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
21xx	**Current liabilities:**				
2100	Short-term loans (notes 6(i), 8 and 9)	$ 1,352,335	6	1,311,226	6
2120	Financial liabilities at fair value through profit or loss－current (note 6(b))	-	-	182	-
2150	Notes payable	817,394	4	485,694	2
2170	Accounts payable	2,535,350	11	2,271,078	10
2219	Other payables (notes 6(k) and 6(p))	1,191,452	5	1,267,259	6
2230	Current tax liabilities	47,411	-	-	-
2280	Current lease liabilities (note 6(j))	52,542	-	49,387	-
2399	Other current liabilities (note 6(o))	1,069,022	4	877,089	4
	Total current liabilities	7,065,506	30	6,261,915	28
25xx	**Non-Current liabilities:**				
2570	Deferred tax liabilities (note 6(l))	588,447	3	560,091	3
2580	Non-current lease liabilities (note 6(j))	260,234	1	316,330	1
2640	Net defined benefit liability－non-current (note 6(k))	30,919	-	32,878	-
	Total non-current liabilities	879,600	4	909,299	4
2xxx	**Total liabilities**	7,945,106	34	7,171,214	32
31xx	**Equity attributable to shareholders of the parent (note 6(m)):**				
3110	Common stock	3,974,954	17	3,974,954	18
3200	Capital surplus	1,579,698	7	1,579,225	7
3300	Retained earnings:				
3310	Legal reserve	2,409,315	10	2,404,255	11
3320	Special reserve	434,369	2	350,229	1
3350	Unappropriated earnings	7,444,695	32	7,430,852	33
		10,288,379	44	10,185,336	45
3400	Other equity:				
3410	Foreign currency translation differences for foreign operations	(571,745)	(2)	(434,369)	(2)
31xx	**Total equity attributable to shareholders of the company**	15,271,286	66	15,305,146	68
36xx	**Non-controlling interests**	551	-	958	-
3xxx	**Total equity**	15,271,837	66	15,306,104	68
2-3xxx	**Total liabilities and equity**	**$ 23,216,943**	**100**	**22,477,318**	**100**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(o))**	$ 18,219,280	100	15,313,285	100
5000	**Operating costs (notes 6(f), (k) and 7)**	17,085,633	94	14,443,453	94
5900	**Gross profit**	1,133,647	6	869,832	6
6000	**Operating expenses (notes 6(d), (e), (k), (p) and 7):**				
6100	Selling expenses	579,715	3	486,778	3
6200	Administrative expenses	425,769	2	433,764	3
6300	Research and development expenses	306,422	2	81,783	1
6450	Expected credit losses (reversal of expected credit losses)	7,395	-	(8,722)	-
	Total operating expenses	1,319,301	7	993,603	7
6900	**Operating loss**	(185,654)	(1)	(123,771)	(1)
7000	**Non-operating income and expenses (notes 6(b), (g), (j) and (q)):**				
7100	Interest income	100,890	1	103,360	1
7010	Other income	312,555	2	226,264	1
7020	Other gains and losses	254,780	1	(147,714)	(1)
7050	Finance costs	(21,907)	-	(33,413)	-
	Total non-operating income and expenses	646,318	4	148,497	1
7900	**Income before income tax**	460,664	3	24,726	-
7950	**Less: Income tax expenses (benefit) (note 6(l))**	122,964	1	(20,976)	-
	Net income	337,700	2	45,702	-
8300	**Other comprehensive income (notes 6(l) and (m)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(44,989)	-	5,647	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	(8,998)	-	1,129	-
	Total items that will not be reclassified subsequently to profit or loss	(35,991)	-	4,518	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Foreign currency translation differences for foreign operations	(137,702)	(1)	(84,391)	-
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will be reclassified subsequently to profit or loss	(137,702)	(1)	(84,391)	-
8300	**Other comprehensive income, net of tax**	(173,693)	(1)	(79,873)	-
8500	**Total comprehensive income**	**$ 164,007**	**1**	**(34,171)**	**-**
8600	**Net income (loss) attributable to:**				
8610	Shareholders of the Company	$ 337,782	2	46,118	-
8620	Non-controlling interests	(82)	-	(416)	-
		$ 337,700	**2**	**45,702**	**-**
8700	**Total comprehensive income attributable to:**				
8710	Shareholders of the Company	$ 164,415	1	(33,504)	-
8720	Non-controlling interests	(408)	-	(667)	-
		$ 164,007	**1**	**(34,171)**	**-**
	Basic earnings per share(expressed in New Taiwan dollars) (note 6(n))				
9750	Basic earnings per share	**$**	**0.85**		**0.12**
9850	Diluted earnings per share	**$**	**0.85**		**0.12**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the Company									
			Retained earnings				Other equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Foreign currency translation differences for foreign operations	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at January 1, 2020	$ 3,974,954	1,578,800	2,335,852	142,180	8,054,194	10,532,226	(350,229)	15,735,751	1,547	15,737,298
Appropriation and distribution:										
Legal reserve	-	-	68,403	-	(68,403)	-	-	-	-	-
Special reserve	-	-	-	208,049	(208,049)	-	-	-	-	-
Cash dividends	-	-	-	-	(397,495)	(397,495)	-	(397,495)	-	(397,495)
Net income for the year	-	-	-	-	46,118	46,118	-	46,118	(416)	45,702
Other comprehensive income for the year	-	-	-	-	4,518	4,518	(84,140)	(79,622)	(251)	(79,873)
Total comprehensive income for the year	-	-	-	-	50,636	50,636	(84,140)	(33,504)	(667)	(34,171)
Changes in non-controlling interests	-	-	-	-	(31)	(31)	-	(31)	78	47
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	425	-	-	-	-	-	425	-	425
Balance at December 31, 2020	3,974,954	1,579,225	2,404,255	350,229	7,430,852	10,185,336	(434,369)	15,305,146	958	15,306,104
Appropriation and distribution:										
Legal reserve	-	-	5,060	-	(5,060)	-	-	-	-	-
Special reserve	-	-	-	84,140	(84,140)	-	-	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	337,782	337,782	-	337,782	(82)	337,700
Other comprehensive income for the year	-	-	-	-	(35,991)	(35,991)	(137,376)	(173,367)	(326)	(173,693)
Total comprehensive income for the year	-	-	-	-	301,791	301,791	(137,376)	164,415	(408)	164,007
Changes in non-controlling interests	-	40	-	-	-	-	-	40	1	41
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	433	-	-	-	-	-	433	-	433
Balance at December 31, 2021	**$ 3,974,954**	**1,579,698**	**2,409,315**	**434,369**	**7,444,695**	**10,288,379**	**(571,745)**	**15,271,286**	**551**	**15,271,837**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

	2021	2020
Cash flows from operating activities:		
Income before tax	$ 460,664	24,726
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expenses	1,103,977	1,125,070
Expected credit losses (reversal of expected credit losses)	7,395	(8,722)
Net gains on financial assets measured at fair value through profit or loss	(2,792)	(2,860)
Interest expense	21,907	33,413
Interest income	(100,890)	(103,360)
Losses on disposal of property, plant and equipment	5,322	13,976
Unrealized losses (gains) on foreign exchange	11,088	(36,960)
Total adjustments to reconcile profit and loss	1,046,007	1,020,557
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	30,420	(4,926)
Accounts receivable	(882,004)	152,416
Other receivables	(25,313)	(50,868)
Inventories	(1,349,592)	196,449
Prepayments	(8,918)	22,093
Other current assets	(57,943)	(15,770)
Total net changes in operating assets	(2,293,350)	299,394
Net changes in operating liabilities:		
Notes payable	331,700	(28,537)
Accounts payable	297,520	186,085
Other payable	(66,867)	(111,431)
Other current liabilities	4,824	71,081
Net defined benefit liability	(10,389)	(15,292)
Total net changes in operating liabilities	556,788	101,906
Total net changes in operating assets and liabilities	(1,736,562)	401,300
Total adjustments	(690,555)	1,421,857
Cash inflow generated from operations	(229,891)	1,446,583
Interest income received	35,583	47,583
Interest paid	(22,357)	(37,309)
Income tax received (paid)	50,246	(118,920)
Net cash flows from (used in) operating activities	(166,419)	1,337,937
Cash flows from (used in) investing activities:		
Acquisition of financial assets measured at fair value through profit or loss	-	(626,162)
Proceeds from disposal of financial assets measured at fair value through profit or loss	419,567	1,055,357
Acquisition of property, plant and equipment	(297,637)	(347,129)
Proceeds from disposal of property, plant and equipment	5,313	41,786
Decrease (increase) in other financial assets－non-current	358,613	(781,056)
Increase in prepayments for equipment	(361,913)	(346,326)
Net cash flows from (used in) investing activities	123,943	(1,003,530)
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,769,572	4,254,356
Decrease in short-term loans	(3,741,889)	(4,330,665)
Payment of lease liabilities	(49,541)	(47,008)
Cash dividends paid	(198,748)	(397,495)
Change in non-controlling interests	41	47
Net cash flows used in financing activities	(220,565)	(520,765)
Effect of exchange rate changes on cash and cash equivalents	(22,794)	(24,109)
Net decrease in cash and cash equivalents	(285,835)	(210,467)
Cash and cash equivalents at beginning of period	4,110,135	4,320,602
Cash and cash equivalents at end of period	**$ 3,824,300**	**4,110,135**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) Company history

CHIN-POON INDUSTRIAL CO., LTD. ("the Company") was incorporated in the Republic of China (ROC) on September 26, 1979, as a corporation limited by shares in accordance with the ROC Company Act. The consolidated entities in the consolidated financial statements include the Company and its subsidiaries (collectively referred to as "the Consolidated Company"). The Consolidated Company is mainly engaged in the Manufacturing, producing and selling electronic printed circuit boards.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2022.

(3) Application of new and revised standards, amendments and interpretations:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below. Except for those specially indicated, the significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

The accompanying consolidated financial statements have been prepared on a historical cost basis except otherwise specified in the notes to accounting policies.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. The assets and liabilities of foreign operations are translated to the Company's functional currency using the exchange rates on reporting date. The income and expenses of foreign operations are translated to the Company's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Consolidated Company.

Changes in the Consolidated Company's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements were as follows:

			Percentage of ownership		
Name of investor	**Name of subsidiary**	**Business activities**	**December 31, 2021**	**December 31, 2020**	**Remarks**
The Company	VEGA International Enterprise Co., Ltd. (VEGA)	Investment	100.00 %	100.00 %	
The Company	Draco PCB Public Co., Ltd. (Draco)	Production and trading of PCB	99.78 %	99.73 %	(Note)
VEGA International Enterprise Co., Ltd.	Chin-Poon Holdings Cayman Limited (CPCH)	Investment	100.00 %	100.00 %	
Chin-Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd (CPCS)	Production and trading of PCB	100.00 %	100.00 %	

Note: In May 2020, Draco increased its capital by issuing 121,574 thousand shares amounting to $281,760 thousand (approximately THB 300,000 thousand). The Company contributed $281,713 thousand in Draco's equity offering and recognized the amount $31 thousand as a reduction of its retained earnings.
In July 2021, Draco increased its capital by issuing 132,159 thousand shares amounting to $261,270 thousand (approximately THB 300,000 thousand). The Company contributed $261,228 thousand in Draco's equity offering and recognized the amount of $40 thousand as an increase of its capital surplus.

Subsidiaries excluded from the consolidated financial statements: None.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising from retranslated are recognized in profit or loss, except for the financial assets measured at fair value through other comprehensive income differences, which are recognized in other comprehensive income arising on the retranslated.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income and presented in the translation reserve in equity.

(e) Assets and liabilities classified as current and non-current

Cash or cash equivalents, assets held for trading purposes or short-term and expected to be converted to cash within twelve months after the reporting period or for intention of sales or consumption within its normal operating cycle are classified as current assets; all other assets are classified as noncurrent assets.

Liabilities that must be fully liquidated within twelve months after the reporting period are classified as current liabilities; all other liabilities are classified as non-current liabilities.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are classified as cash and cash equivalents only when they satisfy the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Financial instruments

(i) Financial assets

The Consolidated Company classifies financial assets into the following categories: financial assets measured at amortized cost and financial assets measured at fair value through profit or loss (FVTPL). A regular way purchase or sale of financial assets is recognized and derecognized, as applicable using trade date accounting.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets, etc.).

Loss allowance for notes and accounts receivable are measured at an amount equal to lifetime ECL. Other financial assets measured at amortized cost are considered reasonable and supportable information that are relevant and available, without undue cost or effort. This includes both quantitative and qualitative information, as well as analysis, based on the Consolidated Company's historical experience, informed credit assessment, and forward-looking information. Loss allowance for other financial assets measured at amortized cost are measured by using the 12-month ECL, in which the credit risk did not increase significantly since initial recognition. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to the lifetime ECL.

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise long-term and short-term loans, accounts payable and other payables, are measured at fair value plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit and loss.

4) Derecognition of financial liabilities

The Consolidated Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

The Consolidated Company presents financial assets and liabilities on a net basis when the Consolidated Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(Continued)

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(Continued)

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a straight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

Buildings	8~60 years
Machinery equipment	2~15 years
Other equipment	2~20 years
Leasehold equipment	5~30 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(j) Leases－as a leasee

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

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term and in future lease payments the lease liability is remeasured, the Consolidated Company remeasures the lease liabilities with a corresponding adjustment to the carrying amount of the right-of-use asset, or in profit and loss, if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment－non-financial assets

With regard to non-financial assets (other than inventories, deferred tax assets and employee benefits), the Consolidated Company assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred and estimates the recoverable amount for assets with an indication of impairment. If it is not possible to determine the recoverable amount for the individual asset, then the Consolidated Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell or it's value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Consolidated Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount, increasing the individual asset's or cash-generating unit's carrying amount to its estimated recoverable amount. The reversal of an impairment loss of an individual asset or cash-generating unit cannot exceed the carrying amount of the individual asset or cash-generating unit, less any depreciation or amortization, had it not recognized an impairment loss.

(l) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

(i) Sale of goods

The Consolidated Company is mainly engaged in the manufacture and sale of electronic printed circuit boards and electronic materials. The Consolidated Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

(Continued)

The Consolidated Company's estimated future sales returns and discounts for various goods are generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. A reduction of revenue and refund liabilities (recorded under other current liabilities) are only recognized to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognized when the goods are delivered as this is the point in time that the Consolidated Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Consolidated Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Consolidated Company does not adjust any of the transaction prices for the time value of money.

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Consolidated Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Consolidated Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Consolidated Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Consolidated Company. An economic benefit is available to the Consolidated Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

(Continued)

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses; (2) the return on plan assets excluding the amounts included in net interest on the net defined benefit liability (assets); and (3) any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (assets); The Consolidated Company recognizes the remeasurements of the defined benefit liability (asset) in other comprehensive.

The Consolidated Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Consolidated Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(n) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(o) Earnings per share

Earnings per share (EPS) of common stock are calculated by dividing net income (or loss) for the reporting period attributable to common stockholders by the weighted-average number of common shares outstanding during that period. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

Employee bonuses in the form of stock of the Company are potential stock. If the potential stock does not have a dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When computing diluted earnings per share with regard to employee bonuses in the form of stock, the closing price at the reporting date is used as the basis of computation of the number of shares to be issued. When computing diluted earnings per share prior to the following Board of Directors, the effect of dilution from these potential shares is taken into consideration.

(p) Segment information

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Subsequent measurements of inventories

As inventories are stated at the lower of cost or net realizable value, the Consolidated Company assesses the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The subsequent measurements of inventories are mainly determined based on the current market price. Therefore, there may be significant changes in the net realizable value of inventories due to the rapid change of industrial environment.

(b) Refund liability of sales returns and discounts

The Consolidated Company records a refund liability for its estimated future sales returns and discounts in the same period when related revenues are recorded. Refund liability for estimated sales returns and discounts is generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. The adequacy of estimations is reviewed periodically. Any changes in these estimates might significantly affect the refund liability for sales returns and discounts.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	**December 31, 2020**
Cash on hand	$ 14,351	15,226
Demand deposits	3,211,434	2,932,726
Time deposits	395,418	1,080,701
Checking deposits	203,097	81,482
Cash and cash equivalents per consolidated statements of cash flows	**$ 3,824,300**	**4,110,135**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Please refer to note 6(r) for the disclosure of the Consolidated Company's interest rate risk and sensitivity analysis related to financial assets and liabilities.

Please refer to note 6(c) for the disclosure of the Consolidated Company's time deposits with a maturity of three months to one year and above one year were recorded under other financial assets －current and other financial assets－non-current.

(b) Financial assets measured at fair value through profit or loss

	December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Current:		
Beneficiary certificates	$ -	416,822
Financial assets held for trading:		
Derivative instruments not used for hedging		
Forward contracts	$ 34	-
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Forward contracts	$ -	(182)

Please refer to note 6(q) for net gains or losses from financial assets measured at fair value through profit or loss.

As of December 31, 2020, the Consolidated Company did not pledge its financial assets measured at fair value through profit or loss as collateral.

The Consolidated Company uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. As of December 31, 2021 and 2020, the Consolidated Company reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting.

	December 31, 2021		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	USD 82 / THB 2,753	USD/THB	2022.05

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	USD 1,831 / THB 55,009	USD/THB	2021.06

During the years ended December 31, 2021 and 2020, the realized exchange gains of $972 thousand and $199 thousand, respectively, related to mandatorily measured at fair value through profit or loss held on the years then ended, were recognized as other gains and losses by the Group.

(c) Other financial assets

	December 31, 2021	December 31, 2020
Current:		
Bank's time deposit	$ 1,286,487	416,415
Segregated foreign exchange deposits	376,821	240,187
Subtotal	1,663,308	656,602
Non-current:		
Bank's time deposit	738,437	1,810,982
Segregated foreign exchange deposits	-	222,581
Refundable deposits	19,180	20,586
Subtotal	757,617	2,054,149
Total	**$ 2,420,925**	**2,710,751**

According to the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the Company repatriated its offshore funds back to Taiwan at February 17, 2020, and recorded it under other financial assets— current and other financial assets— non-current based on the Company's investment plan schedule.

As of December 31, 2021 and 2020, the Consolidated Company did not pledge its other financial assets as collateral.

(d) Notes receivable and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 4,337	34,747
Accounts receivable	4,309,307	3,455,653
Less: loss allowance	79,476	72,625
	$ 4,234,168	**3,417,775**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The Consolidated Company applies the simplified approach of IFRS 9 to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for notes and accounts receivable. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information.

The Consolidated Company's analysis of the expected credit loss on its notes and accounts receivable in the regions of Taiwan were as follows:

	December 31, 2021		
	Gross carrying amount of notes and accounts receivable	**Weighted-average expected credit loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 2,893,955	0.0432%	1,253
Past due 1~30 days	115,616	1.6389%	1,895
Past due 31~60 days	15,080	7.8282%	1,180
Past due 61~90 days	841	25.4704%	214
Past due 91~120 days	568	41.0772%	233
Past due 121 to 180 days	194	62.5075%	121
Past due over 181 days	67,553	100%	67,553
	$ 3,093,807		**72,449**

	December 31, 2020		
	Gross carrying amount of notes and accounts receivable	**Weighted-average expected credit loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 2,342,037	0.0010%	24
Past due 1~30 days	45,918	0.00271%	12
Past due 31~60 days	8,397	0.3577%	30
Past due 61~90 days	736	0.7923%	6
Past due 91~120 days	125	3.8780%	5
Past due 121 to 180 days	944	3.8780%	37
Past due over 181 days	67,577	100%	67,577
	$ 2,465,734		**67,691**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The Consolidated Company's analysis of the expected credit loss on its notes and accounts receivable in the regions of China were as follows:

	December 31, 2021		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 766,460	0.0176%	136
Past due 1~30 days	36,033	0.7587%	273
Past due 31~60 days	6,258	3.8197%	239
Past due 61~90 days	2,077	11.4864%	239
Past due 91~120 days	1,193	19.9406%	238
121 to 180 days past due	1,318	34.7338%	458
	$ 813,339		**1,583**

	December 31, 2020		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 641,634	0%	-
Past due 1~30 days	27,061	0%	-
Past due 31~60 days	1,154	0%	-
	$ 669,849		**-**

The Consolidated Company's analysis of the expected credit loss on its notes and accounts receivable in the regions of other were as follows:

	December 31, 2021		
	Gross carrying amount of notes and accounts receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 336,562	0.0256%	86
Past due 1~30 days	40,415	0.2054%	83
Past due 31~60 days	10,510	0.2379%	25
Past due 61~90 days	9,147	0.7434%	68
Past due 91~120 days	4,446	5.2857%	235
Past due 121~180 days	2,405	14.8441%	357
Past due over 181 days	3,013	100%	3,013
	$ 406,498		**3,867**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020		
	Gross carrying amount of notes and accounts receivable	**Weighted-average expected credit loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 298,193	0.0711%	212
Past due 1~30 days	43,513	0.5837%	254
Past due 31~60 days	5,539	0.6680%	37
Past due 61~90 days	382	2.0942%	8
Past due 91~120 days	1,625	11.4462%	186
Past due 121~180 days	1,999	31.0655%	621
Past due over 181 days	3,566	100%	3,566
	$ 354,817		**4,884**

The movement in the loss allowance for impairment with respect to notes and accounts receivable was as follows:

	2021	**2020**
Balance at beginning of the period	$ 72,625	83,496
Impairment loss (reversal gain)	7,395	(8,745)
Amounts written off	-	(1,854)
Translation effect	(544)	(272)
Balance at end of the period	**$ 79,476**	**72,625**

As of December 31, 2021 and 2020, the Consolidated Company had not provided its notes and accounts receivable as collateral or factored them for cash.

