



Stock Code: 4942

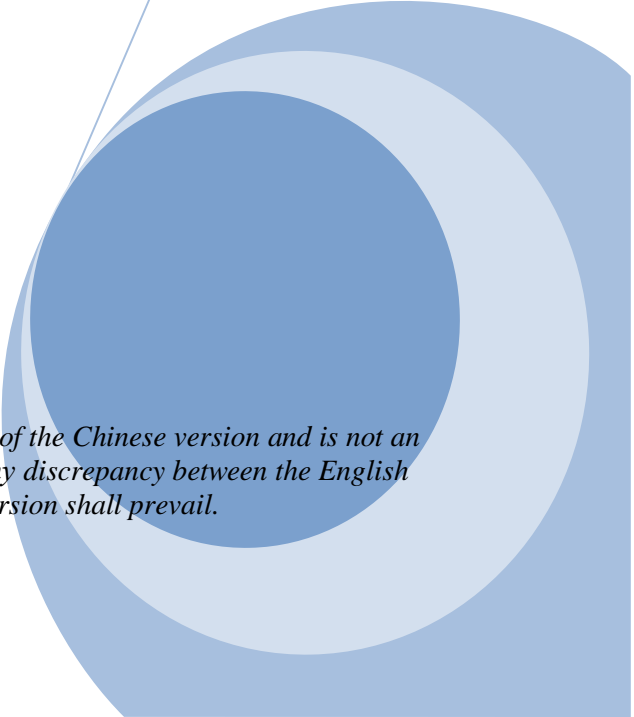
# **Chia Chang Co., Ltd. 2021 Annual Report**



**Market Observation Post System**  
**Website: <http://mops.twse.com.tw>**  
**Website: <http://www.chiachang.com>**  
**Publish Date: May 13, 2022**

#### *Notice to readers*

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.*



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V. Overseas Listings and Access to the Listing Information: None.

VI. Website: <http://www.chiachang.com>

**Chia Chang Co., Ltd.**  
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## Chapter I Report to Shareholders

Dear Shareholders:

Thanks to all shareholders for the support and care to Chia Chang in the past year. We are deeply grateful. With the changes in the external environment, 2021 was a year full of challenges for the overall operation, but the Company still made outstanding achievements. The Company's 2021 operation results and prospects are as follows.

### Business results

Though the 2021 global economy was affected by factors such as the COVID-19 epidemic, shortages of semiconductors and other components, challenges in shipping and logistics, and rising raw material prices, both revenue and profit have grown with the continued business opportunities of working from home (WFH), distance education and changes in lifestyles where a new demand and trend of WFH economic was created, coupled with the Company's appropriate cost management and improved production efficiency.

The Company's consolidated revenue in 2021 was approximately NTD8.718 billion, an annual increase of 20% compared to the consolidated revenue of NTD7.263 billion in 2020. In profit performance, the consolidated net profit after tax in 2021 was NTD908 million, of which the net profit attributable to the owners of the parent company amounted to NTD909 million, and the earnings per share was NTD6.38, an increase of 34% compared with the consolidated net profit after tax of NTD676 million in 2020, of which the net profit attributable to the owners of the parent company was NTD677 million, and the earnings per share was NTD4.76.

### The prospect

Though the global epidemic has not been resolved, the impact on the economy has gradually faded as countries have been vaccinated. The global economy will face new post-epidemic challenges such as high international inflation, changes in the monetary policies of central banks, and changes in US-China relations, resulting in demand fluctuation in end-user products.

For the coming year, although there are uncertainties in the overall global economy and the epidemic, we expect to accelerate in digital automation, build a corporate technical service image, improve business performance, increase the profits of the group, and implement corporate sustainability.

## Regulatory environment

The regulatory environment is increasingly focusing on the corporate governance. Enterprises are part of the global citizens; Chia Chang pursues sustainable development and continues to pay attention to environmental protection (green supply chain management), social welfare (blood donation, autism association services), taking care of employees and other matters, fulfilling corporate social responsibility, and creating shared value.

We thank all the shareholders for your trust and support in Chia Chang. We are confident in Company's prospects and look forward to maintaining long-term relationships with all shareholders to create a prosperous future.

I wish you good health and all the best!