(e) Other receivables

	December 31, 2020	**December 31, 2020**
Other receivables	$ 138,836	113,631
Less: loss allowance	-	-
	$ 138,836	**113,631**

As of December 31, 2021 and 2020, the Consolidated Company had no other receivables that were past due. Therefore, no provisions for doubtful debt were required after the management's assessment.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The movement in the loss allowance for impairment with respect to other receivables was as follows:

	2021	2020
Balance at beginning of the period	$ -	1,058
Impairment loss recognized	-	23
Amounts written off	-	(1,081)
Balance at end of the period	$ -	-

(f) Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 2,029,774	1,176,484
Work in progress	1,523,599	1,255,692
Raw materials	703,316	509,379
	$ 4,256,689	2,941,555

Due to the decrease in the realizable value of inventories, the Consolidated Company recognized the inventory pricing loss as cost of goods sold. The amounts were as follows:

	2021	2020
Loss on decline in market value of inventory	$ 66,131	14,209
Income from sale of scrap	(710,844)	(422,684)
Unallocated production overhead	285,037	521,793
Total	$ (359,676)	113,318

As of December 31, 2021 and 2020, the Consolidated Company did not pledge its inventories as collateral.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company for the years ended December 31, 2021 and 2020 were as follows:

		Land	Buildings	Machinery equipment	Other equipment	Leasehold improvement	Construction in progress and Equipment to be inspected	Total
Cost:								
Balance at January 1, 2021	$	841,237	4,121,031	12,113,296	3,210,709	46,999	4,549	20,337,821
Additions		-	36,291	131,365	38,011	1,167	281,857	488,691
Disposals		-	(412,779)	(1,429,495)	(262,458)	-	-	(2,104,732)
Reclassification		-	6,291	338,646	63,908	-	294,669	703,514
Translation effect		(9,122)	(32,941)	(130,171)	(24,998)	-	(1,875)	(199,107)
Balance at December 31, 2021	$	**832,115**	**3,717,893**	**11,023,641**	**3,025,172**	**48,166**	**579,200**	**19,226,187**
Balance at January 1, 2020	$	846,661	4,055,145	12,061,072	3,120,586	39,982	22,240	20,145,686
Additions		-	44,703	192,165	54,669	5,901	11,321	308,759
Disposals		-	-	(334,782)	(26,365)	-	-	(361,147)
Reclassification		-	32,753	254,952	70,632	1,116	(27,774)	331,679
Translation effect		(5,424)	(11,570)	(60,111)	(8,813)	-	(1,238)	(87,156)
Balance at December 31, 2020	$	**841,237**	**4,121,031**	**12,113,296**	**3,210,709**	**46,999**	**4,549**	**20,337,821**
Accumulated depreciation and impairment loss:								
Balance at January 1, 2021	$	-	1,710,833	8,823,501	2,457,569	14,762	-	13,006,665
Depreciation		-	119,657	721,340	200,624	6,935	-	1,048,556
Disposal		-	(412,780)	(1,421,869)	(259,448)	-	-	(2,094,097)
Reclassification		-	-	289	(289)	-	-	-
Translation effect		-	(20,898)	(78,692)	(23,750)	-	-	(123,340)
Balance at December 31, 2021	$	**-**	**1,396,812**	**8,044,569**	**2,374,706**	**21,697**	**-**	**11,837,784**
Balance at January 1, 2020	$	-	1,600,025	8,393,929	2,280,023	8,697	-	12,282,674
Depreciation		-	118,828	740,347	206,311	6,065	-	1,071,551
Disposals		-	-	(282,273)	(23,112)	-	-	(305,385)
Reclassification		-	-	(1,368)	1,368	-	-	-
Translation effect		-	(8,020)	(27,134)	(7,021)	-	-	(42,175)
Balance at December 31, 2020	$	**-**	**1,710,833**	**8,823,501**	**2,457,569**	**14,762**	**-**	**13,006,665**
Carrying amount:								
Balance at December 31, 2021	$	**832,115**	**2,321,081**	**2,979,072**	**650,466**	**26,469**	**579,200**	**7,388,403**
Balance at December 31, 2020	$	**841,237**	**2,410,198**	**3,289,795**	**753,140**	**32,237**	**4,549**	**7,331,156**
Balance at January 1, 2020	$	**846,661**	**2,455,120**	**3,667,143**	**840,563**	**31,285**	**22,240**	**7,863,012**

(i) Loss and gain on disposal

For the years ended December 31, 2021 and 2020, the Consolidated Company recognized loss and gain on disposal of property, plant and equipment, please refer to note 6(q).

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CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(ii) Impairment loss

The movements in accumulated impairment loss of the Consolidated Company's property, plant and equipment were as follows:

		2021	2020
Balance at beginning of the period	$	458,119	459,388
Disposals during the period		(443,234)	(214)
Translation effect		(1,752)	(1,055)
Balance at end of the period	$	**13,133**	**458,119**

On April 28, 2018, a fire broke out at the Company's Pingzhen Plant and caused some damage to the buildings, equipment and inventories, incurring related repairs and compensation costs, estimated at the amount of $902,744 thousand, of which the amount of $443,234 thousand was recognized as accumulated impairment losses on property, plant, and equipment.

The Company has sought insurance claim for the relevant damages. As the claim involved disaster assessment, the Company recognized the relevant claim settlement income only when it was almost certain that the amounts could be collected.

On July 20, 2021, the Company confirmed with both the insurer and the loss adjuster that the amount of claim settlement was finalized at $1,093,409 thousand, with the remaining uncollected amount of $393,409 thousand after deducting accumulated insurance claims of $700,000 thousand received by the Company during 2018 and 2019. On July 21, 2021, the Company has collected and recognized the income arising from the insurance claim as other gains and losses. Thereafter, the Company derecognized the relevant property, plant and equipment and the accumulated impairment losses.

(iii) Collateral

As of December 31, 2021 and 2020, the Consolidated Company pledged its property, plant and equipment as collateral for short-term loans, please refer to note 8.

(h) Right-of-use assets

The Consolidated Company leases its assets including its use right of land and buildings. Information about leases for which the Consolidated Company is the lessee is as follow:

		Use right of land	Buildings	Total
Cost:				
Balance at January 1, 2021	$	54,867	456,032	510,899
Additions		-	3,370	3,370
Reductions		-	(6,770)	(6,770)
Translation effect		198	-	198
Balance at December 31, 2021	$	**55,065**	**452,632**	**507,697**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	Use right of land	Buildings	Total
Balance at January 1, 2020	$ 54,499	428,240	482,739
Additions	-	27,792	27,792
Translation effect	368	-	368
Balance at December 31, 2020	**$ 54,867**	**456,032**	**510,899**
Accumulated depreciation:			
Balance at January 1, 2021	$ 2,888	99,004	101,892
Depreciation	1,444	53,977	55,421
Translation effect	15	-	15
Balance at December 31, 2021	**$ 4,347**	**152,981**	**157,328**
Balance at January 1, 2020	$ 1,434	46,909	48,343
Depreciation	1,424	52,095	53,519
Translation effect	30	-	30
Balance at December 31, 2020	**$ 2,888**	**99,004**	**101,892**
Carrying amount:			
Balance at December 31, 2021	**$ 50,718**	**299,651**	**350,369**
Balance at December 31, 2020	**$ 51,979**	**357,028**	**409,007**
Balance at January 1, 2020	**$ 53,065**	**381,331**	**434,396**

(i) Short-term and long-term loans

(i) Short-term loans

	December 31, 2021			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Secured loans	THB	2.10	2022	$ 108,629
Unsecured loans	USD	0.55~0.70	2022	1,111,692
Unsecured loans	EUR	0.22	2022	62,614
Unsecured loans	THB	2.75~2.90	2022	69,400
Total				**$ 1,352,335**

	December 31, 2020			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Secured loans	THB	2.10~3.25	2021	$ 50,820
Unsecured loans	USD	0.67~0.94	2021	1,105,979
Unsecured loans	EUR	0.44	2021	69,334
Unsecured loans	THB	3.00	2021	85,093
Total				**$ 1,311,226**

(Continued)

As of December 31, 2021 and 2020, the unused credit facilities of the Consolidated Company's short-term loans amounted to $4,662,500 thousand and $4,803,728 thousand, respectively.

Please refer to note 6(r) for related information of risk exposure to interest risk, currency risk and liquidity risk.

(ii) Collateral of loans

As of December 31, 2021 and 2020, the Consolidated Company has mortgaged its assets as collateral of loans, please refer to note 8.

(j) Lease liabilities

The carrying amounts of lease liabilities for the Consolidated Company were as follows:

		December 31, 2021	December 31, 2020
Current	$	**52,542**	**49,387**
Non-current	$	**260,234**	**316,330**

For the maturity analysis, please refer to note 6(r).

The amounts recognized in profit or loss were as follows:

		2021	2020
Interest on lease liabilities	$	**7,388**	**8,144**
Expenses relating to short-term leases	$	**5,076**	**3,055**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$	**4,803**	**10,148**

The amounts recognized in the statement of cash flows for the Consolidated Company were as follows:

		2021	2020
Total cash outflow for leases	$	**66,808**	**68,355**

(k) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of the plan assets for the Consolidated Company were as follows:

		December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$	405,334	374,442
Fair value of plan assets		(470,341)	(470,074)
Net defined benefit asset	$	**(65,007)**	**(95,632)**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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As of December 31, 2021 and 2020, the Consolidated Company's net defined benefit assets amounted to $65,007 thousand and $95,632 thousand, respectively, deriving from the net defined benefit assets of $95,926 thousand and $128,510 thousand, respectively, recorded by the Company, less, the net defined benefit liabilities of $30,919 thousand and $32,878 thousand, respectively, under Draco's management.

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan and Chunghwa Post Co., Ltd. that provides pensions for employees and managers upon retirement. The plans (covered by the Labor Standard) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan and Chunghwa Post Co., Ltd. labor pension reserve account balance amounted to $434,304 thousand and $36,037 thousand, respectively, as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Consolidated Company's defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Defined benefit obligation at January 1	$	374,442	385,385
Current service costs and interest		6,924	9,174
Remeasurements of the net defined benefit liability (asset)			
—Actuarial gains and losses arising from changes in financial assumptions		49,584	6,665
Benefits paid		(25,616)	(26,782)
Defined benefit obligation at December 31	**$**	**405,334**	**374,442**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements in fair value of plan assets

The movements in the fair value of the Consolidated Company's plan assets for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Fair value of plan assets at January 1	$	470,074	463,576
Remeasurements of the net defined benefit liability (asset)			
－The return on plan assets (excluding amounts included in the interest during this period)		4,028	5,752
－Actuarial gains and losses arising from changes in financial assumptions		4,595	12,312
Contributions made		17,260	15,216
Benefits paid		(25,616)	(26,782)
Fair value of plan assets at December 31	**$**	**470,341**	**470,074**

4) Expenses recognized in profit or loss

The Consolidated Company's expenses recognized on profit or loss for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Current service costs	$	1,919	2,468
Net interest on the defined benefit liability (asset)		977	954
Past service cost and settlement gains		-	-
	$	**2,896**	**3,422**
Operating costs	$	268	1,869
Selling expenses		1,798	251
Administrative expenses		830	1,302
	$	**2,896**	**3,422**

5) Actuarial assumptions

The Consolidated Company's assumptions used on calculating the present value of the defined benefit obligation at reporting date were as follows:

	2021.12.31	2020.12.31
Discount rate	0.50%~1.51%	0.50%~1.51%
Future salary increases rate	1.55%~5.00%	1.00%~5.00%

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The expected contribution to be made by the Consolidated Company to the defined benefit plans for the next annual reporting period is $11,898 thousand.

The Consolidated Company's weighted average duration of the defined benefit obligation of employee and manager are 16.38 years and 5.54 years, respectively.

6) Sensitivity analysis for actuarial assumption

As of December 31, 2021 and 2020, the effect of changes in actuarial assumptions on the present value of the defined benefit obligations were as follows:

	The impact of defined benefit obligation	
	Increase	**Decrease**
At December 31, 2021		
Discount rate (changes 0.25%)	$ (12,455)	13,007
Future salary increase rate (changes 0.25%)	12,817	(12,335)
At December 31, 2020		
Discount rate (changes 0.25%)	$ (11,683)	12,216
Future salary increase rate (changes 0.25%)	12,058	(11,593)

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability (asset) is the same.

The method used for sensitivity analysis for this year is the same as the method used in the previous year.

(ii) Defined contribution plans

The Consolidated Company contributes an amount equal to 6% of the employee's monthly. The Consolidated Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Consolidated Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Consolidated Company's pension costs under the defined contribution method were $143,381 thousand and $118,030 thousand for the years ended December 31, 2021 and 2020, respectively.

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CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Short-term employee benefit

	December 31, 2021	December 31, 2020
Annual leave benefit (recorded under other payables)	$ **40,257**	**36,151**

(l) Income taxes

(i) Income tax expense (benefit)

The amounts of the Consolidated Company's income tax expense (benefit) for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Current tax expense (benefit)		
Current period	$ 46,468	98,674
Surtax on unappropriated retained earnings	-	504
Adjustment for prior periods	52,112	2,193
Subtotal	98,580	101,371
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	7,792	(122,347)
Adjustment for prior years' deferred income tax	16,592	-
Subtotal	24,384	(122,347)
Income tax expense (benefit) from continuing operations	$ **122,964**	**(20,976)**

The amounts of the Consolidated Company's income tax expense recognized under other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Items that may not be reclassified into profit and loss:		
Remeasurements of defined benefit plan	$ **(8,998)**	**1,129**

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CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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Reconciliations of the Consolidated Company's income tax expense (benefit) and income before tax for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Income before tax	**$ 460,664**	**24,726**
Income tax using the Company's domestic tax rate	$ 92,133	4,945
Effect of tax rates in foreign jurisdiction	6,257	(108,554)
Underestimated prior years' income tax	52,112	2,193
Tax-exempt income	(697)	(1,252)
Tax expense recognized based on the management, utilization, and taxation of repatriated offshore fund act	-	47,990
Current-year for which no deferred tax asset was recognized	5,258	27,999
Surtax on unappropriated retained earnings	-	504
Adjustment according to tax low	(35,730)	15,418
Tax credits utilized	(12,961)	(10,219)
Underestimated prior years' deferred income tax	16,592	-
Income tax expense (benefit)	**$ 122,964**	**(20,976)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred income tax assets

The Consolidated Company's deferred tax assets have not been recognized in respect of the following items:

	December 31, 2021	December 31, 2020
The carryforward of unused tax losses	**$ 460,458**	**922,926**

Deferred tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available against which the Consolidated Company can utilize the benefits therefrom.

As of December 31, 2021, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

Year of loss	Unused amount	Year of expiry
2017	$ 197,104	2022
2018	237,065	2023
2021	26,289	2026
	$ 460,458	

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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2) Recognized deferred tax assets and liabilities

Changes in the amount of recognized deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

Deferred tax assets:

		Defined benefit plans	Allowance for inventory devaluation loss	Loss allowance	Refund liabilities	Loss carryforwards	Others	Total
Balance at January 1, 2021	$	6,576	33,980	18,326	143,515	3,511	2,086	207,994
Recognized in profit or loss		403	7,565	319	4,413	(3,511)	3,665	12,854
Translation effect		(795)	(1,037)	(108)	120	-	(103)	(1,923)
Balance at December 31, 2021	**$**	**6,184**	**40,508**	**18,537**	**148,048**	**-**	**5,648**	**218,925**
Balance at January 1, 2020	$	6,547	33,348	20,113	129,088	-	6,274	195,370
Recognized in profit or loss		29	632	(1,787)	14,427	3,511	(4,188)	12,624
Balance at December 31, 2020	**$**	**6,576**	**33,980**	**18,326**	**143,515**	**3,511**	**2,086**	**207,994**

Deferred tax liabilities:

		Gain from investment using equity method	Defined benefit plans	Unrealized interest income	Others	Total
Balance at January 1, 2021	$	534,389	25,702	-	-	560,091
Recognized in profit or loss		4,607	2,481	30,150	-	37,238
Recognized in other comprehensive income		-	(8,998)	-	-	(8,998)
Translation effect		-	-	116	-	116
Balance at December 31, 2021	**$**	**538,996**	**19,185**	**30,266**	**-**	**588,447**
Balance at January 1, 2020	$	646,310	22,185	-	190	668,685
Recognized in profit or loss		(111,921)	2,388	-	(190)	(109,723)
Recognized in other comprehensive income		-	1,129	-	-	1,129
Balance at December 31, 2020	**$**	**534,389**	**25,702**	**-**	**-**	**560,091**

(iii) Examination and approval

The ROC income tax authorities have examined the Company's income tax returns through 2019.

(m) Share capital and other equity

(i) Common stock

As of December 31, 2021 and 2020, the total value of authorized nominal ordinary shares amounted to $4,500,000 thousand, with par value of $10 per share, of which 397,495 thousand shares of common stocks were outstanding. All issued shares were paid up upon issuance.

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CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(ii) Capital surplus

The balances of the Company's capital surplus were as follows:

	December 31, 2021	December 31, 2020
Paid-in capital in excess of par value	$ 630,382	630,382
Conversion of convertible bonds ordinary shares	937,936	937,936
Changes in equity of subsidiaries	10,522	10,482
Non-payment of expired cash dividends from previous years	858	425
	$ 1,579,698	1,579,225

In accordance with the ROC Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

1) Legal reserve

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

2) Special earnings reserve

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Distribution of earnings

According to the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company should first pay income tax, offset its prior years' losses, and appropriate 10% of net income to legal reserve. Legal reserve should be appropriated until the reserve equals to the Company's paid-in capital. The remainder, if necessary, is subject to special reserve. The distribution of remainder earning should be amounts directors' and supervisors' remuneration, employee bonuses and stockholders' dividends and bonuses in the percentage amounts of 20% to 80%. After the distribution, the remainder is unappropriated earnings.

According to the Company's Articles of Incorporation, the Company's dividend policy will consider its operating environment, steady profitability, sufficiency of its cash for future expansion, financial plan and the balance of dividends. The Board of Directors then proposes the appropriations and presents this proposal for approval at the shareholders' meeting. The Company stipulated a dividend policy that at least 20% of income after tax may be distributed as cash dividends, and if the Company has sufficient cash acquired from the outer, the ratio of distribution as cash dividends will be 50%. The actual appropriations are based on profit and the requirement of cash which are adjusted and approved by the stockholders' meeting.

The appropriations of 2020 and 2019 earnings have been approved by the Company's shareholders in its meetings held on July 30, 2021, and June 23, 2020 respectively. The appropriations and dividends per share were as follows:

	2020		2019	
	Amount per share (NT dollars)	**Total Amount**	**Amount per share (NT dollars)**	**Total Amount**
Dividends distributed to common stockholders:				
Cash	$ 0.50	**199,748**	1.00	**397,495**

On March 14, 2022, the Company's Board of Directors resolved to appropriate the 2021 earnings. These earnings were appropriated as follows:

	2021 (Proposed)	
	Amount per share (NT dollars)	**Total amount**
Dividends distributed to common shareholders:		
Cash	$ 0.50	**198,748**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Other equities (net of tax)

	Foreign exchange differences arising from foreign	Non-controlling interests	Total
Balance at January 1, 2021	$ (434,369)	(7,307)	(441,676)
Foreign exchange differences arising from foreign operation	(137,376)	(326)	(137,702)
Balance at December 31, 2021	**$ (571,745)**	**(7,633)**	**(579,378)**
Balance at January 1, 2020	$ (350,229)	(7,056)	(357,285)
Foreign exchange differences arising from foreign operation	(84,140)	(251)	(84,391)
Balance at December 31, 2020	**$ (434,369)**	**(7,307)**	**(441,676)**

(n) Earnings per share

The calculation of the Company's basic and diluted earnings per share for years ended December 31, 2021 and 2020 were as follows:

(i) Basic EPS

Unit: thousand shares

	2021	2020
Net income attributable to common shareholders of the Company	**$ 337,782**	**46,118**
Weighted-average number of common shares outstanding	**397,495**	**397,495**
Basic EPS (New Taiwan dollars)	**$ 0.85**	**0.12**

(ii) Diluted EPS

Unit: thousand shares

	2021	2020
Net income attributable to common shareholders of the Company	**$ 337,782**	**46,118**
Weighted-average number of common shares outstanding	397,495	397,495
Influence of potentially dilutive shares－		
Remuneration to employees	254	182
Weighted-average number of shares outstanding－diluted	**397,749**	**397,677**
Diluted EPS (New Taiwan dollars)	**$ 0.85**	**0.12**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

The Consolidated Company is engaged in one industry which manufactures and sells printed circuit boards. The disaggregation of revenue by primary geographical markets for the years ended December 31, 2021 and 2020 were as follows:

	2021			
	Taiwan	**China**	**Others**	**Total**
Taiwan	$ 829,556	10,586	-	840,142
United states	2,838,217	8,256	174,162	3,020,635
Germany	1,878,371	191,560	128,167	2,198,098
Japan	1,343,865	159,443	-	1,503,308
Hungary	740,102	45,801	-	785,903
China	1,835,152	1,396,242	17,347	3,248,741
Others	4,530,121	739,138	1,353,194	6,622,453
	$ 13,995,384	**2,551,026**	**1,672,870**	**18,219,280**

	2020			
	Taiwan	**China**	**Others**	**Total**
Taiwan	$ 447,922	-	-	447,922
United states	2,447,884	5,358	143,072	2,596,314
Germany	1,544,587	123,371	110,218	1,778,176
Japan	1,064,449	72,667	86	1,137,202
Hungary	725,328	42,703	-	768,031
China	1,716,015	1,117,475	5,645	2,839,135
Others	3,917,574	592,296	1,236,635	5,746,505
	$ 11,863,759	**1,953,870**	**1,495,656**	**15,313,285**

(ii) Contract balances

	December 31, 2021	**December 31, 2020**	**January 1, 2020**
Notes receivable	$ 4,337	34,747	29,586
Account receivable	4,309,307	3,455,653	3,683,528
Less: loss allowance	79,476	72,625	83,496
Total	**$ 4,234,168**	**3,417,775**	**3,629,618**

For the details on accounts receivable and allowance for impairment, please refer to note 6(d).