Sincerely, Kuei-Hsiu Sung, Chairman and President

## Chapter II Company Profile

### I. Date of Establishment: September 9, 1985

### II. Company history

1985	Chia Chang was founded to produce hardware parts on Fuying Rd, Xinzhuang Dist., with a paid-in capital of NTD5 million.
1991	<ol style="list-style-type: none"> <li>1. A cash capital increase of NTD15 million to expand operation scale.</li> <li>2. The factory was moved to Dafeng Street, Luzhu District, Nankan to produce hardware parts, molds, and computer-related products.</li> </ol>
1995	<ol style="list-style-type: none"> <li>1. A cash capital increase of NTD20 million where the paid-in capital after the increase was NTD40 million.</li> <li>2. ISO 9002:1994 Certified.</li> </ol>
2001	<ol style="list-style-type: none"> <li>1. A cash capital increase of NTD159 million where the paid-in capital after the increase was NTD199 million.</li> <li>2. Established Chia Chang Technology (Suzhou) Co., Ltd. to produce hardware parts, molds, computer-related products, etc.</li> </ol>
2003	A cash capital increase of NTD7.235 million with earnings converted into a capital increase of NTD32.565 million. The paid-in capital after the increase was NTD239 million.
2004	Established Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd. to produce hardware parts, molds, computer-related products, etc.
2006	<ol style="list-style-type: none"> <li>1. Relocated the factory to Section 2, Nanshan Rd, Luzhu Dist., Nankan to expand the business to produce hardware parts, molds, computer optoelectronic products, etc.</li> <li>2. Established Ningbo Chia Chang Electronic Hardware Co., Ltd. to produce hardware parts, molds, computer-related products, etc.</li> <li>3. A cash capital increase of NTD54.4 million where the paid-in capital after the increase was NTD293 million.</li> <li>4. The general management division was established to carry out group integration.</li> <li>5. ISO 9001:2000 Certified.</li> </ol>
2007	<ol style="list-style-type: none"> <li>1. A cash capital increase of NTD329 million where the paid-in capital after the increase was NTD623 million.</li> <li>2. Established Quan Rui (Dong Guan) Industrial Co., Ltd. to produce hardware parts, molds, computer-related products, etc.</li> </ol>
2008	<ol style="list-style-type: none"> <li>1. A capital increase of NTD311 million with earning converted into capital increase and the paid-in capital after the increase was NTD934 million.</li> <li>2. Established Chia Development Co., Ltd. to engage in new business development and reinvestment.</li> </ol>
2009	<ol style="list-style-type: none"> <li>1. A capital increase with earnings and employee stock option conversion of NTD141 million where the paid-in capital after the increase was NTD1.075 billion.</li> <li>2. ISO 9001:2008 certified, ISO 14001:2004 Environmental management system and OHSAS 18001:2007 Occupational Health and Safety Management Systems.</li> </ol>

2010	<ol style="list-style-type: none"> <li>1. A capital increase with earnings and employee stock option conversion of NTD243 million where the paid-in capital after the increase was NTD1.318 billion.</li> <li>2. Carried out supplemental public issuance and listed on Emerging Market.</li> <li>3. Won the “Deloitte Technology Fast 500 Asia Pacific” Award.</li> </ol>
2011	<ol style="list-style-type: none"> <li>1. Established Nanjing Chia-Chan Precious Electronics Co., Ltd. to produce optoelectronic hardware parts and molds for IT and communications.</li> <li>2. Established Suzhou Jiadian Precise Metal Electronic Co., Ltd. to produce precision hardware parts and molds for IT.</li> <li>3. Established Energy Magic Co., Ltd. to engage in product R&amp;D.</li> <li>4. Listed on TWSE with a cash capital increased of NTD139.9 million where the paid-in capital after the increase was NTD1.458 billion.</li> <li>5. A capital increase with earnings and employee stock option conversion of NTD67 million where the paid-in capital after the increase was NTD1.525 billion.</li> </ol>
2012	<ol style="list-style-type: none"> <li>1. Established Chia Chang (Foshan) Industrial Co., Ltd. to produce optoelectronic hardware parts and molds for IT and communications.</li> <li>2. A capital increase with employee stock options conversion of NTD0.855 million and the paid-in capital after the capital was NTD1.526 billion.</li> </ol>
2013	<ol style="list-style-type: none"> <li>1. Established Landmark Development Co., Ltd. to engage in lighting R&amp;D, business expansion, and market development.</li> <li>2. Reduced the capital by cancellation of treasury shares by NTD2.58 million and the paid-in capital after the reduction was NTD1.523 billion.</li> </ol>
2014	Established Chia Chang Trading (Foshan) Co., Ltd. to engage in the sales of 3C products related accessories.
2015	Reduced the capital by cancellation of treasury shares by NTD31 million and the paid-in capital after the reduction was NTD1.492 billion.
2016	<ol style="list-style-type: none"> <li>1. Reduced the capital by cancellation of treasury shares by NTD30 million and the paid-in capital after the reduction was NTD1.462 billion.</li> <li>2. Reduced the capital by cancellation of treasury shares by NTD38 million and the paid-in capital after the reduction was NTD1.424 billion.</li> <li>3. ISO/TS16949:2009 International Automotive Quality Management System certified.</li> <li>4. Established Chia Chang (Japan) Co., Ltd. to engage in the sales of 3C products related accessories.</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. Established Chia Chang Technology (Chong Qing) Co., Ltd. to produce and sell IT, optoelectronic metal stamping parts.</li> <li>2. Suzhou Jiadian Precise Metal Electronic Co., Ltd. was cancelled and withdrawn in November 2017.</li> </ol>