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Refund liabilities (recorded under other current liabilities)

	December 31, 2021	December 31, 2020
Sales return and discounts	$ **707,189**	**691,518**

The refund liabilities are expected payment to customers contingent on sales returns and discounts in the future. The amount recognized for refund liabilities is based on historical experience and other known factors and is treated as reduction of operating revenue when products are sold.

(p) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, the Company should contribute no less than 2%~10% of profit as employee remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees who are entitled to receive the above- mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

For the year ended December 31, 2021, the Company accrued and estimated the remuneration to employees and directors amounting to $9,304 thousand and $3,240 thousand, respectively. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The Company had net loss before income tax for the year ended December 31, 2020, and thus, no remunerations to employees and directors were accrued and estimated during the year in accordance with the Company's articles of incorporation.

(q) Non-operating income and expenses

(i) Interest income

The details of the Consolidated Company's interest income for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Interest income from bank deposits	$ 100,851	103,320
Other interest income	39	40
Total Interest income	$ **100,890**	**103,360**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

The details of the Consolidated Company's other income for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Rental income	$ 865	543
Gains on writ-off from accrued expense	-	75,949
Other income－other		
Compensation income	68,070	17,045
Others	243,620	132,727
Subtotal other income－other	311,690	149,772
Total other income	**$ 312,555**	**226,264**

(iii) Other gains and losses

The details of the Consolidated Company's other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Loss on disposal of property, plant and equipment	$ (5,322)	(13,976)
Net on foreign exchange loss	(113,581)	(70,733)
Gain on financial assets measured at fair value through profit and loss	2,792	2,860
Miscellaneous disbursements	(22,518)	(65,865)
Settlement of insurance claim income	393,409	-
Other gains and losses, net	**$ 254,780**	**(147,714)**

For details on settlement of insurance claim income, please refer to note 6(g)。

(iv) Finance costs

The details of the Consolidated Company's finance costs for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Interest expense	**$ 21,907**	**33,413**

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The book value of financial assets and contract assets represents the maximum risk exposure. The maximum risk exposure amounts were $10,618,229 thousand and $10,352,292 thousand as at December 31, 2021 and 2020, respectively.

(Continued)

2) Concentration of credit risk

For the years ended December 31, 2021 and 2020, the Consolidated Company's counterparties of account receivables transaction mainly locate in the United States, China, and Germany. As of December 31, 2021 and 2020, the balance of accounts receivable from those regions accounted for 49%, of the total balance.

3) Credit risk of receivables and other financial assets at amortized cost

For the information of credit risk exposure for notes and accounts receivable, please refer to note 6(d).

Other financial assets measured at amortized cost include other receivables, refund deposits and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

The following table showed the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2021						
Non-derivative financial liabilities						
Secured loans	$ 108,629	110,910	110,910	-	-	-
Unsecured loans	1,243,706	1,252,752	1,252,752	-	-	-
Notes payable	817,394	817,394	817,394	-	-	-
Accounts payable	2,535,350	2,535,350	2,535,350	-	-	-
Other payables	1,191,452	1,191,452	1,191,452	-	-	-
Lease liabilities	312,776	335,968	58,755	51,851	135,122	90,240
Other current liabilities	275,014	275,014	275,014	-	-	-
	$ 6,484,321	**6,518,840**	**6,241,627**	**51,851**	**135,122**	**90,240**
December 31, 2020						
Non-derivative financial liabilities						
Secured loans	$ 50,820	52,179	52,179	-	-	-
Unsecured loans	1,260,406	1,272,202	1,272,202	-	-	-
Notes payable	485,694	485,694	485,694	-	-	-
Accounts payable	2,271,078	2,271,078	2,271,078	-	-	-
Other payables	1,267,259	1,267,259	1,267,259	-	-	-
Lease liabilities	365,717	396,591	56,765	59,075	143,545	137,206
Long-term loans	64,469	64,469	64,469	-	-	-
Derivative financial liabilities						
Other forward contracts:						
Outflow	182	182	182	-	-	-
	$ 5,765,625	**5,809,654**	**5,469,828**	**59,075**	**143,545**	**137,206**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The Consolidated Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk exposure

The Consolidated Company's financial assets and liabilities exposured to significant foreign currency risk were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency (in thousands)	**Exchange rate**	**Amount**	**Foreign currency (in thousands)**	**Exchange rate**	**Amount**
Financial assets:						
Monetary items:						
USD	$ 184,541	27.6600	5,104,404	165,023	28.1020	4,637,476
JPY	1,204,623	0.2401	289,230	1,633,820	0.2722	444,726
EUR	6,820	31.3072	213,515	13,186	34.6670	457,119
THB	2,894	0.8285	2,398	319,639	0.9390	300,141
CNY	144,575	4.3371	627,036	149,412	4.3215	645,684
Financial liabilities:						
Monetary items:						
USD	59,619	27.6600	1,649,062	85,458	28.1020	2,401,541
JPY	26,073	0.2401	6,260	73,626	0.2722	20,041
EUR	2,107	31.3072	65,964	3,811	34.6670	132,116
THB	-	0.8285	-	78,593	0.9390	73,799
CNY	9,194	4.3371	39,875	4,270	4.3215	18,453

2) Sensitivity analysis

The Consolidated Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, other financial assets, loans and accounts and other payables that are denominated in foreign currency. A weakening or strengthening 1% appreciation or depreciation of the NTD against the USD, JPY, EUR, THB and CNY as of December 31, 2021 and 2020, would have increased or decreased the net income before tax by $44,754 thousand and $38,392 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Consolidated Company, the Consolidated Company disclose its exchange gains and losses of monetary items aggregately. The Consolidated Company's exchange loss, including realized and unrealized, were $113,581 thousand and $70,733 thousand for the years ended December 31, 2021 and 2020, respectively.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Consolidated Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Consolidated Company's assessment on the reasonably possible interval of interest rate change.

With all other variable factors remain constant. If the interest rate increases or decreases by 1%, the Consolidated Company's net income before tax will have increased or decreased by $10,680 thousand and $19,969 thousand, respectively, for the years ended December 31, 2021, and 2020. This were mainly due from the Consolidated Company's loans and time deposits on floating rates.

(v) Fair value information

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required :

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Derivative financial assets for hedging	$ 34	-	34	-	34

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	3,824,300	-	-	-	-
Notes and accounts receivable	4,234,168	-	-	-	-
Other receivables	138,836	-	-	-	-
Other financial assets－current and non-current	2,420,925	-	-	-	-
Subtotal	10,618,229	-	-	-	-
Total	**$ 10,618,263**	**-**	**34**	**-**	**34**
Financial liabilities measured at amortized cost					
Short-term loans	$ 1,352,335	-	-	-	-
Notes and accounts payable	3,352,744	-	-	-	-
Other payables	1,191,452	-	-	-	-
Lease liabilities	312,776	-	-	-	-
Other current liabilities	275,014	-	-	-	-
Total	**$ 6,484,321**	**-**	**-**	**-**	**-**

	December 31, 2020				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 416,822	416,822	-	-	416,822

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2020				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	4,110,135	-	-	-	-
Notes and accounts receivable	3,417,775	-	-	-	-
Other receivables	113,631	-	-	-	-
Other financial assets－current and non-current	2,710,751	-	-	-	-
Subtotal	10,352,292	-	-	-	-
Total	**$ 10,769,114**	**416,822**	**-**	**-**	**416,822**
Financial liabilities measured at fair value through profit or loss					
Derivative financial liabilities for hedging	$ 182	-	182	-	182
Financial liabilities measured at amortized cost					
Short-term loans	1,311,226	-	-	-	-
Notes and accounts payable	2,756,772	-	-	-	-
Other payables	1,267,259	-	-	-	-
Lease liabilities	365,717	-	-	-	-
Other current liabilities	64,469	-	-	-	-
Subtotal	5,765,443	-	-	-	-
Total	**$ 5,765,625**	**-**	**182**	**-**	**182**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

If financial instrument has quoted price in an active market, using the quoted price as fair value.

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (included open-ended funds).

b) Derivative financial instrument

The forward exchange contract is usually priced by the forward exchange rate from financial institutions.

3) Fair value hierarchy

The Consolidated Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

4) Transfers from Level 1 financial instrument to Level 2 financial instrument

There was no significant transfer from level 2 financial instrument to level 1 financial instrument for the years ended December 31, 2021 and 2020.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Financial risk management

(i) Overview

The Consolidated Company has exposure to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Consolidated Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risks, and the Consolidated Company's management of capital. Please see other related notes for quantitative information.

(ii) Risk management framework

The Board of Directors of the Consolidated Company is full responsible for the establishment and management of the Consolidated Company's risk management framework and policies. It is developed and managed by the committee which is authorized by the Board of Directors and the committee reports to the Board of Directors regarding the framework's operations regularly.

The Consolidated Company's risk management policies are established to identify and analyze the risks faced by the Consolidated Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company's activities. The Consolidated Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Consolidated Company's Board of Directors oversees how management monitors compliance with the Consolidated Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Consolidated Company. The supervisors are assisted in its oversight role by Internal Audit with undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and supervisors.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Company's receivables from customers and investment in debt securities.

1) Trade and other receivables

The Consolidated Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances.

The Consolidated Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Consolidated Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Consolidated Company's benchmark creditworthiness may transact with the Consolidated Company only on a prepayment basis.

2) Investments

The credit risk exposure in the bank deposits, fix income investment and other financial instruments are measured and monitored by the Consolidated Company's finance department and reported to the management by authority. Since those who transact with the Consolidated Company are banks and other external parties with good credit standing, financial institutions with a credit rating above investment grade, and government agencies, there are no non-compliance issues. Hence, there is no significant credit risk.

3) Guarantees

The Consolidated Company's policy allows it to provide financial guarantees to directly and indirectly more them 50% owned subsidiaries. Financial guarantees provided by the Consolidated Company as of December 31, 2021 and 2020, are disclosed in note 13.

(Continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

The Consolidated Company uses activity-based costing to estimate the cost of its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Consolidated Company aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Consolidated Company has unused short-term bank facilities of $4,662,500 thousand and $4,803,728 thousand, respectively, as of December 31, 2021 and 2020.

(v) Market risk

Market risk represents the potential loss arising from the decrease in the value of a financial instrument caused primarily by changes in interest rates, foreign exchange rates, or the price of financial produces. The Consolidated Company maintains its foreign currency positions within prescribed limits and signs the forward exchange contracts in order to manage market risk from changes in foreign exchange rates.

Financial assets measured at fair value through profit or loss are listed stocks and mutual funds, which may fluctuate with changes in equity price. In order to manage market risk, the Consolidated Company carefully selects trust companies with good reputations to engage in financial instrument transactions.

The Consolidated Company' financial assets－bank balances and time deposits and financial liability－ short-term and long-term loans are exposed to the cash flow risk arising from changes in interest rates. However, the impact of the cash flow risk arising from changes in interest rate is not expected to be significant.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Consolidated Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Consolidated Company's debt-to-capital ratio at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 7,945,106	7,171,214
Less: cash and cash equivalents	3,824,300	4,110,135
Net debt	**$ 4,120,806**	**3,061,079**
Total equity	**$ 15,271,837**	**15,306,104**
Debt-to-capital ratio	**27 %**	**20 %**

As of December 31, 2021, there were no changes in the Consolidated Company's approach of capital management.

(u) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2021 and 2020 were as follows:

			Non-cash changes			
	January 1, 2021	**Cash flows**	**Acquisition of right-of-use assets**	**Foreign exchange movement**	**Reduction of right-of-use assets**	**December 31, 2021**
Short-term loans	$ 1,311,226	27,683	-	13,426	-	1,352,335
Lease liabilities	365,717	(49,541)	3,370	-	(6,770)	312,776
Total liabilities from financing activities	**$ 1,676,943**	**(21,858)**	**3,370**	**13,426**	**(6,770)**	**1,665,111**

			Non-cash changes			
	January 1, 2020	**Cash flows**	**Acquisition of right-of-use assets**	**Foreign exchange movement**	**Reduction of right-of-use assets**	**December 31, 2020**
Short-term loans	$ 1,447,057	(76,309)	-	(59,522)	-	1,311,226
Lease liabilities	384,933	(47,008)	27,792	-	-	365,717
Total liabilities from financing activities	**$ 1,831,990**	**(123,317)**	**27,792**	**(59,522)**	**-**	**1,676,943**

(Continued)

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Consolidated Company.

(b) Management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	$ 56,165	52,034
Post-employment benefits	903	890
Termination benefits	455	642
Other long-term benefits	3	4
	$ 57,526	53,570

For the years ended December 31, 2021 and 2020, the Consolidated Company provided four and five vehicles, at the costs of $2,054 thousand and $3,268 thousand, respectively, for key management personnel.

(8) Pledged assets

The Consolidated Company's carrying amounts of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Property, plant and equipment			
Land	Short-term bank loans	$ 27,414	31,071
Buildings	Short-term bank loans	73,440	98,545
		$ 100,854	129,616

(9) Commitments and contingencies

(a) As of December 31, 2021 and 2020, the Consolidated Company provided guarantee notes, each amounting to $680,000 thousand, for usance letters of credits, domestic letters of credit and guarantees for the Consolidated Company's hiring of foreign labors. The customs duty guaranteed by the Consolidated Company for importing raw materials each amounted to $10,000 thousand for both years.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) For expanding the factory, the Consolidated Company entered contracts of construction and purchase of property, plant and equipment. The total contract amount was $62,748 thousand and $761,097 thousand as of December 31, 2021 and 2020, respectively, of which the Consolidated Company had paid $55,668 thousand and $369,726 thousand, respectively, included in the construction in progress and prepayments for equipment accounts.

(c) On February 25, 2019, the Company received an indictment, with case number 108-Zhen-829 and 108-Zhen-2491, from the Taoyuan District Prosecutors Office. The former chairman of the Consolidated Company's board of directors and 6 former and current employees of the Pingzhen third plant were accused of causing fire disaster, which led to an offense of negligent manslaughter resulting from the fire incident that occurred on April 28, 2018. On April 17, 2019, the former chairman and the said employees received a notice from criminal court of Taoyuan District Court and will fully cooperate with the Court in its investigation on this matter. So far, the incident did not have any significant impact on the Company's operating and financial activities.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

The appropriation of 2021 earnings for the Company please refer to note 6(m).

(12) Other

A summary of employee benefit expenses, depreciation, depletion and amortization by function, were as follows:

By function	Year ended December 31 2021			Year ended December 31 2020		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	3,012,384	402,853	3,415,237	2,835,395	330,269	3,165,664
Labor and health insurance	253,075	31,458	284,533	236,824	23,190	260,014
Pension	121,368	24,909	146,277	106,916	14,536	121,452
Directors' remuneration	-	12,833	12,833	-	11,456	11,456
Others	216,321	29,087	245,408	185,856	23,822	209,678
Depreciation	1,046,747	57,230	1,103,977	1,075,532	49,538	1,125,070
Amortization	-	-	-	-	-	-

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Consolidated Company in 2021:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance	Amount actually drawn (Note 4)	Range of interest rates	Purposes of fund financing for the borrowers (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	Draco PCB Public Co., Ltd	Other receivables －related parties	Yes	228,928	221,280	-	1.38013~ 1.48838	2	-	Operating Capital	-	-	-	6,108,514 (Note 2)	6,108,514 (Note 2)
1	Chin Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd	Other receivables －related parties	Yes	858,480	829,800	829,800	1.38013~ 1.48838	2	-	Operating Capital	-	-	-	3,390,838 (Note 1)	3,390,838 (Note 1)

Note 1: The total amount lending to the subsidiaries and each borrowing company shall not be over 50% of the net worth of Chin Poon Industrial Co., Ltd.

Note 2: The total amount lending to the subsidiaries and each borrowing company shall not be over 40% of the net worth of Chin-Poon Holdings Cayman Limited.

Note 3: Nature of financing activities as follows:

(1) if there are transactions between these two parties, the number is "1".

(2) if it is necessary to loan to other parities, the number is "2".

Note 4: The transaction has already been written off in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party (Note 2)	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements (Note 2)	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements (Note 2)	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company (Note 1)										
0	The Company	Chin Poon Holdings Cayman Limited	4	3,054,257	572,320	553,200	11,064	-	3.62 %	3,817,822	Y	N	N
0	The Company	Draco PCB Public Co., Ltd	4	3,054,257	457,856	442,560	55,320	-	2.90 %	3,817,822	Y	N	N

Note 1: The guarantee's relationship with the guarantor is as follows:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The total amount of guarantee shall not exceed 25% of the Company's net worth. The total amount of guarantee provided by the Company to any individual entity shall not exceed 20% of the Company's net worth.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount (Note 2)	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance (Note 2)	Percentage of total accounts / notes receivable (payable)	
The Company	Chin-Poon(Changshu) Electronic Co., Ltd.	Investee controlled by the Company	Purchase	4,126,532	40.85 %	Note 1	Note 1	Note 1	(966,732)	(34.41) %	
Chin-Poon(Changshu) Electronic Co., Ltd.	The Company	Ultimate parent company of Chin-Poon (Changshu) Electronic Co., Ltd.	(Sale)	(4,126,532)	(61.52) %	Note 1	Note 1	Note 1	966,732	54.85 %	
The Company	Draco PCB Public Co.,Ltd.	Investee controlled by the Company	Purchase	133,153	1.32 %	Note 1	Note 1	Note 1	(18,281)	(0.65) %	
Draco PCB Public Co.,Ltd.	The Company	Ultimate parent company of Draco PCB Public Co.,Ltd.	(Sale)	(133,153)	(7.37) %	Note 1	Note 1	Note 1	18,281	4.34 %	

Note 1: The sales and purchase prices are based on the market prices. The terms of collection and payment are not significantly different from those to third parties.

Note 2: The transaction has already been written off in the consolidated financial statement.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Chin-Poon(Changshu) Electronic Co., Ltd.	The Company	Ultimate parent company of Chin-Poon (Changshu) Electronic Co., Ltd.	966,732	4.92	-	-	684,111 (As at February 15, 2022)	-
Chin-Poon Holdings Cayman Limited	Chin-Poon(Changshu) Electronic Co., Ltd.	Parent Company of Chin-Poon(Changshu) Electronic Co., Ltd.	832,663 (Note 2)	-	-	-	2,893 (As at February 15, 2022)	-

Note 1: The transaction has already been written off in the consolidated financial statement.

Note 2: Included principle $829,800 thousand and other receivables of interest $2,863 thousand.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction details			
				Account name	Amount (Note 5)	Trading terms	Percentage of the total consolidated revenue or total assets(Note4)
0	The Company	Chin-Poon(Changshu) Electronic Co., Ltd.	1	Cost of goods sold	4,126,532	Note 3	22.65%
0	The Company	Chin-Poon(Changshu) Electronic Co., Ltd.	1	Account payable - related parties	966,732	Note 3	4.16 %
1	Chin-Poon Holdings Cayman Limited	Chin-Poon(Changshu) Electronic Co., Ltd.	3	Other payables - related parties	832,663	The rate of interests is determined in accordance with mutual agreement.	3.59 %

Note 1: Company numbering is as follows:

(1) Parent company - 0.

(2) Subsidiary starts from 1.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 2: The number of the relationship with the transaction counterparty represents the following:
- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents side stream transactions.

Note 3: The sales and purchase prices are based on the market prices. The terms of collection and payment are not significantly different from those to third parties.

Note 4: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% of total consolidated revenue were selected for disclosure.

Note 5: The transactions have already been written off in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Maximum investment amount in 2021	Net income of investee (Note 1)	Investment income (losses) (Note 1)	Remarks
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Book value (Note 1)				
The Company	VEGA International Enterprise Co., Ltd.	British Virgin Islands	Investment	3,070,205	3,070,205	131,242,925	100.00 %	6,794,458	131,242,925	65,690	65,690	Subsidiary (Note 2)
The Company	Draco PCB Public Co., Ltd.	Thailand	Production and trading of printed circuit board	2,306,634	2,045,406	670,618,477	99.78 %	1,271,071	670,618,477	(38,946)	(38,864)	Subsidiary (Note 3)
VEGA International Enterprise Co., Ltd.	Chin-Poon Holdings Cayman Limited	Cayman Islands	Investment	2,756,306	2,756,306	92,354,035	100.00 %	6,781,676	92,354,035	65,688	65,688	Subsidiary (Note 2)

Note 1: The transaction has already been written off in the consolidated financial statements.

Note 2: The investment income (loss) was based on the financial statements audited by the auditor of the Company.

Note 3: The financial statements were audited by on international accounting firm in cooperation with the R.O.C. accounting firm.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2021	Net income of investee (Notes 2 and 3)	Direct / indirect investment holding percentage	Maximum investment in 2021 (Notes 2 and 3)	Investment income (loss) (Notes 2 and 3)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Chin-Poon (Changshu) Electronic Co., Ltd	Production and trading of printed circuit board	3,319,200	(2)	2,351,100	-	-	2,351,100	56,677	100%	2,423,435	56,677	5,953,693	1,347,795

Note 1: The method of investment is divided into the following three categories:
- (1) Invest directly in a company in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China. (The Company invests Chin-Poon (Changshu) Electronic Co., Ltd. through Chin Poon Holdings Cayman Limited.)
- (3) Other methods.

Note 2: The investment income was based on the financial statements audited by the auditor of the Company.

Note 3: The transaction has already been written off in the consolidated financial statements.

Note 4: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD27.660)

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of 2021	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
CHIN-POON INDUSTRIAL CO., LTD.	2,351,100	3,457,500	- (Note 1)

Note 1: On November 22, 2021, the Company was certified as an operations center from November 17, 2021 to November 16, 2024 by the Industrial Development Bureau, Ministry of Economic Affairs, with approval letter No. 11020442500. The Company has no limitation on investment in Mainland China during the abovementioned period.

Note 2: Amounts in foreign currencies were translated based on the exchange rate at the reporting date(USD1 to NTD27.66).

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements for the year ended December 31, 2021, please refer to note 13(a).

(Continued)

(d) Major shareholders:

Unit: Shares

Shareholding / Shareholder's Name	Shares	Percentage
Fubon Insurance Co., Ltd.	26,499,000	6.66 %

(14) Segment information:

(a) General information

There are three service departments which should be reported: Taiwan, China and Others. Each department manufactures and sells related products respectively. A reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Consolidated Company uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The measured amounts of the assets and liabilities of the reportable segments of the Consolidated Company are not provided to the chief operating decision maker. Because taxation is managed on a Consolidated Company basis, it is not able to be allocated to each reportable segment. In addition, all profit or loss from reportable segments includes significant non-cash items such as depreciation and amortization. The reportable amount is consistent with that in the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

Information on reportable segments and reconciliation for the Consolidated Company is as follows:

	2021				
	Taiwan	**China**	**Others**	**Adjustments or elimination**	**Total**
Revenue:					
Revenue from external customers	$ 13,995,384	2,551,026	1,672,870	-	18,219,280
Inter-segment revenues	44,483	4,156,812	133,153	(4,334,448)	-
Interest revenue	16,338	84,235	12,274	(11,957)	100,890
Total revenue	**$ 14,056,205**	**6,792,073**	**1,818,297**	**(4,346,405)**	**18,320,170**
Interest expenses	**$ 15,231**	**12,276**	**6,333**	**(11,933)**	**21,907**
Depreciation and amortization	**$ 602,488**	**371,864**	**129,625**	**-**	**1,103,977**
Reportable segment profit or loss	**$ 569,095**	**(50,663)**	**(57,768)**	**-**	**460,664**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2020				
	Taiwan	China	Others	Adjustments or elimination	Total
Revenue:					
Revenue from external customers	$ 11,863,759	1,953,870	1,495,656	-	15,313,285
Inter-segment revenues	40,442	3,406,247	151,104	(3,597,793)	-
Interest revenue	20,078	81,953	22,097	(20,768)	103,360
Total revenue	**$ 11,924,279**	**5,442,070**	**1,668,857**	**(3,618,561)**	**15,416,645**
Interest expenses	**$ 24,167**	**20,602**	**10,682**	**(22,038)**	**33,413**
Depreciation and amortization	**$ 598,135**	**367,164**	**159,771**	**-**	**1,125,070**
Reportable segment profit or loss	**$ 42,958**	**121,482**	**(139,714)**	**-**	**24,726**

The Consolidated Company's chief decision makers create strategies and measure performances based on operating income (losses) before taxation. As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities was not disclosed.

For the years ended December 31, 2021 and 2020, inter-segment revenues of $4,334,448 thousand and $3,597,793 thousand respectively, should be eliminated from total revenue.

(c) Information on products and services

The Consolidated Company is engaged in one industry which manufactures and sells printed circuit boards. The revenues from outer customers are disclosed on the information of operating segments.

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment non-current assets are based on the geographical location of the assets.

Geographical information	**2021**	**2020**
Revenue from external customers:		
Taiwan	$ 840,142	447,922
United States	3,020,635	2,596,314
Germany	2,198,098	1,778,176
Japan	1,503,308	1,137,202
Hungary	785,903	768,031
China	3,248,741	2,839,135
Others	6,622,453	5,746,505
Total	**$ 18,219,280**	**15,313,285**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Geographical information	December 31, 2021	December 31, 2020
Taiwan	$ 4,015,846	4,291,211
China	3,059,047	3,006,637
Thailand	663,879	807,492
Total	$ **7,738,772**	**8,105,340**

Non-current assets include property, plant and equipment, right-of-use assets and prepayments for equipment, but do not include financial instruments, and deferred tax assets.

(e) Information about major customers

There was no major customer whose revenue was more than 10% of operating revenue of the Consolidated Company for the years ended December 31, 2021 and 2020.

6.5 The Parent Company Only Financial Statements of the Most Recent Year with CPA's Audit Report

Stock Code:2355

CHIN-POON INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address: **No. 46, Nei-Tsuoh St., 3rd Lin, Nei-Tsuoh Village, Lu-Chu County, Taoyuan City, Taiwan, R.O.C.**
Telephone: **(03)3222226**

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors Chin-Poon Industrial Co., Ltd.:

Opinion

We have audited the accompanying parent company only financial statements of Chin-Poon Industrial Co., Ltd. ("the Company"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), 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 of 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 parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Subsequent measurements of inventories

   Please refer to note 4(g), note 5(a) and 6(f) for the related disclosures on subsequent measurements of inventories of the parent company only financial statements.

Description of key audit matter:

The inventories of the Company are mainly electronic printed circuit boards and electronic materials. The products may be outdated or no longer meet the market demand due to the rapid changes in technology. In addition, with the price competition in the same industry, the demand on related products and their prices may fiercely fluctuate, which may result in a risk wherein the cost of inventories may exceed its net realizable value. As a result, the subsequent measurements of inventories have to be based on the managements' assessment using internal and external evidences. Therefore, the subsequent measurements of inventories were identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included assessing the rationality of accounting policy for inventory subsequent measurements; reviewing the inventory aging documents and analyzing their changes; obtaining the documents on inventory subsequent measurements, and understanding the rationality of sales prices adopted by the management; selecting samples and examining relevant documents to verify the accuracy of net realizable value of inventories; and assessing whether the disclosure of the inventory subsequent measurements made by the management was appropriate.

2. Refund liability of sales returns and discounts

Please refer to note 4(l), note 5(b) and note 6(q) for the related disclosures on the refund liabilities for sales returns and discounts of the parent company only financial statements.

Description of key audit matter:

The Company recorded a refund liability for its estimated future returns and discounts for specific electronic circuit boards by using historical trend and other known factors in the same period when related revenues were recorded. Since the refund liability for sales returns and discounts is subject to significant judgment of the management, it was, therefore, identified as one of our key audit matters.

How the matter was addressed in our audit:

The procedures included understanding the management's methodology used in estimating sales returns and discounts; assessing the reasonableness of relevant assumptions made by the management; obtaining the documents of refund liability for sales returns and discounts, selecting samples and examining relevant documents to verify the reasonableness of the management's methodology used in estimating refund liability of sales returns and discounts; and assessing whether the disclosure on refund liability for sales returns and discounts made by the management was appropriate.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 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.

The engagement partners on the audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2022

Notes to Readers

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

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Financial Position

December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
11xx	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 3,109,360	15	3,168,790	15
1110	Financial assets measured at fair value through profit and loss－current (note 6(b))	-	-	200,673	1
1150	Notes receivable, net (notes 6(d) and (q))	-	-	7,735	-
1170	Accounts receivable, net (notes 6(d) and (q))	3,019,781	14	2,390,308	11
1180	Accounts receivable－related parties, net (notes 6(d), (q) and 7)	9,448	-	13,644	-
1200	Other receivables (note 6(e))	88,545	-	70,537	-
1210	Other receivables－related parties (notes 6(e) and 7)	1,353	-	2,173	-
1220	Current income tax assets	1,829	-	109,830	1
130x	Inventories (notes 6(f) and 9)	2,626,463	12	1,834,600	9
1410	Prepayments	37,478	-	34,806	-
1476	Other financial assets－current (note 6(c))	376,821	2	385,626	2
1479	Other current assets	54,495	-	79,683	-
	Total current assets	9,325,573	43	8,298,405	39
15xx	**Non-current assets:**				
1550	Investments accounted for under equity method (notes 6(g) and (h))	8,065,529	37	7,914,811	38
1600	Property, plant and equipment (notes 6(i), 7 and 9)	3,716,195	17	3,829,617	18
1755	Right-of-use assets (note 6(j))	299,651	1	357,028	2
1840	Deferred tax assets (note 6(n))	157,321	1	153,831	1
1915	Prepayments for equipment (note 9)	-	-	104,566	-
1975	Net defined benefit asset－non-current (note 6(m))	95,926	1	128,510	1
1980	Other financial assets－non-current (note 6(c))	8,480	-	231,093	1
	Total non-current assets	12,343,102	57	12,719,456	61
1xxx	**Total assets**	**$ 21,668,675**	**100**	**21,017,861**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
21xx	**Current liabilities:**				
2100	Short-term loans (notes 6(k) and 9)	$ 1,099,864	5	1,123,159	5
2150	Notes payable	817,394	4	485,694	2
2170	Accounts payable	1,007,392	5	959,668	5
2180	Accounts payable－related parties (note 7)	985,013	5	732,705	4
2200	Other payables (notes 6(m), (r) and 7)	918,220	4	808,797	4
2230	Current tax liabilities	47,411	-	-	-
2280	Current lease liabilities (note 6(l))	52,542	-	49,387	-
2399	Other current liabilities (note 6(q))	651,138	3	676,884	3
	Total current liabilities	5,578,974	26	4,836,294	23
25xx	**Non-Current liabilities:**				
2570	Deferred tax liabilities (note 6(n))	558,181	3	560,091	3
2580	Non-current lease liabilities (note 6(l))	260,234	1	316,330	1
	Total non-current liabilities	818,415	4	876,421	4
2xxx	**Total liabilities**	6,397,389	30	5,712,715	27
31xx	**Equity (notes 6(h) and (o)):**				
3110	Common stock	3,974,954	18	3,974,954	19
3200	Capital surplus	1,579,698	7	1,579,225	8
3300	Retained earnings:				
3310	Legal reserve	2,409,315	11	2,404,255	11
3320	Special reserve	434,369	2	350,229	2
3350	Unappropriated earnings	7,444,695	35	7,430,852	35
		10,288,379	48	10,185,336	48
3400	Other equity:				
3410	Foreign currency translation differences for foreign operations	(571,745)	(3)	(434,369)	(2)
3xxx	**Total equity**	15,271,286	70	15,305,146	73
2-3xxx	**Total liabilities and equity**	**$ 21,668,675**	**100**	**21,017,861**	**100**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(q) and 7)**	$ 14,039,867	100	11,904,201	100
5000	**Operating costs (notes 6(f), (m) and 7)**	13,450,625	96	11,436,183	96
5900	**Gross profit**	589,242	4	468,018	4
6000	**Operating expenses (notes 6(d), (e), (m), (r) and 7):**				
6100	Selling expenses	342,823	3	302,628	3
6200	Administrative expenses	277,691	2	279,672	2
6300	Research and development expenses	57,946	-	52,560	-
6450	Expected credit losses (reversal of expected credit losses)	6,335	-	(9,774)	-
	Total operating expenses	684,795	5	625,086	5
6900	**Operating loss**	(95,553)	(1)	(157,068)	(1)
7000	**Non-operating income and expenses (notes 6(i), (l), (s) and 7):**				
7100	Interest income	16,338	-	20,078	-
7010	Other income	240,584	2	190,811	1
7020	Other gains and losses	276,004	2	(135,561)	(1)
7050	Finance costs	(15,231)	-	(24,167)	-
7070	Share of profit from the subsidiaries, the associates and the joint ventures	26,826	-	86,782	1
	Total non-operating income and expenses	544,521	4	137,943	1
7900	**Income (loss) before income tax**	448,968	3	(19,125)	-
7950	**Less: Income tax expenses (benefit) (note 6(n))**	111,186	1	(65,243)	-
	Net income	337,782	2	46,118	-
8300	**Other comprehensive income (notes 6(m) and 6(n)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(44,989)	-	5,647	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	(8,998)	-	1,129	-
	Total items that will not be reclassified subsequently to profit or loss	(35,991)	-	4,518	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Foreign currency translation differences for foreign operations	(137,376)	(1)	(84,140)	-
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	-	-	-	-
	Total items that will be reclassified subsequently to profit or loss	(137,376)	(1)	(84,140)	-
8300	**Other comprehensive income (loss), net of tax**	(173,367)	(1)	(79,622)	-
8500	**Total comprehensive income**	**$ 164,415**	**1**	**(33,504)**	**-**
	Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))				
9750	Basic earnings per share		**$ 0.85**		**0.12**
9850	Diluted earnings per share		**$ 0.85**		**0.12**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated earnings	Retained earnings: Subtotal	Other equity: Foreign currency translation differences for foreign operations	Total equity
Balance at January 1, 2020	$ 3,974,954	1,578,800	2,335,852	142,180	8,054,194	10,532,226	(350,229)	15,735,751
Appropriation and distribution:								
Legal reserve	-	-	68,403	-	(68,403)	-	-	-
Special reserve	-	-	-	208,049	(208,049)	-	-	-
Cash dividends	-	-	-	-	(397,495)	(397,495)	-	(397,495)
Net income for the year	-	-	-	-	46,118	46,118	-	46,118
Other comprehensive income for the year	-	-	-	-	4,518	4,518	(84,140)	(79,622)
Total comprehensive income for the year	-	-	-	-	50,636	50,636	(84,140)	(33,504)
Changes in the ownership interests in subsidiaries	-	-	-	-	(31)	(31)	-	(31)
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	425	-	-	-	-	-	425
Balance at December 31, 2020	3,974,954	1,579,225	2,404,255	350,229	7,430,852	10,185,336	(434,369)	15,305,146
Appropriation and distribution:								
Legal reserve	-	-	5,060	-	(5,060)	-	-	-
Special reserve	-	-	-	84,140	(84,140)	-	-	-
Cash dividends	-	-	-	-	(198,748)	(198,748)	-	(198,748)
Net income for the year	-	-	-	-	337,782	337,782	-	337,782
Other comprehensive income for the year	-	-	-	-	(35,991)	(35,991)	(137,376)	(173,367)
Total comprehensive income for the year	-	-	-	-	301,791	301,791	(137,376)	164,415
Changes in ownership interests in subsidiaries	-	40	-	-	-	-	-	40
Non-payment of expired cash dividends from previous years transferred to capital surplus	-	433	-	-	-	-	-	433
Balance at December 31, 2021	**$ 3,974,954**	**1,579,698**	**2,409,315**	**434,369**	**7,444,695**	**10,288,379**	**(571,745)**	**15,271,286**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Parent Company Only Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars)

	2021	2020
Cash flows from operating activities:		
Income (loss) before tax	$ 448,968	(19,125)
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expenses	602,488	598,135
Expected credit losses (reversal of expected credit losses)	6,335	(9,774)
Net gains on financial assets measured at fair value through profit or loss	(378)	(223)
Interest expense	15,231	24,167
Interest income	(16,338)	(20,078)
Share of profits of associates and joint ventures accounts for under equity method	(26,826)	(86,782)
Losses on disposal of property, plant and equipment	1,353	535
Unrealized losses (gains) on foreign exchange	15,220	(22,782)
Total adjustments to reconcile profit and loss	597,085	483,198
Changes in operating assets and liabilities relating:		
Net changes in operating assets:		
Notes receivable	7,735	2,535
Accounts receivable	(612,057)	135,539
Accounts receivable-related parties	4,196	3,920
Other receivables	(17,591)	(36,069)
Other receivables-related parties	820	9,861
Inventories	(791,863)	170,813
Prepayments	(2,672)	14,682
Other current assets	25,188	(30,722)
Total net changes in operating assets	(1,386,244)	270,559
Net changes in operating liabilities:		
Notes payable	331,700	(28,537)
Accounts payable	42,884	130,867
Accounts payable－related parties	244,460	(310,459)
Other payable	(38,038)	(73,593)
Other current liabilities	(20,979)	17,365
Net defined benefit liability	(12,405)	(11,935)
Total net changes in operating liabilities	547,622	(276,292)
Total net changes in operating assets and liabilities	(838,622)	(5,733)
Total adjustments	(241,537)	477,465
Cash inflow generated from operations	207,431	458,340
Interest income received	16,150	20,534
Interest paid	(16,156)	(27,810)
Income tax received (paid)	47,824	(55,934)
Net cash flows from operating activities	255,249	395,130
Cash flows from (used in) investing activities:		
Acquisition of financial assets measured at fair value through profit or loss	-	(200,000)
Proceeds from disposal of financial assets measured at fair value through profit or loss	201,051	242,501
Acquisition of investments accounted for under equity method	(261,228)	(281,713)
Acquisition of property, plant and equipment	(104,066)	(163,890)
Proceeds from disposal of property, plant and equipment	831	28,648
Decrease in other receivables due from related parties	-	89,973
Decrease (increase) in other financial assets－non-current	227,677	(376,975)
Increase in prepayments for equipment	(77,613)	(111,365)
Dividend received	-	599,880
Net cash flows used in investing activities	(13,348)	(172,941)
Cash flows from (used in) financing activities:		
Increase in short-term loans	3,030,178	3,136,542
Decrease in short-term loans	(3,083,220)	(2,979,565)
Payment of lease liabilities	(49,541)	(47,008)
Cash dividends paid	(198,748)	(397,495)
Net cash flows used in financing activities	(301,331)	(287,526)
Net decrease in cash and cash equivalents	(59,430)	(65,337)
Cash and cash equivalents at beginning of period	3,168,790	3,234,127
Cash and cash equivalents at end of period	$ **3,109,360**	**3,168,790**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

CHIN-POON INDUSTRIAL CO., LTD.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2021 and 2020

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) Company history

CHIN-POON INDUSTRIAL CO., LTD. ("the Company") was incorporated in the Republic of China (ROC) on September 26, 1979, as a corporation limited by shares in accordance with the ROC Company Act. The Company is mainly engaged in the Manufacturing, producing and selling electronic printed circuit boards.

(2) Approval date and procedures of the financial statements

These parent company only financial statements were authorized for issue by the Board of Directors on March 14, 2022.

(3) Application of new and revised standards, amendments and interpretations:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies

The significant accounting policies applied in the preparation of the parent company only financial statements are set out below. Except for those specially indicated, the significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(a) Statement of compliance

The accompanying parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent company only financial statements have been prepared on a historical cost basis except otherwise specified in the notes to accounting policies.

(ii) Functional and presentation currency

The functional currency of each individual entity is determined based on the primary economic environment in which the entity operates. The accompanying parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. The assets and liabilities of foreign operations are translated to the Company's functional currency using the exchange rates on reporting date. The income and expenses of foreign operations are translated to the Company's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(c) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising from retranslated are recognized in profit or loss, except for the financial assets measured at fair value through other comprehensive income differences, which are recognized in other comprehensive income arising on the retranslated.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income and presented in the translation reserve in equity.

(d) Assets and liabilities classified as current and non-current

Cash or cash equivalents, assets held for trading purposes or short-term and expected to be converted to cash within twelve months after the reporting period or for intention of sales or consumption within its normal operating cycle are classified as current assets; all other assets are classified as non-current assets.

Liabilities that must be fully liquidated within twelve months after the reporting period are classified as current liabilities; all other liabilities are classified as non-current liabilities.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are classified as cash and cash equivalents only when they satisfy the aforementioned definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(f) Financial instruments

(i) Financial assets

The Company classifies financial assets into the following categories: financial assets measured at amortized cost and financial assets measured at fair value through profit or loss (FVTPL). A regular way purchase or sale of financial assets is recognized and derecognized, as applicable using trade date accounting.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets, etc.).

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

Loss allowance for notes and accounts receivable are measured at an amount equal to lifetime ECL. Other financial assets measured at amortized cost are considered reasonable and supportable information that are relevant and available, without undue cost or effort. This includes both quantitative and qualitative information, as well as analysis, based on the Company's historical experience, informed credit assessment, and forward-looking information. Loss allowance for other financial assets measured at amortized cost are measured by using the 12-month ECL, in which the credit risk did not increase significantly since initial recognition. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to the lifetime ECL.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definition of financial liabilities and equity instruments.

2) Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise short-term loans, accounts payable and other payables, are measured at fair value plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit and loss.

(Continued)

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

(g) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, the investments in subsidiaries are recognized by the Company using the equity method. Under the equity method, the net income, other comprehensive income, and equity in the parent company only financial statements are equivalent to those attributable to the shareholders of the parent company in the consolidated financial statements.

Changes in the Company's ownership interest in subsidiaries that do not result in the Company losing control over its subsidiaries are accounted for as equity transactions.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a straight-line basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

Buildings	8~60 years
Machinery equipment	2~10 years
Other equipment	2~20 years
Leasehold equipment	5~30 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(j) Leases－as a leasee

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

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term and in future lease payments the lease liability is remeasured, the Company remeasures the lease liabilities with a corresponding adjustment to the carrying amount of the right-of-use asset, or in profit and loss, if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment－non-financial assets

With regard to non-financial assets (other than inventories, deferred tax assets and employee benefits), the Company assesses at the end of each reporting period whether there is any indication that an impairment loss has occurred and estimates the recoverable amount for assets with an indication of impairment. If it is not possible to determine the recoverable amount for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of it's fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

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CHIN-POON INDUSTRIAL CO., LTD.
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The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. Impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount, increasing the individual asset's or cash-generating unit's carrying amount to its estimated recoverable amount. The reversal of an impairment loss of an individual asset or cash-generating unit cannot exceed the carrying amount of the individual asset or cash-generating unit, less any depreciation or amortization, had it not recognized an impairment loss.

(l) Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

(i) Sale of goods

The Company is mainly engaged in the manufacture and sale of electronic printed circuit boards and electronic materials. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer.

The Company's estimated future sales returns and discounts for various goods are generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. A reduction of revenue and refund liabilities (recorded under other current liabilities) are only recognized to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses; (2) the return on plan assets excluding the amounts included in net interest on the net defined benefit liability (assets); and (3) any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (assets); The Company recognizes the remeasurements of the defined benefit liability (asset) in other comprehensive.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(n) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) levied by the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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CHIN-POON INDUSTRIAL CO., LTD.
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(o) Earnings per share

Earnings per share (EPS) of common stock are calculated by dividing net income (or loss) for the reporting period attributable to common stockholders by the weighted-average number of common shares outstanding during that period. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

Employee bonuses in the form of stock of the Company are potential stock. If the potential stock does not have a dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When computing diluted earnings per share with regard to employee bonuses in the form of stock, the closing price at the reporting date is used as the basis of computation of the number of shares to be issued. When computing diluted earnings per share prior to the following Board of Directors, the effect of dilution from these potential shares is taken into consideration.