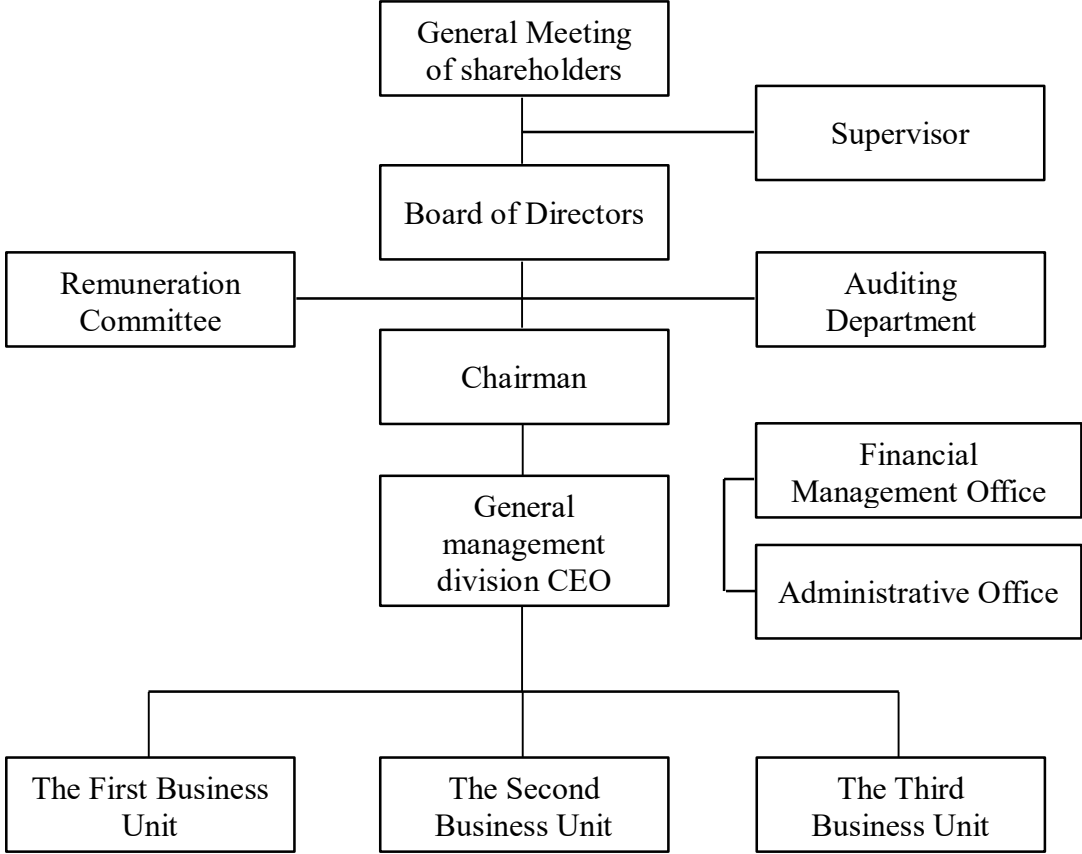


2018	<ol style="list-style-type: none"> <li>1. Sold 51% equity of Chia Chain Precious Hardware &amp; Electronics (Suzhou) Co., Ltd. held by Chiapex Holding Limited to a non-related person in January.</li> <li>2. 100% equity of Landmark Development Co., Ltd. was disposed of in February, and the letter of approval of amendment registration was obtained in February.</li> <li>3. Chia Chang Trading (Foshan) Co., Ltd. was cancelled in November 2018 and withdrawn in March 2019.</li> </ol>
2021	Chia Chang (Foshan) Industrial Co., Ltd. was cancelled and withdrawn in January 2021.
2022	Quan Rui (Dong Guan) Industrial Co., Ltd. was cancelled and withdrawn in April 2022.

Chapter III Corporate Governance

I. Organizational structure

(I) Organization structure



(II) Business affairs operated by the key departments

Department	Main Business Content	
General Management Division	Formulation and performance management of Group's business strategies, strategic planning and formulation, business objectives and methods	
Administrative Office	Operation such as planning and management of procurement system, IT system evaluation planning and management (software and hardware), establishment and implementation of HR planning and administrative system, public relations and legal affairs, environmental pollution monitoring, prevention of occupational safety and accident.	
Financial Management Office	Budgeting, tax, accounting, and stock affairs planning and management, capital allocation, financing management, planning and accounting, handling of financial reports, establishment planning, evaluation and execution of investee companies.	
The First Business Unit	Metal stamping business development and planning, product development and planning, post-investment management, target planning and execution, product manufacturing R&D, customer service, sales and payment planning and management, product defective handling, after-sales service.	Taiwan Chia Chang, Chia Development
The Second Business Unit	Metal stamping market development and planning, target planning and execution, product manufacturing R&D, customer service, sales and payment planning and management, product defective handling, after-sales service.	Suzhou Chia Chang, Nanjing Chia Chan and Chongqing Chia Chang
The Third Business Unit	Metal stamping market development and planning, target planning and execution, customer service, sales and payment planning and management, product development and manufacturing, product defective handling, after-sales service.	Ningbo Chia Chang, Dongguan Quan Rui
Auditing Department	Responsible for the assessment of the integrity of the internal control system and various specifications, check the status and effectiveness of internal control operation, measure the implementation results of each department, and provide improvement suggestions in a timely manner to promote effective operation.	

II. Background information of Directors, Supervisor, President, Vice Presidents, Assistant Managers, and the heads of various departments and branches

(I) Information of the directors and supervisors

1. Information of the directors and supervisors

April 24, 2022 Unit: shares; %

Title	Nationality and Registry	Name	Gender Age	Date Elected	Term	Date first elected	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Chairman	Republic of China	Kuei-Hsiu Sung	Male/ Age 61-70	2019.06.24	3	2013.06.14	6,296,338	4.42	6,296,338	4.42	2,052,622	1.44	—	—	EMBA, National Yang Ming Chiao Tung University President of Chia Chang Co., Ltd.	President of Chia Chang Co., Ltd. The juristic-person director representative of Chia Chang Technology (Suzhou) Co., Ltd. The juristic-person director representative/ Charmian of Ningbo Chia chang Electronics Hardware Co., Ltd. The juristic-person director representative/ Charmian of Quan Rui (Dong Guan) Industrial Co., Ltd. The juristic-person director representative/ Chairman/ President of Chia Development Co., Ltd. The juristic-person director representative of Nanjing Chia-Chan Precious Electronics Co., Ltd. The juristic-person director representative/ Charmian of Chia Chang Technology (Chong Qing) Co., Ltd. The juristic-person director representative/ Charmian of Chia Corporation The juristic-person director representative/Charmian of Huge Line International Limited The juristic-person director	Director	Chang-Hai Chen	Marital	Note 1
																	Vice President	Li-Chen Huang	Marital	
																	Deputy Assistant General Manager	Yung-Ming Sung	Father and son	