(p) Segment information

The Company has disclosed segment information in the consolidated financial statements, and hence does not disclose such information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these parent company only financial statements, the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Subsequent measurements of inventories

As inventories are stated at the lower of cost or net realizable value, the Company assesses the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The subsequent measurements of inventories are mainly determined based on the current market price. Therefore, there may be significant changes in the net realizable value of inventories due to the rapid change of industrial environment.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(b) Refund liability for sales returns and discounts

The Company records a refund liability for its estimated future sales returns and discounts in the same period when related revenues are recorded. Refund liability for estimated sales returns and discounts is generally made and adjusted based on historical trend and other known factors that would significantly affect the sales returns and discounts. The adequacy of estimations is reviewed periodically. Any changes in these estimates might significantly affect the refund liability for sales returns and discounts.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash on hand	$	1,047	1,701
Demand deposits		2,713,586	2,662,079
Time deposits		393,762	504,066
Checking deposits		965	944
Cash and cash equivalents per statements of cash flows	**$**	**3,109,360**	**3,168,790**

Please refer to note 6(t) for the disclosure of the Company's interest rate risk and the sensitivity analysis related to financial assets and liabilities.

Please refer to note 6(c) for the disclosure of the Company's time deposits with a maturity of three months to one year were recorded under other financial assets－current.

(b) Financial assets measured at fair value through profit or loss

		December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Current:			
Beneficiary certification	**$**	**-**	**200,673**

Please refer to note 6(s) for net gains or losses from financial assets measured at fair value through profit or loss.

As of December 31, 2020, the Company did not pledge its financial assets measured at fair value through profit or loss as collateral.

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CHIN-POON INDUSTRIAL CO., LTD.
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(c) Other financial assets

	December 31, 2021	December 31, 2020
Current:		
Bank's time deposit	$ -	145,439
Segregated foreign exchange deposits	376,821	240,187
Subtotal	376,821	385,626
Non-current:		
Segregated foreign exchange deposits	-	222,581
Refundable deposits	8,480	8,512
Subtotal	8,480	231,093
Total	**$ 385,301**	**616,719**

According to the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the Company repatriated its offshore funds back to Taiwan at February 17, 2020, and recorded it under other financial assets－current and other financial assets－non-current based on the Company's investment plan schedule.

As of December 31, 2021 and 2020, the Company did not pledge its other financial assets as collateral.

(d) Notes receivable and accounts receivable (related parties included)

	December 31, 2021	December 31, 2020
Notes receivable	$ -	7,735
Accounts receivable	3,093,807	2,457,999
Accounts receivable－related parties	9,448	13,644
Less: loss allowance	74,026	67,691
	$ 3,029,229	**2,411,687**

The Company applies the simplified approach of IFRS 9 to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for notes and accounts receivable. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information.

Based on historical default records, the Company did not have any credit losses stemming from transactions with its related parties nor did its related parties' credit quality deteriorate after the credit is granted. Therefore, the Company will not recognize the credit losses for its accounts receivable from its related parties, and the receivables will not be taken into account in the expected credit loss analysis.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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The Company's analysis of the expected credit losses on its notes and accounts receivable of unrelated parties was as follows:

	December 31, 2021		
	Gross carrying amount of notes and accounts receivable	**Weighted-average expected credit loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 2,893,955	0.0432%	1,253
Past due 1~30 days	115,616	1.6389%	1,895
Past due 31~60 days	15,080	7.8282%	1,180
Past due 61~90 days	841	25.4704%	214
Past due 91~120 days	568	41.0772%	233
Past due 121 to 180 days	194	62.5075%	121
Past due over 180 days	67,553	100%	67,553
	$ 3,093,807		**72,449**

	December 31, 2020		
	Gross carrying amount of notes and accounts receivable	**Weighted-average expected credit loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 2,342,037	0.0010%	24
Past due 1~30 days	45,918	0.0271%	12
Past due 31~60 days	8,397	0.3577%	30
Past due 61~90 days	736	0.7923%	6
Past due 91~120 days	125	3.8780%	5
Past due 121 to 180 days	944	3.8780%	37
Past due over 180 days	67,577	100%	67,577
	$ 2,465,734		**67,691**

The movement in the loss allowance for impairment with respect to notes and accounts receivable was as follows:

	2021	**2020**
Balance at beginning of the period	$ 67,691	79,342
Impairment loss (reversal gain)	6,335	(9,797)
Amounts written off	-	(1,854)
Balance at end of the period	**$ 74,026**	**67,691**

As of December 31, 2021 and 2020, the Company had not provided its notes and accounts receivable (related parties included) as collateral or factored them for cash.

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CHIN-POON INDUSTRIAL CO., LTD.
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(e) Other receivables (related parties included)

	December 31, 2021	December 31, 2020
Other receivables	$ 88,545	70,537
Other receivables－related parties	1,353	2,173
Less: loss allowance	-	-
	$ 89,898	**72,710**

The movement in the loss allowance for impairment with respect to other receivables was as follows:

	2021	2020
Balance at beginning of the period	$ -	1,058
Impairment loss recognized	-	23
Amounts written off	-	(1,081)
Balance at end of the period	**$ -**	**-**

As of December 31, 2021 and 2020, the Company had no other receivables that were past due. Therefore, no provisions for doubtful debt were required after the management's assessment. For other credit risk information, please refers to note 6(t).

(f) Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 1,524,380	903,284
Work in progress	815,307	743,031
Raw materials	286,776	188,285
	$ 2,626,463	**1,834,600**

Due to the decrease in the realizable value of inventories, the Company recognized the inventory pricing loss as cost of goods sold. The amounts were as follows:

	2021	2020
Loss on decline in market value of inventory	$ 46,042	19,468
Income from sale of scrap	(357,584)	(247,553)
Unallocated production overhead	98,909	188,968
Total	**$ (212,633)**	**(39,117)**

As of December 31, 2021 and 2020, the Company did not pledge its inventories as collateral.

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CHIN-POON INDUSTRIAL CO., LTD.
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(g) Investments accounted for under the equity method

The details of the investments accounted for under the equity method at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 8,065,529	7,914,811

(i) Subsidiaries

Please refer to the consolidated financial statements of 2021.

ii) Collateral

As of December 31, 2021 and 2020, the Company did not pledge any collateral on investments accounted for under the equity method.

(h) Changes in subsidiaries' equity

In July 2021, Draco PCB Public Co., Ltd. ("Draco") increased its capital by issuing 132,159 thousand shares amounting to $261,270 thousand (approximately THB300,000 thousand). The Company contributed $261,228 thousand in Draco's equity offering and increasing its ownership from 99.73% to 99.78%. For the year ended December 31, 2021, the Company recognized the amount of $40 thousand as an increase of its capital surplus.

In May 2020, Draco PCB Public Co., Ltd. ("Draco") increased its capital by issuing 121,457 thousand shares amounting to $281,760 thousand (approximately THB300,000 thousand). The Company contributed $281,713 thousand in Draco's equity offering and increasing its ownership from 99.65% to 99.73%. For the year ended December 31, 2020, the Company recognized the amount of $31 thousand as a reduction of its retained earnings.

(i) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 were as follows:

	Land	Buildings	Machinery equipment	Other equipment	Leasehold improvement	Construction in progress and Equipment to be inspected	Total
Cost:							
Balance at January 1, 2021	$ 718,069	2,086,171	7,391,914	1,735,814	46,999	4,320	11,983,287
Additions	-	23,494	60,019	33,915	1,167	136,499	255,094
Disposals	-	(412,779)	(1,375,561)	(250,426)	-	-	(2,038,766)
Reclassification	-	4,895	76,078	29,276	-	71,930	182,179
Balance at December 31, 2021	$ 718,069	1,701,781	6,152,450	1,548,579	48,166	212,749	10,381,794
Balance at January 1, 2020	$ 718,069	2,046,864	7,385,652	1,695,055	39,982	2,460	11,888,082
Additions	-	22,841	86,974	36,375	5,901	2,770	154,861
Disposals	-	-	(168,078)	(11,656)	-	-	(179,734)
Reclassification	-	16,466	87,366	16,040	1,116	(910)	120,078
Balance at December 31, 2020	$ 718,069	2,086,171	7,391,914	1,735,814	46,999	4,320	11,983,287

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

	Land	Buildings	Machinery equipment	Other equipment	Leasehold improvement	Construction in progress and Equipment to be inspected	Total
Accumulated depreciation and impairment loss:							
Balance at January 1, 2021	$ -	882,361	5,944,965	1,311,582	14,762	-	8,153,670
Depreciation	-	32,775	389,364	119,437	6,935	-	548,511
Disposals	-	(412,779)	(1,373,731)	(250,072)	-	-	(2,036,582)
Balance at December 31, 2021	$ -	502,357	4,960,598	1,180,947	21,697	-	6,665,599
Balance at January 1, 2020	$ -	851,052	5,685,349	1,213,083	8,697	-	7,758,181
Depreciation	-	31,309	400,551	108,115	6,065	-	546,040
Disposals	-	-	(140,935)	(9,616)	-	-	(150,551)
Balance at December 31, 2020	$ -	882,361	5,944,965	1,311,582	14,762	-	8,153,670
Carrying amount:							
Balance at December 31, 2021	$ 718,069	1,199,424	1,191,852	367,632	26,469	212,749	3,716,195
Balance at December 31, 2020	$ 718,069	1,203,810	1,446,949	424,232	32,237	4,320	3,829,617
Balance at January 1, 2020	$ 718,069	1,195,812	1,700,303	481,972	31,285	2,460	4,129,901

(i) Loss and gain on disposal

For the years ended December 31, 2021 and 2020, the Company recognized loss and gain on disposal of property, plant and equipment, please refer to note 6(s).

(ii) Impairment loss

The movements in accumulated impairment loss of the Company's property, plant and equipment were as follows:

	2021	2020
Balance at beginning of the period	$ 443,234	443,234
Disposals during the period	(443,234)	-
Balance at end of the period	$ -	443,234

On April 28, 2018, a fire broke out at the Company's Pingzhen Plant and caused some damage to the buildings, equipment and inventories, incurring related repairs and compensation costs, estimated at the amount of $902,744 thousand, of which the amount of $443,234 thousand was recognized as accumulated impairment losses on property, plant, and equipment.

The Company has sought insurance claim for the relevant damages. As the claim involved disaster assessment, the Company recognized the relevant claim settlement income only when it was almost certain that the amounts could be collected.

On July 20, 2021, the Company confirmed with both the insurer and the loss adjuster that the amount of claim settlement was finalized at $1,093,409 thousand, with the remaining uncollected amount of $393,409 thousand after deducting accumulated insurance claims of $700,000 thousand received by the Company during 2018 and 2019. On July 21, 2021, the Company has collected and recognized the income arising from the insurance claim as other gains and losses. Thereafter, the Company derecognized the relevant property, plant and equipment and the accumulated impairment losses.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
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(iii) Collateral

As of December 31, 2021 and 2020, the Company did not pledge its property, plant and equipment as collateral.

(j) Right-of-use assets

The Company leases its assets including its buildings. Information about leases for which the Company as a lessee is as follows:

		Buildings
Cost:		
Balance at January 1, 2021	$	456,032
Additions		3,370
Reductions		(6,770)
Balance at December 31, 2021	**$**	**452,632**
Balance at January 1, 2020	$	428,240
Additions		27,792
Balance at December 31, 2020	**$**	**456,032**
Accumulated depreciation:		
Balance at January 1, 2021	$	99,004
Depreciation		53,977
Balance at December 31, 2021	**$**	**152,981**
Balance at January 1, 2020	$	46,909
Depreciation		52,095
Balance at December 31, 2020	**$**	**99,004**
Carrying amount:		
Balance at December 31, 2021	**$**	**299,651**
Balance at December 31, 2020	**$**	**357,028**
Balance at January 1, 2020	**$**	**381,331**

(Continued)

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Notes to the Parent Company Only Financial Statements

(k) Short-term loans

(i) The details, terms and clauses of the Company's short-term loans were as follows:

	December 31, 2021			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Unsecured loans	USD	0.60-0.698	2022	$ 1,037,250
Unsecured loans	EUR	0.22	2022	62,614
Total				**$ 1,099,864**

	December 31, 2020			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Unsecured loans	USD	0.67~0.92	2021	$ 1,053,825
Unsecured loans	EUR	0.44	2021	69,334
Total				**$ 1,123,159**

As of December 31, 2021 and 2020, the unused credit facilities of the Company's short-term loans amounted to $1,695,510 thousand and $1,707,297 thousand, respectively.

Please refer to note 6(t) for related information of risk exposure to interest risk, currency risk and liquidity risk.

(ii) Collateral of loans

As of December 31, 2021 and 2020, the Company did not pledge its assets as collateral of short-term loans.

(l) Lease liabilities

The carrying amounts of lease liabilities for the Company were as follows:

	December 31, 2021	**December 31, 2020**
Current	**$ 52,542**	**49,387**
Non-current	**$ 260,234**	**316,330**

For the maturity analysis, please refer to note 6(t).

The amounts recognized in profit or loss were as follows:

	2021	**2020**
Interest on lease liabilities	**$ 7,388**	**8,144**
Expenses relating to short-term leases	**$ 4,033**	**1,167**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 4,014**	**8,776**

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CHIN-POON INDUSTRIAL CO., LTD.

Notes to the Parent Company Only Financial Statements

The amounts recognized in the statement of cash flows for the Company were as follows:

	2021	2020
Total cash outflow for leases	$ 64,976	65,095

(m) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 374,415	341,564
Fair value of plan assets	(470,341)	(470,074)
Net defined benefit asset	$ (95,926)	(128,510)

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan and Chunghwa Post Co., Ltd. that provides pensions for employees and managers upon retirement. The plans (covered by the Labor Standard) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan and Chunghwa Post Co., Ltd. labor pension reserve account balance amounted to $434,304 thousand and $36,037 thousand, respectively, as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movements in present value of the Company's defined benefit obligations for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Defined benefit obligation at January 1	$	341,564	352,648
Current service costs and interest		3,782	5,649
Remeasurements of the net defined benefit asset			
－Actuarial gains and losses arising from changes in financial assumptions		49,584	6,665
Benefits paid		(20,515)	(23,398)
Defined benefit obligation at December 31	$	**374,415**	**341,564**

3) Movements in fair value of plan assets

The movements in the fair value of the Company's plan assets for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Fair value of plan assets at January 1	$	470,074	463,576
Remeasurements of the net defined benefit asset			
－The return on plan assets (excluding amounts included in the interest during this period)		3,465	5,134
－Actuarial gains and losses arising from changes in financial assumptions		4,595	12,312
Contributions made		12,722	12,450
Benefits paid		(20,515)	(23,398)
Fair value of plan assets at December 31	$	**470,341**	**470,074**

4) Expenses recognized in profit or loss

The Company's expenses recognized on profit or loss for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Current service costs	$	1,313	1,813
Net interest on the defined benefit asset		(996)	(1,298)
Administrative expenses	$	**317**	**515**

(Continued)

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5) Actuarial assumptions

The Company's assumptions used on calculating the present value of the defined benefit obligation at reporting date were as follows:

	2021.12.31	2020.12.31
Discount rate	0.50%~0.75%	0.50%~0.75%
Future salary increases rate	1.55 %	1.00 %

The expected contribution to be made by the Company to the defined benefit plans for the next annual reporting period is $11,898 thousand.

The Company's weighted average duration of the defined benefit obligation of employee and manager are 16.38 years and 5.54 years, respectively.

6) Sensitivity analysis for actuarial assumption

As of December 31, 2021 and 2020, the effect of changes in actuarial assumptions on the present value of the defined benefit obligations were as follows:

	The impact of defined benefit obligation	
	Increase	Decrease
At December 31, 2021		
Discount rate (changes 0.25%)	$ (11,855)	12,355
Future salary increase rate (changes 0.25%)	12,032	(11,609)
At December 31, 2020		
Discount rate (changes 0.25%)	$ (11,044)	11,522
Future salary increase rate (changes 0.25%)	11,283	(10,873)

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension asset is the same.

The method used for sensitivity analysis for this year is the same as the method used in the previous year.

(ii) Defined contribution plans

The Company contributes an amount equal to 6% of the employee's monthly. The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

(Continued)

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The Company's pension costs under the defined contribution method were $76,878 thousand and $73,164 thousand for the years ended December 31, 2021 and 2020, respectively.

(iii) Short-term employee benefit

		December 31, 2021	December 31, 2020
Annual leave benefit (recorded under other payables)	$	**34,567**	**30,481**

(n) Income taxes

(i) Income tax expense (benefit)

The amounts of the Company's income tax expense (benefit) for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Current tax expense			
Current period	$	49,145	47,990
Surtax on unappropriated retained earnings		-	504
Adjustment for prior periods		58,443	5,696
		107,588	54,190
Deferred tax expense (benefit)			
Origination and reversal of temporary differences		3,514	(119,433)
Adjustment for prior years' deferred income tax		84	-
		3,598	(119,433)
Income tax expense (benefit) from continuing operations	$	**111,186**	**(65,243)**

The amounts of the Company's income tax expense recognized under other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Items that may not be reclassified into profit and loss:			
Remeasurements of defined benefit plan	$	**(8,998)**	**1,129**

(Continued)

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Reconciliations of the Company's income tax expense (benefit) and income (loss) before tax for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Income (loss) before tax	$ 448,968	(19,125)
Income tax using the Company's domestic tax rate	$ 89,794	(3,825)
Underestimated prior years' income tax	58,443	5,696
Surtax on unappropriated retained earnings	-	504
Tax expense recognized based on the management, utilization, and taxation of repatriated offshore funds act	-	47,990
Gain on valuation of financial assets at fair value through profit or loss	(76)	(45)
Gain from investment using equity method	(759)	(129,276)
Underestimated prior years' deferred income tax	84	-
Adjustments according to tax law	(36,300)	13,713
Income tax expense (benefit)	$ 111,186	(65,243)

(ii) Deferred tax assets and liabilities

Changes in the amount of recognized deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

Deferred tax assets:

	Allowance for inventory devaluation loss	Loss allowance	Refund liabilities	Unrealized exchange loss	Loss carryforwards	Total
Balance at January 1, 2021	$ 14,434	17,349	117,451	1,086	3,511	153,831
Recognized in profit or loss	5,516	19	(2,467)	3,933	(3,511)	3,490
Balance at December 31, 2021	**$ 19,950**	**17,368**	**114,984**	**5,019**	**-**	**157,321**
Balance at January 1, 2020	$ 12,576	19,292	108,364	3,889	-	144,121
Recognized in profit or loss	1,858	(1,943)	9,087	(2,803)	3,511	9,710
Balance at December 31, 2020	**$ 14,434**	**17,349**	**117,451**	**1,086**	**3,511**	**153,831**

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Deferred tax liabilities:

	Gain from investment using equity method	Defined benefit plans	Others	Total
Balance at January 1, 2021	$ 534,389	25,702	-	560,091
Recognized in profit or loss	4,607	2,481	-	7,088
Recognized in other comprehensive income	-	(8,998)	-	(8,998)
Balance at December 31, 2021	**$ 538,996**	**19,185**	**-**	**558,181**
Balance at January 1, 2020	$ 646,310	22,185	190	668,685
Recognized in profit or loss	(111,921)	2,388	(190)	(109,723)
Recognized in other comprehensive income	-	1,129	-	1,129
Balance at December 31, 2020	**$ 534,389**	**25,702**	**-**	**560,091**

(iii) Examination and approval

The ROC income tax authorities have examined the Company's income tax returns through 2019.

(o) Share capital and other equity

(i) Common stock

As of December 31, 2021 and 2020, the total value of authorized nominal ordinary shares amounted to $4,500,000 thousand, with par value of $10 per share, of which 397,495 thousand shares of common stocks were outstanding. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of the Company's capital surplus were as follows:

	December 31, 2021	December 31, 2020
Paid-in capital in excess of par value	$ 630,382	630,382
Conversion of convertible bonds ordinary shares	937,936	937,936
Changes in equity of subsidiaries	10,522	10,482
Non-payment of expired cash dividends from previous years	858	425
	$ 1,579,698	**1,579,225**

(Continued)

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In accordance with the ROC Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

1) Legal reserve

If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

2) Special earnings reserve

In accordance with the rules issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of earnings

According to the Company's Articles of Incorporation, when allocating the net profits for each fiscal year, the Company should first pay income tax, offset its prior years' losses, and appropriate 10% of net income to legal reserve. Legal reserve should be appropriated until the reserve equals to the Company's paid-in capital. The remainder, if necessary, is subject to special reserve. The distribution of remainder earning should be amounts directors' and supervisors' remuneration, employee bonuses and stockholders' dividends and bonuses in the percentage amounts of 20% to 80%. After the distribution, the remainder is unappropriated earnings.

According to the Company's Articles of Incorporation, the Company's dividend policy will consider its operating environment, steady profitability, sufficiency of its cash for future expansion, financial plan and the balance of dividends. The Board of Directors then proposes the appropriations and presents this proposal for approval at the shareholders' meeting. The Company stipulated a dividend policy that at least 20% of income after tax may be distributed as cash dividends, and if the Company has sufficient cash acquired from the outer, the ratio of distribution as cash dividends will be 50%. The actual appropriations are based on profit and the requirement of cash which are adjusted and approved by the stockholders' meeting.

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The appropriations of 2020 and 2019 earnings have been approved by the Company's shareholders in its meetings held on July 30, 2021, and June 23, 2020, respectively. The appropriations and dividends per share were as follows:

	2020		2019	
	Amount per share (NT dollars)	**Total Amount**	**Amount per share (NT dollars)**	**Total Amount**
Dividends distributed to common stockholders:				
Cash	$ 0.50	198,748	1.00	397,495

On March 14, 2022, the Company's Board of Directors resolved to appropriate the 2021 earnings. These earnings were appropriated as follows:

	2021 (Proposed)	
	Amount per share (NT dollars)	**Total amount**
Dividends distributed to common shareholders:		
Cash	$ 0.50	198,748

(p) Earnings per share

The calculation of the Company's basic and diluted earnings per share for the years ended December 31, 2021 and 2020 were as follows:

(i) Basic EPS

Unit: thousand shares

	2021	**2020**
Net income attributable to common shareholders of the Company	$ 337,782	46,118
Weighted-average number of common shares outstanding	397,495	397,495
Basic EPS (New Taiwan dollars)	$ 0.85	0.12

(Continued)

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(ii) Diluted EPS

Unit: thousand shares

	2021	2020
Net income attributable to common shareholders of the Company	$ 337,782	46,118
Weighted-average number of common shares outstanding	397,495	397,495
Influence of potentially dilutive shares－		
Remuneration to employees	254	182
Weighted-average number of shares outstanding－diluted	397,749	397,677
Diluted EPS (New Taiwan dollars)	$ 0.85	0.12

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

The Company is engaged in one industry which manufactures and sells printed circuit boards. The disaggregation of revenue by primary geographical markets for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Taiwan	$ 829,556	447,922
United States	2,838,217	2,447,884
Germany	1,878,371	1,544,587
Japan	1,343,865	1,064,449
Hungary	740,102	725,328
China	1,867,998	1,743,289
Others	4,541,758	3,930,742
	$ 14,039,867	11,904,201

(ii) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	$ -	7,735	10,270
Accounts receivable	3,093,807	2,457,999	2,645,026
Accounts receivable－related parties	9,448	13,644	17,564
Less: loss allowance	74,026	67,691	79,342
Total	$ 3,029,229	2,411,687	2,593,518

For the details on accounts receivable and allowance for impairment, please refer to note 6(d).

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(iii) Refund liabilities (recorded under other current liabilities)

	December 31, 2021	December 31, 2020
Sales return and discount	$ 574,922	587,254

The refund liabilities are expected payment to customers contingent on sales returns and discounts in the future. The amount recognized for refund liabilities is based on historical experience and other known factors and is treated as reduction of operating revenue when products are sold.

(r) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, the Company should contribute no less than 2%~10% of profit as employee remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

For the year ended December 31, 2021, the Company accrued and estimated the remuneration to employees and directors amounting to $9,304 thousand and $3,240 thousand, respectively. These amounts are calculated by using the Company's pre-tax net profit for the period before deducting the amount of the remuneration to the employees and directors, multiplied by the distribution ratio of remuneration to the employees and directors under the Company's articles of association, and expensed under operating expenses for each period. If there are subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The Company had a net loss before income tax for the year ended December 31, 2020, and thus, no remunerations to employees and directors were accrued and estimated during the year in accordance with the Company's articles of incorporation.

(s) Non-operating income and expenses

(i) Interest income

The details of the Company's interest income for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Interest income from bank deposits	$ 16,307	18,924
Other interest income	31	1,154
Total Interest income	$ 16,338	20,078

(Continued)

(ii) Other income

The details of the Company's other income for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Rental income	$	865	543
Gains on writ-off from accrued expense		-	75,949
Other income－other			
Compensation income		43,650	17,045
Others		196,069	97,274
Subtotal other income－other		239,719	114,319
Total Other income	**$**	**240,584**	**190,811**

(iii) Other gains and losses

The details of the Company's other gains and losses for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Loss on disposal of property, plant and equipment	$	(1,353)	(535)
Net on foreign exchange loss		(95,820)	(74,390)
Gain on financial assets measured at fair value through profit and loss		378	223
Miscellaneous disbursements		(20,610)	(60,859)
Settlement of insurance claim income		393,409	-
Other gains and losses, net	**$**	**276,004**	**(135,561)**

For details on settlement of insurance claim income, please refer to note 6(i).

(iv) Finance costs

The details of the Company's finance costs for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Interest expense	**$**	**15,231**	**24,167**

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The book value of financial assets and contract assets represents the maximum risk exposure. The maximum credit risk exposure amounts were $6,613,788 thousand and $6,269,906 thousand as at December 31, 2021 and 2020, respectively.

(Continued)

2) Concentration of credit risk

For the years ended December 31, 2021 and 2020, the Company's counterparties of accounts receivable transaction mainly locate in the United States, China, and Germany. As of December 31, 2021 and 2020, the balance of accounts receivable from those regions accounted for 48% and 49%, respectively, of the total balance.

3) Credit risk of receivables and other financial assets at amortized cost

For the information of credit risk exposure for notes and accounts receivable, please refer to note 6(d).

Other financial assets measured at amortized cost include other receivables, refundable deposits and time deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(ii) Liquidity risk

The following table showed the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2021						
Non-derivative financial liabilities						
Unsecured loans	$ 1,099,864	1,102,424	1,102,424	-	-	-
Notes payable	817,394	817,394	817,394	-	-	-
Accounts payable (related parties included)	1,992,405	1,992,405	1,992,405	-	-	-
Other payables	918,220	918,220	918,220	-	-	-
Lease liabilities	312,776	335,968	58,755	51,851	135,122	90,240
	$ 5,140,659	**5,166,411**	**4,889,198**	**51,851**	**135,122**	**90,240**
December 31, 2020						
Non-derivative financial liabilities						
Unsecured loans	$ 1,123,159	1,127,208	1,127,208	-	-	-
Notes payable	485,694	485,694	485,694	-	-	-
Accounts payable (related parties included)	1,692,373	1,692,373	1,692,373	-	-	-
Other payables	808,797	808,797	808,797	-	-	-
Lease liabilities	365,717	396,591	56,765	59,075	143,545	137,206
	$ 4,475,740	**4,510,663**	**4,170,837**	**59,075**	**143,545**	**137,206**

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(iii) Currency risk

1) Currency risk exposure

The Company's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency (in thousands)	Exchange rate	Amount	Foreign currency (in thousands)	Exchange rate	Amount
Financial assets:						
Monetary items:						
USD	$ 149,649	27.6600	4,139,293	122,830	28.1020	3,451,777
JPY	1,202,426	0.2401	288,702	1,629,518	0.2722	443,555
EUR	5,762	31.3072	180,388	10,904	34.6670	378,015
THB	2,894	0.8285	2,398	2,845	0.9390	2,672
CNY	146,024	4.3371	633,322	149,410	4.3215	645,677
Financial liabilities:						
Monetary items:						
USD	80,230	27.6600	2,219,160	69,193	28.1020	1,944,448
JPY	5,880	0.2401	1,412	8,804	0.2722	2,396
EUR	4,821	31.3072	150,938	3,811	34.6670	132,120
CNY	10,140	4.3371	43,978	4,270	4.3215	18,451

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, other financial assets, loans, and accounts and other payables that were denominated in foreign currency. A weakening or strengthening 1% appreciation or depreciation of the NTD against the USD, JPY, EUR, THB and CNY as of December 31, 2021 and 2020, would have increased or decreased the net income before tax by $28,286 thousand and $28,243 thousand, respectively. The analysis was performed on the same basis for both periods.

3) Foreign exchange gains and losses on monetary items

Due to the numerous types of functional currency of the Company, the Company disclose its exchange gains and losses of monetary items aggregately. The Company's exchange loss, including realized and unrealized, were $95,820 thousand and $74,390 thousand for the years ended December 31, 2021 and 2020, respectively.

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(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Company's assessment on the reasonably possible interval of interest rate change.

With all other variable factors remain constant. If the interest rate had increased or decreased by 1%, the Company's net income before tax will have increased or decreased by $7,061 thousand and $4,737 thousand, for the years ended December 31, 2021 and 2020, respectively. This was mainly due from the Company's loans and time deposits on floating rates.

(v) Fair value information

1) Categories and fair value of financial instruments

The fair value of financial assets at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required :

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,109,360	-	-	-	-
Notes and accounts receivable (related parties included)	3,029,229	-	-	-	-
Other receivables (related parties included)	89,898	-	-	-	-
Other financial assets －current and non-current	385,301	-	-	-	-
Total	**$ 6,613,788**	**-**	**-**	**-**	**-**

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	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term loans	$ 1,099,864	-	-	-	-
Notes and accounts payable (related parties included)	2,809,799	-	-	-	-
Other payables	918,220	-	-	-	-
Lease liabilities	312,776	-	-	-	-
Total	**$ 5,140,659**	**-**	**-**	**-**	**-**

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 200,673	200,673	-	-	200,673
Financial assets measured at amortized cost					
Cash and cash equivalents	3,168,790	-	-	-	-
Notes and accounts receivable (related parties included)	2,411,687	-	-	-	-
Other receivables (related parties included)	72,710	-	-	-	-
Other financial assets —current and non-current	616,719	-	-	-	-
Subtotal	6,269,906	-	-	-	-
Total	**$ 6,470,579**	**200,673**	**-**	**-**	**200,673**

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	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term loans	$ 1,123,159	-	-	-	-
Notes and accounts payable (related parties included)	2,178,067	-	-	-	-
Other payables	808,797	-	-	-	-
Lease liabilities	365,717	-	-	-	-
Total	**$ 4,475,740**	**-**	**-**	**-**	**-**

2) Valuation techniques and assumptions used in fair value determination

a) Non-derivative financial instruments

If financial instrument has quoted price in an active market, use the quoted price as fair value.

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (included open-ended funds).

b) Derivative financial instrument

The forward exchange contract is usually priced by the forward exchange rate from financial institutions.

3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair values levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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4) Transfers from Level 1 financial instrument to Level 2 financial instrument

There was no significant transfer from level 2 financial instrument to level 1 financial instrument for the years ended December 31, 2021 and 2020.

(u) Financial risk management

(i) Overview

The Company has exposure to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risks, and the Company's management of capital. Please see other related notes for quantitative information.

(ii) Risk management framework

The Board of Directors of the Company is full responsible for the establishment and management of the Company's risk management framework and policies. It is developed and managed by the committee which is authorized by the Board of Directors and the committee reports to the Board of Directors regarding the framework's operations regularly.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by Internal Audit with undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors and audit committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

(Continued)

1) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

2) Investments

The credit risk exposure in the bank deposits, fix income investment and other financial instruments are measured and monitored by the Company's finance department and reported to the management by authority. Since those who transact with the Company are banks and other external parties with good credit standing, financial institutions with a credit rating above investment grade, and government agencies, there are no non-compliance issues. Hence, there is no significant credit risk.

3) Guarantees

The Company's policy allows it to provide financial guarantees to directly and indirectly more them 50% owned subsidiaries. Financial guarantees provided by the Company as of December 31, 2021 and 2020, are disclosed in note 7 "related-party transactions".

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to estimate the cost of its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has unused short-term bank facilities of $1,695,510 thousand and $1,707,297 thousand, respectively, as of December 31, 2021 and 2020.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(v) Market risk

Market risk represents the potential loss arising from the decrease in the value of a financial instrument caused primarily by changes in interest rates, foreign exchange rates, or the price of financial produces. The Company maintains its foreign currency positions within prescribed limits and signs the forward exchange contracts in order to manage market risk from changes in foreign exchange rates.

Financial assets measured at fair value through profit or loss are OTC stocks, open-end mutual funds and convertible bonds listed on foreign markets, which may fluctuate with changes in equity price. In order to manage market risk, the Company carefully selects trust companies with good reputations to engage in financial instrument transactions.

The Company' bank balances, time deposit, and financial liability— short-term loans are exposed to the cash flow risk arising from changes in interest rates. However, the impact of the cash flow risk arising from changes in interest rate is not expected to be significant.

(v) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and other equity of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's debt-to-capital ratio at the end of the reporting period were as follows:

		December 31, 2021	December 31, 2020
Total liabilities	$	6,397,389	5,712,715
Less: cash and cash equivalents		3,109,360	3,168,790
Net debt	$	**3,288,029**	**2,543,925**
Total equity	$	**15,271,286**	**15,305,146**
Debt-to-capital ratio		**22 %**	**17 %**

As of December 31, 2021, there was no changes in the Company's approach of capital management.

(w) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2021 and 2020 were as follows:

				Non-cash changes			
		January 1, 2021	Cash flows	Acquisition of right-of-use assets	Foreign exchange movement	Reduction of right-of-use assets	December 31, 2021
Short-term loans	$	1,123,159	(53,042)	-	29,747	-	1,099,864
Lease liabilities		365,717	(49,541)	3,370	-	(6,770)	312,776
Total liabilities from financing activities	$	**1,488,876**	**(102,583)**	**3,370**	**29,747**	**(6,770)**	**1,412,640**

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

	January 1, 2020	Cash flows	Non-cash changes: Acquisition of right-of-use assets	Non-cash changes: Foreign exchange movement	Non-cash changes: Reduction of right-of-use assets	December 31, 2020
Short-term loans	$ 1,000,459	156,977	-	(34,277)	-	1,123,159
Lease liabilities	384,933	(47,008)	27,792	-	-	365,717
Total liabilities from financing activities	$ 1,385,392	109,969	27,792	(34,277)	-	1,488,876

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the subsidiaries.

(b) Name and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the parent company only financial statements:

Name of related party	Relationship with the Company
VEGA International Enterprise Co., Ltd.	Subsidiary
Draco PCB Public Co., Ltd.	Subsidiary
Chin-Poon Holdings Cayman Limited	Subsidiary of VEGA International Enterprise Co., Ltd.
Chin-Poon (Changshu) Electronic Co., Ltd.	Subsidiary of Chin-Poon Holdings Cayman Limited

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales transactions between the Company and its related parties were as follows:

	2021	2020
Subsidiaries:		
Chin-Poon (Changshu) Electronic Co., Ltd.	$ 32,846	27,275
Draco PCB Public Co., Ltd.	11,637	13,167
	$ 44,483	40,442

There were no significant differences in selling price and collection terms between sales to its related parties and to other customers. Amounts receivable from related parties were uncollateralized, no expected credit loss was required after the assessment by the management.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(ii) Purchases

The amounts of significant purchase transactions between the Company and its related parties were as follows:

	2021	2020
Subsidiaries		
Chin-Poon (Changshu) Electronic Co., Ltd.	$ 4,126,532	3,355,343
Draco PCB Public Co., Ltd.	133,153	151,104
	$ 4,259,685	**3,506,447**

There were no significant differences in purchasing price and payment terms between purchase from its related parties and from other vendors.

(iii) Purchase of supplies on behalf of others

The details of the Company's purchase of supplies on the behalf of its related parties were as follows:

	2021	2020
Subsidiaries	**$ 113,620**	**29,389**

(iv) Lending to related parties

The information for the Company loans to its related parties were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries		
Draco PCB Public Co., Ltd.	**$ -**	**-**

For the years ended December 31, 2021 and 2020, the interest income received by the Company from its related parties amounted to $0 thousand and $1,122 thousand, respectively. As of December 31, 2021 and 2020, the interest receivables resulting from the aforementioned transactions were $0 thousand.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(v) Receivable from related parties

As the result of the aforementioned transactions, the details of the Company's receivable from its related parties were as follows:

Account	Type of related parties	December 31, 2021	December 31, 2020
Accounts receivable	Subsidiaries:		
	Draco PCB Public Co., Ltd.	$ 2,928	3,644
	Chin-Poon (Changshu) Electronic Co., Ltd.	6,520	10,000
Other receivable	Subsidiaries		
	Draco PCB Public Co., Ltd.	1,127	1,807
	Other subsidiaries	226	366
		$ 10,801	15,817

(vi) Payable to related parties

As the result of the aforementioned transactions, the details of the Company's payable to its related parties were as follows:

Account	Type of related parties	December 31, 2021	December 31, 2020
Accounts payable	Subsidiaries:		
	Chin-Poon (Changshu) Electronic Co., Ltd.	$ 966,732	710,259
	Draco PCB Public Co., Ltd.	18,281	22,446
Other payables	Subsidiaries	-	3
		$ 985,013	732,708

(vii) Guarantees

	December 31, 2021	December 31, 2020
Subsidiaries		
Chin-Poon Holdings Cayman Limited	$ 553,200	562,040
Draco PCB Public Co., Ltd.	442,560	449,632
	$ 995,760	1,011,672

For the years ended December 31, 2021 and 2020, the commission income received by the Company from its related parties amounted to $713 thousand and $1,218 thousand, respectively. The commission income was recorded under non-operating income and expenses —other income.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(d) Management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	$ 38,583	33,169
Post-employment benefits	903	890
	$ 39,486	**34,059**

For the years ended December 31, 2021 and 2020, the Company provided four and five vehicles, at the costs of $2,054 thousand and $3,268 thousand, respectively, for key management personnel.

(8) Pledged assets: None.

(9) Commitments and contingencies

(a) As of December 31, 2021 and 2020, the Company provided guarantee notes, each amounting to $680,000 thousand, for usance letters of credits, domestic letters of credit and guarantees for the Company's hiring of foreign labors. The customs duty guaranteed by the Company for importing raw materials each amounted to $10,000 thousand for both years.

(b) For expanding the factory, the Company entered contracts of construction and purchase of property, plant and equipment. The total contract amount was $2,550 thousand and $281,450 thousand as of December 31, 2021 and 2020, respectively, of which the Company had paid $765 thousand and $108,886 thousand, respectively, included in the construction in progress and prepayments for equipment accounts.

(c) On February 25, 2019, the Company received an indictment, with case number 108-Zhen-829 and 108-Zhen-2491, from the Taoyuan District Prosecutors Office. The former chairman of the Company's board of directors and 6 former and current employees of the Pingzhen third plant were accused of causing fire disaster, which led to an offense of negligent manslaughter resulting from the fire incident that occurred on April 28, 2018. On April 17, 2019, the former chairman and the said employees received a notice from criminal court of Taoyuan District Court and will fully cooperate with the Court in its investigation on this matter. So far, the incident did not have any significant impact on the Company's operating and financial activities.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

The appropriation of 2021 earnings for the Company please refer to note 6(o).

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(12) Other

A summary of employee benefit expenses, depreciation, depletion and amortization by function, were as follows:

By function	Year ended December 31 2021			Year ended December 31 2020		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,917,354	219,755	2,137,109	1,839,106	219,848	2,058,954
Labor and health insurance	199,051	18,504	217,555	186,144	15,842	201,986
Pension	67,467	9,728	77,195	63,840	9,839	73,679
Directors' remuneration	-	12,833	12,833	-	11,456	11,456
Others	60,051	7,826	67,877	58,349	6,019	64,368
Depreciation	566,140	36,348	602,488	564,112	34,023	598,135
Amortization	-	-	-	-	-	-

The Company's number of employees and additional information on employee benefits for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Number of employees	3,184	3,441
Number of non-employees directors	9	9
Average employees benefit	$ 787	699
Average salary	$ 673	600
Adjustment of mployees' average salary	12.17 %	
Supervisor remuneration	$ -	-

The Company's salary and remuneration policy (including directors, managers and employee) were as follows:

In accordance with the Company's articles of incorporation, the Company should contribute no more than 3% of its profit as directors' remuneration when there is profit for the year. The managers' salary is evaluated based on their achievement of performance index. In addition, the employees' salary include their basic salary, festival bonus and year-end bonus, which will be adjusted according to their performance evaluation and price index.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company in 2021:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance	Amount actually drawn	Range of interest rates (%)	Purposes of fund financing for the borrowers (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
0	The Company	Draco PCB Public Co., Ltd.	Other receivables —related parties	Yes	228,928	221,280	-	1.38013 ~1.48838	2	-	Operating capital	-		-	6,108,514 (Note 2)	6,108,514 (Note 2)
1	Chin Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co., Ltd	Other receivables —related parties	Yes	858,480	829,800	829,800	1.38013 ~1.48838	2	-	Operating capital	-		-	3,390,838 (Note 1)	3,390,838 (Note 1)

Note 1: The total amount lending to the subsidiaries and each borrowing company shall not be over 50% of the net worth of Chin Poon Industrial Co., Ltd.

Note 2: The total amount lending to the subsidiaries and each borrowing company shall not be over 40% of the net worth of Chin Poon Holdings Cayman Limited.

Note 3: Nature of financing activities as follows:

(1) if there are transactions between these two parties, the number is "1".

(2) if it is necessary to loan to other parities, the number is "2".

(ii) Guarantees and endorsements for other parties:

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party (Note 2)	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements (Note 2)	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements (Note 2)	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company (Note 1)										
0	The Company	Chin Poon Holdings Cayman Limited	4	3,054,257	572,320	553,200	11,064	-	3.62 %	3,817,822	Y	N	N
0	The Company	Draco PCB Public Co., Ltd.	4	3,054,257	457,856	442,560	55,320	-	2.90 %	3,817,822	Y	N	N

Note 1: The guarantee's relationship with the guarantor is as follows:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The total amount of guarantee shall not exceed 25% of the Company's net worth. The total amount of guarantee provided by the Company to any individual entity shall not exceed 20% of the Company's net worth.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / (Sale)	Amount (Note 1)	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance (Note 1)	Percentage of total accounts / notes receivable (payable)	
The Company	Chin-Poon (Changshu) Electronic Co. Ltd.	Investee controlled by the Company	Purchase	4,126,532	40.85 %	Note 1	Note 1	Note 1	(966,732)	(34.41) %	
Chin-Poon (Changshu) Electronic Co. Ltd.	The Company	Ultimate parent company of Chin-Poon (Changshu) Electronic Co., Ltd.	(Sale)	(4,126,532)	(61.52) %	Note 1	Note 1	Note 1	966,732	54.85 %	
The Company	Draco PCB Public Co.,Ltd	Subsidiary of the Company	Purchase	133,153	1.32 %	Note 1	Note 1	Note 1	(18,281)	(0.65) %	
Draco PCB Public Co.,Ltd	The Company	Parent company of Draco PCB Public Co., Ltd.	(Sale)	(133,153)	(7.37) %	Note 1	Note 1	Note 1	18,281	4.34 %	

Note 1: The sales and purchase prices are based on the market prices. The terms of collection and payment are not significantly different from those to third parties.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Chin-Poon (Changshu) Electronic Co. Ltd.	The Company	Ultimate parent company of Chin-Poon (Changshu) Electronic Co., Ltd.	966,732	4.92	-	-	684,111 (As at February 15, 2022)	-
Chin-Poon Holdings Cayman Limited	Chin-Poon (Changshu) Electronic Co. Ltd.	Parent company of Chin-Poon (Changshu) Electronic Co. Ltd.	832,663 (Note 1)	-	-	-	2,893 (As at February 15, 2022)	-

Note 1: Included principle $829,800 thousand and other receivables of interest $2,863 thousand.