Title	Nationality and Registry	Name	Gender Age	Date Elected	Term	Date first elected	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Director	Republic of China	Yung Hsiang Investment Co., Ltd.	—	2019.06.24	3	2010.06.29	13,438,441	9.44	13,438,441	9.44	—	—	—	—	—	representative/ Charmian of Chia-Rui Holding Limited	—	—	—	
Juristic-person director representative	Republic of China	Chang-Hai Chen	Male/ Age 71-80	2019.06.24	3	2010.06.29	2,506,815	1.76	2,716,815	1.90	1,554,686	1.09	—	—	MBA, China University of Technology Founder/ President of Chia Chang Co., Ltd.	The juristic-person director representative/ Charmian of Chia Chang Technology (Suzhou) Co., Ltd. The juristic-person director representative/ Charmian of Nanjing Chia-Chan Precious Electronics Co., Ltd. The juristic-person director representative/ Charmian/ President of Energy Magic Co., Ltd. The juristic-person director representative of Chia Development Co., Ltd. The juristic-person director representative/ Charmian of Tarcoola Trading Limited The juristic-person director representative/ Charmian of Chiapex Holding Limited The juristic-person director representative of Top Taiwan IX Venture Capital Co., Ltd.	Chairman	Kuei-Hsiu Sung	Marital	
																	Vice President	Li-Chen Huang	Spouse	
																	Vice President	Huoo-Hsin Chen	Brothers	
																	Vice President	Tz-Shiuan Chen	Father and son	
Director	Republic of China	Tsai-Ho Lu	Male/ Age 61-70	2019.06.24	3	2016.06.27	147,850	0.10	147,850	0.10	57,000	0.04	—	—	Taipei Municipal Daan Vocational High School President of Chia Chang Technology (Suzhou) Co., Ltd. President of Guanyong Co. Ltd.	Advisory of Chia Chang Co. Ltd. The juristic-person director representative of Chia Development Co., Ltd.	—	—	—	

Title	Nationality and Registry	Name	Gender Age	Date Elected	Term	Date first elected	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Director	Republic of China	Tien-Hao Wang	Male/ Age 51-60	2020.06.15	2	2015.05.06	—	—	—	—	—	—	—	—	Master of Electrical Engineering, University of Southern California Bachelor of Electrical Engineering, National Tsing Hua University Deputy Assistant General Manager/Vice President of Wk Technology Fund Ltd. Executive Assistant to the President of First International Computer Inc. Vice President of Guang Peng Technology Co., Ltd. Director of Lite-On Technology Corp. Manager/Senior Manager of Technology Associates Corp.	Board Director/Senior Deputy General Manager of Wk Innovation Ltd. Chairman of Foxfortune Technology III Ventures Limited Chairman of Foxfortune Technology II Ventures Limited Chairman of Foxfortune Technology V Ventures Limited Chairman of Foxfortune Technology VI Ventures Limited Director of Alcorlink Corp. Director of TaiTien Electronics Co., Ltd. The juristic-person director representative of General Life Biotechnology Co., Ltd. Independent Director of Fositek Corp. Independent Director of Jet Optoelectronics Co., Ltd. Director of Asia Renewable Energy (Cayman) Ltd. Supervisor of Corex Materials Corp.	—	—	—	
Independent Director	Republic of China	Teh-Jung Kao	Male/ Age 61-70	2019.06.24	3	2010.06.29	—	—	—	—	—	—	—	—	Accounting Department, National Cheng Kung University Manager of Accounting Department of PHILIPS Taiwan Limited Senior Vice President/ CFO of	Advisory of Aqusen Technology Co., Ltd.	—	—	—	

Title	Nationality and Registry	Name	Gender Age	Date Elected	Term	Date first elected	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
														Primax Electronics Ltd. Chairman of PreVision Technology Ltd. Senior Vice President/ Group CFO of Taiwan Cement Corp. Independent Director of CoAdna Holdings, Inc. Member of Remuneration Committee of Microlife Corp. Independent Director of LuxNet Corp. Independent Director of Continental Holdings Corp.						
Independent Director	Republic of China	Ping-Kuen Chen	Male/ Age 61-70	2019.06.24	3	2016.06.27	—	—	—	—	2,000	—	—	—	Department of Mechanical Engineering, Tamkang University Chairman of Huan Hower Enterprise Co., Ltd.	Chairman of Huan Hower Enterprise Co., Ltd. Director of Tien Liang Biotech Co., Ltd.	—	—	—	

Title	Nationality and Registry	Name	Gender Age	Date Elected	Term	Date first elected	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Independent Director	Republic of China	Jui-Hsin Lin	Male/ Age 61-70	2019.06.24	3	2011.06.28	—	—	—	—	—	—	—	—	Accounting Department, Tunghai University Vice President of Softstar Entertainment Inc. CFO of G.M.I. Technology Inc. Independent Director of HCJ Technology Co., Ltd.	Partner Accountant of Cheng Yang Certified Public Accountant Responsible Person of Cheng Yang Management Company Limited Independent Director of ETREND Hightech Corp.	—	—	—	
Supervisor	Republic of China	Chyan Yang	Male/ Age 71-80	2019.06.24	3	2010.06.29	—	—	—	—	—	—	—	—	PhD in Computer Science, University of Washington Chief Executive of EMBA of National Yang Ming Chiao Tung University Director of the Institute of Business and Management, National Yang Ming Chiao Tung University Dean of the College of Management, National Yang Ming Chiao Tung University	Independent Director of Aspeed Technology Inc. Independent Director of Acter Group Corporation Limited Independent Director of Associated Industries China, Inc. Independent Director of Mars Semiconductor Corp.	—	—	—	
Supervisor	Republic of China	Yung Yu Investment Co., Ltd.	—	2019.06.24	3	2010.09.16	1,574,410	1.11	1,574,410	1.11	—	—	—	—	—	—	—	—	—	



Title	Nationality and Registry	Name	Gender Age	Date Elected	Term	Date first elected	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
The juristic-person supervisor representative	Republic of China	Hsiu-Yi Lin	Female / Age 41-50	2021.10.26	1	2021.10.26	—	—	—	—	—	—	—	—	LLB, National Taiwan University LLM, University of Illinois College of Law EMBA, National Chiao Tung University Attorney Qualification of Republic of China Attorney of Tsar and Tsai Law Firm Attorney/ Senior Attorney/ Lawyer Consultant of Lee and Li, Attorneys-at-Law Integrated Partner of Tsar and Tsai Law Firm	Attorney-in-Chief of Era International Law Firm Supervisor of Chinese Professional Management Association of Hsinchu	—	—	—	
Supervisor	Republic of China	Mei-Cheng Peng	Male/ Age 61-70	2019.06.24	3	2016.06.27	486,326	0.34	486,326	0.34	—	—	—	—	Department of Mechanical Engineering, Chinese Cultural University President, Kepro International Co., Ltd. Sales Manager of Kai Shi Co. Ltd	Chairman of Kepro International Co., Ltd. Chairman of Shin Com Technology Co., Ltd. The juristic-person supervisor representative of Kepro Development Inc. The juristic-person director representative of Chia Development Co., Ltd. The juristic-person supervisor representative of Nanjing Chia-chan Precision Electronics Co., Ltd. The juristic-person supervisor representative of Chia Chang Technology (Suzhou) Co., Ltd. The juristic-person supervisor representative of Ningbo Chia Chang Electronic Hardware	—	—	—	

Title	Nationality and Registry	Name	Gender Age	Date Elected	Term	Date first elected	Shares at Election		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in the Company and in other companies	Spouse or relatives of second degree or closer acting as department heads, directors or supervisor			Remark
							Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
																Co., Ltd. The juristic-person supervisor representative of Quan Rui (Dong Guan) Industrial Co., Ltd. Director of Cold Spring Biotech Corp. The juristic-person director representative of Geniron Technology Co., Ltd.				

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase the number of independent directors and no more than half of the directors are employees or managers).

The Chairman and President of the Company are the same person, and he uses his experience and insight to lead the team and provide guidance to the Company's future direction to improve the business performance of the team. The Company has 7 directors, 3 of which are independent directors, accounting for 43% of all directors. In addition, more than half of the directors do not serve as employees or managerial officers.

At present, the Company has the following specific measures:

1. The 3 independent directors are specialized respectively in financial accounting and industrial fields and can effectively exert their supervisory functions.
2. Every year, directors will participate in professional director courses of external organizations such as the Securities and Futures Institute to enhance the operational efficiency of the Board of Directors.
3. Independent directors have good communication with the internal audit supervisor and accountants and can discuss and put forward suggestions at the board meeting for the directors to implement corporate governance.
4. More than half of the board members are not employees or managerial officers.