(ix) Trading in derivative instruments:

The Company uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. As of December 31, 2021, Draco PCB Public Co., Ltd. reported the following derivatives financial instruments as financial liabilities at fair value through or loss profit without the application of hedge accounting.

	December 31, 2021				
	Contract amount (in thousands)		Currency	Expiry date	Fair value of liabilities
Forward Contracts	USD	82	USD/THB	2022.5	34
	THB	2,753			

During the year ended December 31, 2021, the realized exchange gain of $972 thousand was recognized by Draco PCB Public Co., Ltd. related to derivative financial instruments as financial assets at fair value through profit or loss held on the year then ended.

(Continued)

CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(b) Information on investees

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income of investee	Investment income (loss)	Remarks
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Book value			
The Company	VEGA International Enterprise Co., Ltd.	British Virgin Islands	Investment	3,070,205	3,070,205	131,242,925	100.00 %	6,794,458	65,690	65,690	Subsidiary (Note 1)
The Company	Draco PCB Public Co., Ltd.	Thailand	Production and trading of printed circuit board	2,306,634	2,045,406	670,618,477	99.78 %	1,271,071	(38,946)	(38,864)	Subsidiary (Note 2)
VEGA International Enterprise Co., Ltd.	Chin-Poon Holdings Cayman Limited	Cayman Islands	Investment	2,756,306	2,756,306	92,354,035	100.00 %	6,781,676	65,688	65,688	Subsidiary (Note 1)

Note 1: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 2: The financial statements were audited by on international accounting firm in cooperation with the R.O.C. accounting firm.

(c) Information on investment in mainland China

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2021	Net income of investee (Note 2)	Direct / indirect investment holding percentage	Investment income (loss) (Note 2)	Book value (Note 2)	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Chin-Poon (Changshu) Electronic Co., Ltd	Production and trading of printed circuit board	3,319,200	(2)	2,351,100	-	-	2,351,100	56,677	100%	56,677	5,953,693	1,347,795

Note 1: The method of investment is divided into the following three categories:

(1) Invest directly in a company in Mainland China.

(2) Through the establishment of third-region companies then investing in Mainland China. (The Company invests Chin-Poon (Changshu) Electronic Co., Ltd. through Chin Poon Holdings Cayman Limited.)

(3) Other methods.

Note 2: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: Amounts in foreign currencies were translated based on the exchange rate at the reporting date(USD1 to NTD27.66).

(ii) Limitation on investment in Mainland China:

Accumulated investment amount in Mainland China as of 2021	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
2,351,100	3,457,500	- (Note 1)

Note 1: On November 22, 2021, the Company was certified as an operations center from November 17, 2021 to November 16, 2024 by the Industrial Development Bureau, Ministry of Economic Affairs, with approval letter No. 11020442500. The Company has no limitation on investment in Mainland China during the abovementioned period.

Note 2: Amounts in foreign currencies were translated based on the exchange rate at the reporting date(USD1 to NTD27.66).

(iii) Significant transactions:

The Company's significant indirect and direct transactions with investment in Mainland China for the year ended December 31, 2021, please refer to note 13(a).

(d) Major shareholders:

Unit: Shares

Shareholding / Shareholder's Name	Shares	Percentage
Fubon Insurance Co., Ltd.	26,499,000	6.66 %

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CHIN-POON INDUSTRIAL CO., LTD.
Notes to the Parent Company Only Financial Statements

(14) Segment information

Please refer to the year 2021 consolidated financial statements.

Chin-Poon Industrial Co., Ltd.

Statement of cash and cash equivalents

December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount
Cash and cash equivalents		$ 1,047
Bank deposits	Demand deposits	984,490
	Foreign currency deposits	
	USD 51,859 thousand @27.6600	1,434,426
	EUR 1,385 thousand @31.3072	43,376
	JPY 778,984 thousand @0.2401	187,034
	RMB 14,264 thousand @4.3371	61,863
	THB 2,894 thousand @0.8285	2,397
	Time deposits (interest rate at 2.400%~2.95%)	
	RMB 90,789 thousand @4.3371	393,762
	Checking deposit	965
	Subtotal	3,108,313
		$ 3,109,360

Chin-Poon Industrial Co., Ltd.

Statement of accounts receivable

December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Customer	Description	Amount	Note
Related parties:			
Chin Poon (Changshu) Electronic Co., Ltd.	Arising from operating activities	$ 6,520	
Draco PCB Public Co., Ltd.	〃	2,928	
Subtotal		9,448	
Non-related parties:			
Company A	Arising from operating activities	327,120	
Others (amount individually less than 5%)	〃	2,766,687	
Subtotal		3,093,807	
Less: loss allowance		74,026	
Subtotal		3,019,781	
Total		**$ 3,029,229**	

Statement of other receivables

Type	Description	Amount	Note
Other Receivables－related parties	Supplies purchased on behalf of others	$ 90	
	Payment on behalf of others	568	
	Receivable from guarantees	695	
Subtotal		1,353	
Other Receivables－non-related parties	Revenue from scrap sales	87,451	
	Interest income	1,094	
Subtotal		88,545	
		$ 89,898	

Chin-Poon Industrial Co., Ltd.

Statement of inventories

December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Type	Amount		Note
	Cost	Net realizable value	
Finished goods	$ 1,569,088	1,640,480	Market value is represented by NRV
Work in process	842,746	994,633	〃
Raw materials	188,435	189,739	〃
Supplies	125,941	116,493	〃
Total	2,726,210	**2,941,345**	
Less: allowance for inventory write-down	99,747		
	$ 2,626,463		

Statement of prepayments

Type	Description	Amount	Note
Prepaid expenses		$ 17,602	
Prepaid import taxes		14,754	
Others		5,122	
		$ 37,478	

Chin-Poon Industrial Co., Ltd.

Statement of other financial assets－current

December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Segregated foreign exchange deposits	Repatriated offshore funds	**$ 376,821**	Not pledged as collateral

Statement of other current assets

Type	Description	Amount	Note
VAT tax recoverable		$ 53,121	
Others		1,374	
		$ 54,495	

Chin-Poon Industrial Co., Ltd.

Statement of changes in investments accounted for under equity method

For the year ended December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Investees	Balance, Beginning of Period		Increase		Decrease		Balance, End of Period			Market value or book value		Pledged as Collateral	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Ownership (%)	Amount	Unit price	Gross value		
VEGA International Enterprise Co., Ltd.	131,243	$ 6,720,625	-	73,833 (Note 1)	-	-	131,243	100.00	6,794,458	-	6,794,458	None	
Draco PCB Public Co., Ltd.	538,481	1,194,186	132,137	261,268 (Note 2)	-	184,383 (Note 3)	670,618	99.78	1,271,071	-	1,271,071	None	
		$ 7,914,811		335,101		184,383			8,065,529		8,065,529		

Note 1: The amount contains $65,690 thousand from investment income generated by subsidiaries, business associates and joint ventures and $8,143 thousand from exchange differences on translation of foreign financial statements .

Note 2: The amount contains $261,228 thousand from the acquisition of new shares of Draco PCB Public Co., Ltd., resulting in an increase of $40 thousand in the Company's capital surplus.

Note 3: The amount contains $38,864 thousand investment losses generated by subsidiaries and business associates and $145,519 thousand from exchange differences on translation of foreign financial statements.

Chin-Poon Industrial Co., Ltd.

Statement of changes in property, plant and equipment

For the year ended December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Please refer to note 6(i).

Statement of changes in accumulated depreciation of property, plant and equipment

Please refer to note 6(i).

Statement of changes in right-of-use assets

Please refer to note 6(j).

Statement of changes in accumulated depreciation of right-of-use assets

Please refer to note 6(j).

Chin-Poon Industrial Co., Ltd.

Statement of other financial assets－non-current

December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Refundable deposits	Rental deposits	$ 8,480	

Statement of short-term loans

Type	Lender	Ending Balance	Term	Interest Rate (%)	Line of Credit	Pledged as collateral	Note
Unsecured loans	Taishin International Bank	$ 740,284	Within 1 year	0.22~0.64	829,800	None	
Unsecured loans	HSBC Bank	221,280	Within 1 year	0.6	414,900	〃	
Unsecured loans	First Commercial Bank (Taoyuan branch)	138,300	Within 1 year	0.698	600,000	〃	
		$ 1,099,864					

Chin-Poon Industrial Co., Ltd.

Statement of notes payable

December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Suppliers	Description	Amount	Note
Company A	Arising from operating activities	$ 267,470	
Company B	〃	70,475	
Company C	〃	43,510	
Others (amount individually less than 5%)	〃	435,939	
		$ 817,394	

Statement of accounts payable

Suppliers	Description	Amount	Note
Related parties:			
Chin Poon (Changshu) Electronic Co., Ltd.	Arising from operating activities	$ 966,732	
Draco PCB Public Co., Ltd	〃	18,281	
Subtotal		985,013	
Non-related parties:			
Company A	Arising from operating activities	126,013	
Company B	〃	84,145	
Company C	〃	65,714	
Company D	〃	51,696	
Others (amount individually less than 5%)	〃	679,824	
Subtotal		1,007,392	
		$ 1,992,405	

Chin-Poon Industrial Co., Ltd.

Statement of other payables

December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Items	Description	Amount	Note
Non-related parties:			
Accrued salary, bonuses, and annual leaves		$ 372,902	
Accrued payable on equipment		172,985	
Accrued processing fees		73,042	
Others (amount individually less than 5%)		299,291	
Total		**$ 918,220**	

Statement of lease liabilities

Type	Description	Term of lease	Discount rate	Amount	Note
Buildings		2022	2.15%	$ 52,542	
Buildings		2023~2028	2.15%	260,234	
				$ 312,776	

Chin-Poon Industrial Co., Ltd.

Statement of other current liabilities

December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Refund liabilities		$ 574,922	
Suspense receipts		56,163	
Others (amount individually less than 5%)		20,053	
		$ 651,138	

Statement of operating revenue

For the year ended December 31, 2021

Product Types	Quantity	Amount	Note
Single-sided PCB	531,923 M^2	$ 800,386	
Double-sided PCB	339,934 M^2	937,110	
Multilayer PCB	1,099,795 M^2	7,834,554	
Revenue from related parties	1,248,598 M^2	4,250,145	
Single-sided mold	64 SET	6,333	
Double-sided mold	71 SET	3,660	
Multi-layer mold	171 SET	13,728	
Board	579,347 SHT	232,402	
Materials	35,618 KG	16,884	
Subtotal		14,095,202	
Less: sales returns and discounts		55,335	
Net revenue		**$ 14,039,867**	

Chin-Poon Industrial Co., Ltd.

Statement of operating costs

For the year ended December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Type	Amount: Subtotal	Amount: Total
Raw materials:		
Beginning raw materials inventory	$ 98,555	
Add: Purchases	2,698,127	
Less: Ending raw materials inventory	188,435	
Raw materials resale	215,894	
Internal requisition for raw materials used in research and sampling	6,906	
Transfer to operating expenses	5,276	
Raw materials subtotal	2,380,171	
Supplies:		
Beginning supplies inventory	118,277	
Add: Purchases	2,467,352	
Less: Ending raw materials inventory	125,941	
Raw materials resale	16,318	
Transfer to operating expenses	725	
Supplies subtotal	2,442,645	
Cost of raw material used in production	4,822,816	
Direct labor	1,198,499	
Manufacturing expenses	3,233,356	
Manufacturing costs	9,254,671	
Add: Beginning work-in-process inventory	764,941	
Purchases	652,580	
Less: Ending work-in-process inventory	842,746	
Cost of finished goods	9,829,446	
Add: Beginning finished goods	924,996	
Purchases	4,265,620	
Less: Ending finished goods	1,569,088	
Tax returns from export	1,464	
Scrap	18,464	
Cost of finished goods sold		13,431,046
Cost of raw materials resale		232,212
Loss on inventory write-down		46,042
Sale of scrap		(357,584)
Unallocated production overhead		98,909
Total manufacturing costs		**$ 13,450,625**

Chin-Poon Industrial Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Salaries		$ 68,835	
Sample expenses		94,026	
Shipping expenses		125,848	
Export expenses		20,448	
Others (amount individually less than 5%)		33,666	
		$ 342,823	

Statement of administrative expenses

Type	Description	Amount	Note
Salaries		$ 162,203	
Depreciation of right-of-use assets		26,896	
Professional service fee		14,522	
Others (amount individually less than 5%)		74,070	
		$ 277,691	

Chin-Poon Industrial Co., Ltd.

Statement of research and development expenses

For the year ended December 31, 2021

(All amounts expressed in thousands of New Taiwan dollars)

Type	Description	Amount	Note
Salaries		$ 9,117	
Research expenses		47,159	
Others (amount individually less than 5%)		1,670	
		$ 57,946	

6.6 If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation.

None.

7. Review and Analysis of Financial Position and Financial Performance and Risk Management

7.1 Analysis of Financial Position

7.1.1 Explanation of Major Changes

Unit: NT$ thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Current Assets	14,405,703	11,981,325	2,424,378	20%
Property, Plant and Equipment	7,388,403	7,331,156	57,247	1%
Intangible Assets	0	0	0	0%
Other Assets	1,422,837	3,164,837	(1,742,000)	-55%
Total Assets	23,216,943	22,477,318	739,625	3%
Current Liabilities	7,065,506	6,261,915	803,591	13%
Noncurrent Liabilities	879,600	909,299	(29,699)	-3%
Total Liabilities	7,945,106	7,171,214	773,892	11%
Share Capital	3,974,954	3,974,954	0	0%
Capital Surplus	1,579,698	1,579,225	473	0.03%
Retained Earnings	10,288,379	10,185,336	103,043	1%
Other Equity	(571,745)	(434,369)	(137,376)	32%
Noncontrolling Interests	551	958	(407)	-42%
Total Equity	15,271,837	15,306,104	(34,267)	-0.22%

Explanation:

(1) Current assets: The main reason is the increase in inventories due to the transportation congestion caused by the pandemic and the increase of the amount of banks' time deposit in the account of “other financial assets – current”.

(2) Other assets: The main reason is the decrease of the amount of banks' time deposit in the account of “other financial assets – non-current”.

(3) Other equity: It is mainly due to the increase in the exchange differences on translation from the financial statements of foreign subsidiaries.

(4) Noncontrolling Interests: The main reason is that the Company's shareholding

in Draco, its subsidiary, increased, resulting in a decrease in noncontrolling Interests.

7.1.2 Future Response Plan

In 2021, the Company faced severe challenges which include the global automotive supply chain disruption caused by the covid-19 pandemic, the high cost of raw materials and the significant depreciation of the U.S. dollar. The Company is still able to achieve positive profitability with the help of our financial strength. In the future, while maintaining a solid financial position, we will continue to strengthen our operating capability, enhance our operating performance and push up the Company’s growth pace in order to create better returns for our shareholders.

7.2 Analysis of Financial Performance

Unit: NT$ thousand

Year / Item	2021	2020	Difference	
			Amount	%
Operating Revenue	18,219,280	15,313,285	2,905,995	18.98%
Operating Cost	17,085,633	14,443,453	2,642,180	18.29%
Gross Profit	1,133,647	869,832	263,815	30.33%
Operating Expenses	1,319,301	993,603	325,698	32.78%
Operating Income	(185,654)	(123,771)	(61,883)	50.00%
Non-operating Income and Expenses	646,318	148,497	497,821	335.24%
Profit (loss) before Tax from continuing operations	460,664	24,726	435,938	1763.08%
Less: income tax expenses	122,964	(20,976)	143,940	-686.21%
Profit (loss) after Tax from continuing operations	337,700	45,702	291,998	638.92%
Other comprehensive income, net of tax	(173,693)	(79,873)	(93,820)	117.46%
Total Comprehensive Income	164,007	(34,171)	198,178	-579.96%

Explanation:

(1) Decrease in gross profit and decrease in operating income: The relatively high cost ratio, which was mainly due to the sharp depreciation of the U.S. dollar against the Taiwan dollar and Renminbi and the significant increase in the cost of raw materials in 2021, have reduced operating gross profit and operating income.

(2) Operating expenses: Operating expenses increased due to the surge in international shipping prices and increased research and development expenses.

(3) Increase in non-operating income and expenses and increase in profit before tax: The increase in non-operating income and expenses and the increase in profit before tax was mainly due to an increase in non-operating income in 2021 compared with that in 2020 when the Company have received the insurance claims of NT$390 million in 2021 for the fire incident on April 28, 2018.

(4) Income tax expense: It was mainly due to the effect of negative income tax expense due to the tax rate differences in foreign jurisdictions in the prior period.

(5) Other comprehensive income: The main reason was the exchange differences on translation from the financial statements of foreign subsidiaries and the remeasurements of the net defined benefit liability.

(6) Based on the above reasons, profit before tax from continuing operations, profit after tax from continuing operations, and the total comprehensive income increased as well.

7.3 Analysis of Cash Flow

7.3.1 Liquidity Analysis for the Last Two Years

Year / Item	2021	2020	Change %
Cash Flow Ratio (%)	(2)	21	-110%
Cash Flow Adequacy Ratio (%)	122	177	-31%
Cash Reinvestment Ratio (%)	(1)	3	-133%

Explanation:

(1) Cash Flow Ratio: The decrease in net cash flow from operating activities was greater than the decrease in current liabilities, resulting in a lower cash flow ratio.

(2) Cash flow adequacy ratio: Due to the decrease in net cash flow from operating activities and the increase in inventory, the cash flow adequacy ratio is decreased.

(3) Cash reinvestment ratio: The significant decrease in net cash inflows from operating activities in the current period led to a decrease in the cash reinvestment ratio.

7.3.2 Analysis of Cash Flow in the Coming Year

Unit: NT$ thousand

Cash Balance Dec. 31, 2020	Net Cash Provided by Operating Activities in 2021	Net Cash Used in Investing and Financing Activities in 2021	Cash Balance Dec. 31, 2021	Remedy for Liquidity Shortfall	
				Investment Plan	Financing Plan
3,824,300	913,086	1,056,305	3,681,081	-	-

(1) Analysis of cash flow this year:

a. Operating activities: mainly get net cash flow from net income and depreciation.

b. Investing activities: mainly use net cash flow for purchase and upgrade of equipment.

c. Financing activities: mainly use net cash flow to repay bank loans and pay cash dividends.

(2) Remedy for liquidity shortfall and liquidity analysis: None.

7.4 Impact upon Financial Operations of any Major Capital Expenditures during the Most Recent Fiscal Year

In recent years, the Company's major capital expenditures have been used to expand the capacity of multi-layer board and HDI, to solve the existing capacity bottlenecks, to make the production process smoother, to meet the growth needs of customers, and in the end to provide stable growth momentum for the Company's business. At the same time, we have been also investing more in automated manufacturing and smart manufacturing to improve yields and efficiency and to reduce manpower.

Due to the good operating performance of the Company, the cash inflow from the operating activities was stable. The funding for the major capital expenditures in recent years has mainly depended on its own funds, which did not have a material impact on the Company's financial position.

7.5 Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(1) In order to expand the scale of operation at Chin-Poon (Changshu) Electronics Co., Ltd., Chin Poon Holdings Cayman Limited, its parent company, has been increasing investment on it since 2007. Its share capital reaches US$120,000 thousand after years of capital increase.

Due to the improvement of management capabilities and the gradual expansion of production, the revenue and profit of Chin-Poon (Changshu) in 2021 reached RMB 1,552,535 thousand and RMB 13,188 thousand. In the future, with the expansion of production and enhancement of management, it will be expected to continue to increase its revenue and profit simultaneously.

(2) In order to seize business opportunities in Southeast Asia and South Asia, and to relieve the pressure of insufficient capacity in Taiwan and in China in the future, the Company increased its ownership in Draco PCB Public Co. Ltd, our subsidiary in Thailand, in 2012. As of 2021, our ownership has reached 99.78%. In order to upgrade its capacity, in addition to the original

capacity of single-sided boards, Draco has been expanding its capacity for double-sided multilayer boards since 2015 and for the multi-layer boards since 2016. However, in the early stages of new product, new processes and new management system, it took time for the difficulties of local labors' learning curve, customers development and its upgrading of technical capabilities to be resolved. All of these have impact on its profit, from which the Company has recognized a loss of NT$ 38,946 thousand in 2021. At present, with the full assistance of the Company's resident engineers and managers, customers development and product yield have been gradually improved.

7.6 Assessment and Management of Risk Matters: (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report)

7.6.1 The impact of interest rate, exchange rate and inflation on the Company's profit and loss and their response measures.

- Risk matters:
  (1) Interest rate: The Company's current borrowings are all aimed at hedging exchange risks of US dollar. As US dollar interest rate continues to fall, the Company's risk is not large.
  (2) Exchange rate: More than 90% of the Company's revenue are from overseas exports, so accounts receivable are greatly affected by exchange rate changes.
  (3) Inflation: If inflation affects the price of raw materials, it will increase the Company's costs of purchase and transportation.

- Response measures:
  (1) Interest rate: US dollar borrowing rate continues to fall, so there is no risk.
  (2) Exchange rate: Use natural hedge and hedging transactions to achieve the balance of foreign currency positions and to reduce the impact of exchange rate fluctuations. We also strengthen the finance staffs' sense for predicting the Company's upcoming financial position and the market trends of foreign exchange.
  (3) Inflation: Pay close attention to inflation and raw material prices. Purchase raw materials in advance, if necessary, to reduce the initial

impact of their rising prices. Use the terms of price adjustment or product upgrades in the long-term contracts with customers to dampen the impacts.

7.6.2 The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and their response measures.

- Risk matters:
  (1) The Company does not engage in high-risk investments, highly leveraged investments, and all investments except principal guarantee fixed-income investments are approved by the board of directors.
  (2) The Company’s loans to other parties and endorsements are only applicable to our subsidiaries of whom the Company has 100% or near 100% of ownership directly or indirectly. They are purely aimed at their expansion of operations, and their quota is not large, so the risk is extremely low.
  (3) Our derivatives transactions are all aimed at foreign exchange hedging, that is, they are hedges for our position of foreign currencies in the future, but not transactions for speculative trading, so the risk is extremely low.

- Response measures:
  (1) The Company adopts the most prudent policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions, so it is almost zero risk.

7.6.3 Future R&D plan and R&D Budget.

(1) Future R&D plan:
- Technology development for all aspects of smart factories, including smart monitoring, smart automation, smart cooperation and AI applications
- Development of middle/high current carrying PCBs
- Development of partial heat dissipation PCBs

- Development of semi-flex with 3 flex layers & semi-flex plus
- Development of rigid flex – flex tail
- Development of radio frequency PCBs
- Development of cavity PCB
- Development of advanced HDI
- Application of periodic pulse reverse plating
- Evaluation of thermally conductive materials for EPS PCB
- Evaluation of automatic robot arm for precise handling and automatic process flow of production

(2) R&D Budget:
The R&D budget is NT$ 275,217 thousand.

7.6.4 Impacts on the Company's finance and business of important domestic and international government policies and changes in the legal environment at home and abroad and their response measures

- Risk matters:

(1) Domestic and foreign industrial policies and laws and regulations on finance, tax and environmental protection, etc., will have an impact on the Company's profit and loss.

- Response measures:

(1) Dedicated staffs are responsible for collecting information on domestic and international government policies and changes in the legal environment at home and abroad where our subsidiaries are located and timely forwarding them to the relevant departments to formulate response measures.
(2) Strengthen internal control integration and information notice to avoid tax loss or other penalties caused by tax audit and other violations.

7.6.5 Impact of technological developments (including information security risks) and industrial changes on the Company's finance and business and their response measures

- Risk matters:

(1) Technological developments: The rapid developments in high tech

products and the emergence of new technologies may lead to the disappearance of existing products and the birth of new products, which in turn will lead to changes in the competitive advantages of different companies.

(2) Information security risk: Refer to 5.6 Information Security Management for the details.

(3) Industrial changes: Regional industrial changes will also affect the competitive advantages of different companies. For example, Taiwan PCB makers have expanded their production in China. And it affects the development of PCB makers still in Taiwan.

- Response measures:
  (1) Pay close attention to the market trends and maintain good interaction with customers to apprehend the real needs of customers and the market and then research and develop products and services with high market value.
  (2) Prudently evaluate and actively introduce innovative technologies and processes with market value and assist manufacturing departments to smoothly introduce new processes and technologies.
  (3) The Company currently has production bases in Taiwan, in China and in Thailand, all of which focus on the respective advantages of different regions and develop market strategies in different regions.
  (4) Information security risk: Refer to 5.6 Information Security Management for the details.

7.6.6 The impact of corporate image change on corporate crisis management and their response measures

- Risk matters:
  (1) The Company's corporate image has always remained stable and positive. Our revenue keeps growing year by year. Our profit remains stable. Our financial position is always strong. The Company does not intend to change this good corporate image, so there is no such impact.

- Response measures:
  (1) The Company will maintain our stable and positive image. In the event of any crisis, we will adopt a pragmatic and honest approach to

effectively resolve possible crises.

7.6.7 Expected benefits and possible risks associated with any merger and acquisition and their response measures

- Risk matters:
  (1) Although the PCB industry has an issue of overcapacity, because each PCB maker’s market share is not high, it is unlikely that the industry will consolidate through mergers and acquisitions. Therefore, mergers and acquisitions are not a better choice for any PCB maker’s growth.

- Response measures:
  (1) As the current stage is not a good time for mergers and acquisitions, the Company has no plans to do that.

7.6.8 Expected benefits and possible risks associated with any capacity expansion and their response measures

- Risk matters:
  (1) As Taiwan's and the world's electronics manufacturers upstream and downstream have moved to China in large numbers and new industrial clusters of the electronics industry have appeared in China, they have impact on Taiwan's electronics manufacturers, resulting in a certain of purchase orders’ moving to China.

- Response measures:
  (1) The Company’s marketing strategy focuses on niche markets while maintaining a balanced capacity expansion both in Taiwan and in China. As early as the IT industry cluster in Taiwan was quite complete, the Company has actively developed overseas markets and avoided the extraordinarily intensive competition in the domestic market of PCBs for IT industry. With the formation of the electronics industry cluster in China, the Company has also avoided the target markets of most of PCB makers in China and has focused on the niche markets of high-end products in Europe, America and Japan and has achieved rewarding results.
  (2) The main target of the Company’s capacity expansion is to meet the needs of the above-mentioned European, American and Japanese

customers whose growth is stable. So, we can expand our capacity in a stable and prudent manner. Therefore, we can grow every year without causing overcapacity.

(3) Since 2007, China has restricted the expansion of the PCB industry in the PCB industry clusters in East China and South China on the grounds of environmental protection. And the cost of labor, tax and other expenses in China have also increased significantly. Those will benefit the capacity expansion in Taiwan and in other regions of Asia.

7.6.9 Risks associated with any consolidation of sales or purchases and their response measures

- Risk matters:

(1) Purchases: In the production of printed circuit boards, CCLs take the highest proportion of the raw materials. Therefore, the top ten suppliers are mostly manufacturers of various types of CCLs, such as Nan Ya Plastics, TUC, EMC, ITEQ and SYTECH, etc. Nan Ya Plastics is the manufacturer with the largest supply of CCLs in Taiwan. They have abundant production capacity and can keep stable supply, so it has been our largest supplier in the past three years. The materials we purchase from it include glass fiber epoxy CCLs and composite CCLs. In general, domestic printed circuit board manufacturers have sufficient domestic supply of raw materials and do not need to rely too much on imports.

(2) Sales: The top 10 customers of the Company are mostly international big companies, The Company adopts a diversified customer policy, so it does not have a single customer with more than 10% of our sales. Therefore, there is no risk of consolidation of sales.

- Response measures:

(1) Purchases: Although there is no risk of consolidation of purchases, the Company has been still paying attention to the possibility of that at any time to prevent its risks.

(2) Sales: At present, although there is no risk of consolidation of sales, the Company has been still paying attention to the possibility of that at any time to prevent its risks.

7.6.10 Impact on the Company of a major quantity of ownership changes in shareholding of directors, supervisors and major shareholders

with 10% shareholdings or more and their response measures

- Risk matters:
  (1) Since the establishment of the Company, there has been no such a major quantity of ownership changes in shareholding of directors, supervisors and major shareholders with 10% shareholdings or more. Only after the death of the former chairperson in 2003, there was ownership changes due to inheritance. In 2020, Mrs. Yu-Chih Tseng-Liu was elected as the new chairperson, who was one of the founding shareholders. Therefore, the board of directors and the management team remain the same and there is no major change.

- Response measures:
  (1) The Company has already implemented the principle of professional managers operating the Company and we are not a family enterprise. Therefore, even if there is a major change in the Company's ownership, the management team will still keep their consistent professional attitude and seek the best interests for shareholders. No matter what happens in ownership, we expect there is no adverse impact.

7.6.11 Impact of changes of managerial control or top management on the Company, its risks and response measures

- Risk matters:
  (1) Since the establishment of the Company, there has been no changes of managerial control. Even if the former chairperson died in 2003, the Company maintained the same top management. In 2020, Mrs. Yu-Chih Tseng-Liu was elected as the new chairperson, who was one of the founding shareholders. Therefore, the same top management of the Company has remains.

- Response measures:
  (1) The Company has already implemented the principle of professional managers operating the Company and we are not a family enterprise. Therefore, even if there is a change of managerial control or top management in the Company, the management team will still keep their consistent professional attitude and seek the best interests for shareholders. No matter what happens in managerial control or top

management, we expect there is no adverse impact.

7.6.12 Litigious and non-litigious matters: List major litigious, non-litigious or administrative disputes that (1) involve the Company and/or any one of its directors, supervisors, CEO, any person who is actually in charge of the Company, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the Company, and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, the 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 date of publication of the annual report.

- Risk matters:
  (1) The Company’s Building 3 of Pin-Cheng Plant had a fire incident on the evening of April 28, 2018. Due to the fire incident, Taiwan Taoyuan District Prosecutors Office has prosecuted six persons, i.e. a section manager and an engineer who were in charge of equipment maintenance and those who were responsible for the construction of the Building 3 of Pin-Cheng Plant, including Wei-Jin Huang (former chairperson and current director), Hsiang-Sheng Chen (former VP and current director), a former manager of Engineering & Maintenance and a former plant manager of Pin-Cheng Plant, for their suspected crimes of negligently setting fire and of negligently causing the death of another in the performance of his occupational duties or activities. The case is currently at the trial in the Taiwan Taoyuan District Court.

- Response measures:
  (1) Regarding the causes of the fire and the causes of casualties, the Company will fully cooperate with the investigation of the Taiwan Taoyuan District Court to clarify the cause of the fire and the related responsibilities. Before the prosecution, the Company had reached all civil settlement with the family members of two dead foreign employees, six dead firefighting heroes and one fire hero who was seriously injured. Therefore, no one submitted a civil claim to the Company.

7.6.13 Risk Management Organization

Important Risk Assessment Item	Risk Control Unit (unit in charge of the related affairs) (1st mechanism)	Risk Review and Control (2nd mechanism)	Board of Directors and Audit Office (3rd mechanism)
1. interest rate, exchange rate and financial risks 2. high-risk investments, highly leveraged investments, loans to other parties, derivatives transactions, financial investments	Finance Finance	Top Management	Board of Directors (making decision and being the final controller of risk assessment control)
3. R&D plan 4. changes of policies and laws 5. technological developments and industrial changes 6. corporate image change 7. investment, securities investment and benefits of mergers and acquisitions	Technology CEO’s Staff Office Plants Sales Finance	Top Management	Audit Office (in charge of inspection, assessment, supervision, improvement tracking, reporting on risks)
8. safety of labors and plants 9. accident prevention and response	Safety & Health Administration	Top Management	
10. expansion of plants or capacity 11. consolidation of sales or purchases	Plants Purchase 1, Purchase 2	Top Management	
12. ownership changes of directors and major shareholders 13. managerial control	Stock Affairs, Board of Directors Stock Affairs, Board of Directors	Top Management	
14. Litigious and non-litigious matters 15. Other Operating Matters	CEO’s Staff Office CEO’s Staff Office	Top Management	

7.6.14 Information Security Risk Assessment

- Risk matters:
  (1) Computer virus outbreaks and external intrusion attacks: In this era of information flooding, all kinds of devices on the network may be the targets of attacks, and mechanisms for preventing and blocking various types of malicious attacks should be established to avoid serious losses.
  (2) Data leakage: All kinds of production and operation data, core technical documents and employee personal information are important assets of the Company. If their leakage happens, it will harm the Company and cause serious losses.
  (3) System anomalies, disasters and hazards: In a highly information-based environment of production and operations, information systems and networks are important and uninterruptible core of business operations. Any abnormality or disruption may result in losses of production and operations.

- Response measures:
  (1) Establish a multi-layered virus protection mechanism to conduct multi-layer security checks on external data to avoid intrusion of external viruses and malicious programs and to reduce risks.
  (2) Establish a partitioned network for a mechanism of isolating compromised areas. If a poisoning incident occurs, the partitioning can be started in time to prevent the spread of malicious programs such as viruses and Trojans, minimize the damage, and help to analyze the cause of the virus outbreak in time to carry out virus removal and vulnerability enhancement.
  (3) Implement control of computers' internet access and USB access to avoid unauthorized access and to reduce data leakage and virus infection.
  (4) Perform data backup on a regular basis, check them daily and perform periodic recovery tests to ensure the integrity of the backuped data.
  (5) Each core system is built with remote backup system and remote redundant system. The important data is backed up regularly and the backup media is stored in the anti-theft and fire-proof places with advanced security.
  (6) Develop emergency response plans for each system to ensure that the system becomes operational again in the shortest possible time in the

event of an anomaly or an accident and the data remain uncompromised.

(7) Regularly carry out drills of emergency response plans to ensure that employees have an emergency awareness and a responsive capability.

(8) Regularly conduct internal information security advocacy to strengthen employees' awareness of information security.

(9) Refer to 5.6 Information Security Management for the details.

7.6.15 Other important risks.

- Risk matters:

  (1) None

- Response measures:

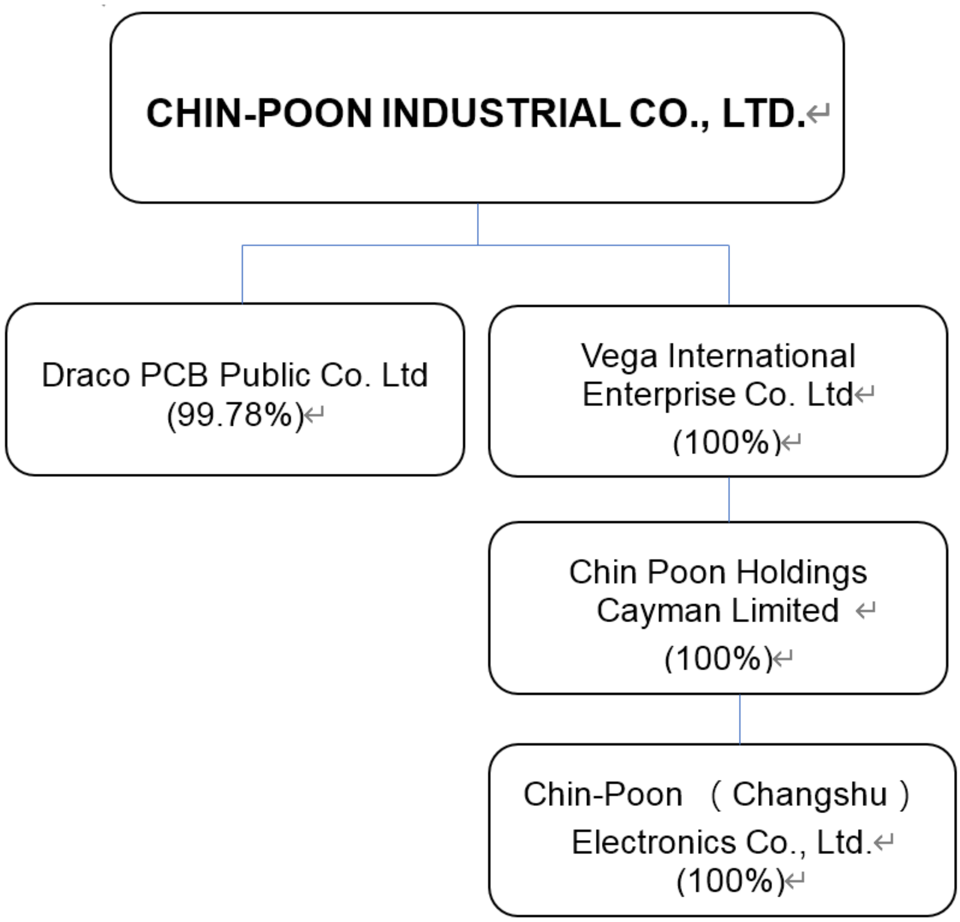
  (1) None

7.7 Other important matters: None.

8. Other Items Deserving Special Mention

8.1 Information on the Company's Affiliated Enterprises:

8.1.1 Family Tree



8.1.2 Basic Information of Each Affiliated Enterprise (as of March 31, 2022)

Type	Company	Date of Incorporation	Place of Registration	Share Capital	Main Business
Parent company	Chin-Poon Industrial Co., Ltd.	Sep. 26, 1979	No. 46, Neicuo St., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	NT$ 3,974,954 thousand	Manufacturing, processing and sale of printed circuit boards
Subsidiaries	Vega International Enterprise Co.,LTD	Aug. 21, 2000	Jipfa Building, 3rd Floor, 142 Main Street, Road Town, Tortola, British Virgin Islands.	US$ 131,243 thousand	Investments
	Chin Poon Holdings Cayman Limited	May 9, 2006	Scotia Centre, 4th floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands, British West Indies.	US$ 92,354 thousand	Investments
	Chin-Poon (Changshu) Electronics Co., Ltd.	Jul. 4, 2006	No.98, Huangpujiang Road, Changshu National New & Hi-tech Industrial Development Zone of Jiangsu, Jiangsu Province 215500, China	US$ 120,000 thousand	Manufacturing, processing and sale of printed circuit boards
	Draco PCB Public Co. Ltd.	Jan. 25, 1989	Bangkadi Industrial Park, Mu 5, 152 Tiwanon Road, Amphur Muang, Pathumthani 12000,Thailand	THB 672,115 thousand	Manufacturing, processing and sale of printed circuit boards

8.1.3 Information on the common shareholders in the companies having controlling and subordinate relation between them: None.

8.1.4 What businesses engaged by the whole group of affiliated enterprises: manufacturing and investments.

8.1.5 Information on Directors and CEOs of Affiliated Enterprises: (as of April 26, 2022)

Unit: shares; %

Company	Title	Name	Shareholding	Shareholding %
Chin-Poon Industrial Co., Ltd.	Chairperson	Tseng-Liu, Yu-Chih	9,603,279	2.42
	Director	Lin, Pi-Chi	7,282,649	1.83
	Director	Tung, Hsiao-Hung	6,308,043	1.59
	Director	Huang, Wei-Jin	11,238,409	2.83
	Director	Lai, Hwei-Shan	6,283,114	1.58
	Director	Tseng, Wen-Yu	5,546,357	1.40
	Independent Director	Chen, Hsiang-Sheng	88,637	0.02
	Independent Director	Chen, Shi-Shu	0	0
	Independent Director	Hsu, Sung-Tsai	1,242	0.00
Vega International Enterprise Co., Ltd	Chairperson	Tseng-Liu, Yu-Chih (its representative)	131,242,925	100
Chin Poon Holdings Cayman Limited	Chairperson	Tseng-Liu, Yu-Chih (its representative)	92,354,035	100
Chin-Poon (Changshu) Electronics Co., Ltd.	Chairperson	Tseng-Liu, Yu-Chih	Note	100
	Director	Lin, Pi-Chi		
	Director	Huang, Wei-Jin		
	Director	Tseng, Wen-Yu		
	Director	Tung, Hsiao-Hung		
Draco PCB Public Co. Ltd.	Chairman of the Board	Mr. Viphandh Roengpithya		
	Director/ Managing director	Mr. Chen, Jung Kun (or Mr. Alan Chen)	50,500	0.012
	Director	Mr. Huang, Wei-Jin (or Mr. Vincent Huang)	-	-
	Director	Mr. Hsiao, Hsien-Jen (or Mr. Fred Shiau)	-	-
	Director	Mr. Lin Pi-Chi	-	-
	Independent Director/ Audit Committee	Mr. Adul Amatavivadhana	-	-

Note: The Company is a limited Company with Share Capital of US$120,000 thousand as of March 31, 2022.

8.1.6 Overview of Affiliated Enterprises in 2021

Unit: thousand

Company	Share Capital	Total Assets	Total Liability	Total Equity	Operating Revenue	Operating Income	Net Income	Earnings Per Share
Chin-Poon Industrial Co., Ltd. (NT$)	3,974,954	21,668,675	6,397,389	15,271,286	14,039,867	-95,553	337,782	0.85
Vega International Enterprise Co.,LTD (US$)	131,243	245,642	-	245,642	-	-	2,352	0.02
Chin Poon Holdings Cayman Limited (US$)	92,354	245,585	405	245,180	0	-22	2,352	0.03
Chin-Poon (Changshu) Electronics Co., Ltd. (RMB)	864,973	2,021,996	648,119	1,373,876	1,552,535	-15,396	13,188	Note 1
Draco PCB Public Co. Ltd.(THB)	672,115	2,152,872	674,116	1,478,756	2,065,207	-29,564	-44,536	-0.07

Note 1: The Company is a limited Company with no calculation of earnings per share.

8.1.7 Consolidated Business Report of the Affiliates and Consolidated Financial Statements of the Affiliates:

The Company's affiliates who shall be included in its consolidated financial statements of 2021 (from January 1, 2021 to December 31, 2021) in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as its affiliates who shall be included in its consolidated financial statements of 2021 in accordance with “IFRS 10 Consolidated Financial Statements” recognized by Financial Supervisory Commission. And the relevant information which should be disclosed in the consolidated financial statements of the affiliates has been disclosed in the consolidated financial statements, so no separate consolidated financial statements of the affiliates will be prepared.

8.1.8 Affiliation Report: Not applicable.

8.2 Private Placement of Securities: None.

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

8.4 Other Supplementary Information: None.

9. Matters that have a significant impact on shareholders' equity or the price of the Company’s securities in the most recent year and up to the date of publication of the annual report, if there is any significant impact on shareholders' equity or securities price as stipulated in Article 36.3.2 of the Securities Exchange Act, it shall be specified item by item:

None

Appendix 1

Chin-Poon Industrial Co., Ltd.
Statement of Internal Control System

Date: March 14, 2022

Based on the findings of a self-assessment, Chin-Poon Industrial Co., Ltd. states the following with regard to its internal control system during the year 2021:

1. Chin-Poon's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets, etc.), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Chin-Poon takes immediate remedial actions in response to any identified deficiencies.
3. Chin-Poon evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.

4. Chin-Poon has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

5. Based on the findings of such evaluation, Chin-Poon believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries) which has provided reasonable assurance over our operational

effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

6. This Statement is an integral part of Chin-Poon's annual report for the year 2021 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This statement was passed by the board of directors on March 14, 2022, with none of the nine attending directors expressing dissenting opinions and with the remainder of them all affirming the content of this Statement.

Chin-Poon Industrial Co., Ltd.

Chairperson: Yu-Chih Tseng-Liu

CEO: Alan Hwang

CHIN-POON INDUSTRIAL CO., LTD.

Chairperson: Yu-Chih Tseng-Liu