2. Major Shareholders of Corporate Shareholders

December 31, 2021

Corporate Shareholder Name	Major Shareholders of Corporate Shareholders	Ratio of Shareholding
Yung Hsiang Investment Co., Ltd.	Li-Chen Huang	29.60%
	Tz-Shiuan Chen	25.25%
	Szu-Chia Chen	21.35%
	Li-Li ChenHuang	9.95%
	Wei-Leng Chen	5.00%
	Wei-Chen Chen	3.85%
	Chang-Hai Chen	2.50%
	Mei-Li Chen	2.50%
Yung Yu Investment Co., Ltd.	Ke Ya Investment Co., Ltd.	51.00%
	Chia Ke Investment Co., Ltd.	24.00%
	Chao Feng Investment Co., Ltd.	15.00%
	Chih-Cheng Tu	7.50%
	Chih-Heng Tu	2.50%

3. Major shareholder(s) where the major shareholder of the juristic is a juristic person

December 31, 2021

Name of corporate shareholder	Major shareholder of juristic-person	Ratio of Shareholding
Ke Ya Investment Co., Ltd.	Cheng Chun Yun Investment Ltd.	24.17%
	Tung Ning Investment Ltd.	24.17%
	Ten Tung Investment Ltd.	24.17%
	Chia Ke Investment Co., Ltd.	24.17%
	Chan Chen Investment Ltd.	3.32%
Chia Ke Investment Co., Ltd.	Chang-Hai Chen	26.54%
	Li-Ying Huang	14.92%
	Hung-Jen Chen	8.35%
	Ke Ya Investment Co., Ltd.	7.90%
	Ssu-Wei Chen	5.00%
	Tz-Shiuan Chen	5.00%
	Mei-Li Chen	5.00%
	Wei-Chen Chen	5.00%
	Wei-Leng Chen	5.00%
	Ya-Peng Chang	4.25%
Chao Feng Investment Co., Ltd.	Mei-Tuan Wang	13.30%
	Jung-Chih Yu	13.00%
	Ching-Yuan Yu	11.70%
	Chuan-Ming Yu	11.70%
	Chu-Fa Hsu	7.15%
	Chun-Ting Yi	6.90%
	Chi-Chien Tsou	6.00%
	Chiu-Chin Yu	6.00%
	Shu-Tsai Hsu	5.48%
	Ying-Ying Huang	3.99%

4. Disclosure of report and Supervisor professional qualification of the directors and independence of directors

Qualification Name	Professional qualification and experience	Compliance of independence	Number of positions as an Independent Director in other public listed companies
Director: Kuei-Hsiu Sung	EMBA, National Chiao Tung University, currently the Chairman of Chia Chang Co., Ltd. Possess business management/leadership decision-making/industry knowledge.	Not Applicable	0
Directors: Yung Hsiang Investment Co., Ltd. Representative: Chang-Hai Chen	MBA, China University of Technology, Founder of Chia Chang Co., Ltd. Possess business management/leadership decision-making/industry knowledge.	Not Applicable	0
Director: Tsai-Ho Lu	Mechanical Engineering, Taipei Municipal Daan Vocational High School, currently a director of Chia Chang Co. Ltd. Possess business management/industry knowledge/technology research experience.	Not Applicable	0
Director: Tien-Hao Wang	Master of Electrical Engineering, University of Southern California, currently Director/Senior Deputy Vice President of WK Innovation. Possess technology industry/financial investment experience.	Not Applicable	2

Qualification Name	Professional qualification and experience	Compliance of independence	Number of positions as an Independent Director in other public listed companies
Independent Director: Teh-Jung Kao	Department of Accountancy, National Cheng Kung University, former Manager of the Accounting Department at PHILIPS Taiwan Limited and Senior Vice President/ Group CFO of Taiwan Cement Corp. Posses accounting expertise/tech industry experience.	All independent directors are in compliance with the following conditions: The independent directors, their spouses, and relatives within the second degree of kinship do not serve as directors, supervisors or employees of the Company or affiliated companies; except for the spouse of independent director Ping-Kuen Chen who holds 2,000 common shares (0%) of the Company, the other independent directors, their spouses, relatives within the second degree of kinship (or under the name of another) do not hold shares of the Company; do not serve as a director, supervisor or employee of a company that has a specific relationship with the Company; have not provided commercial, legal, financial, accounting or related services to the company or any	0
Independent Director: Ping-Kuen Chen	Department of Mechanical Engineering, Tamkang University, currently the Chairman of Huan Hower Enterprise Co., Ltd. Possess business management/leadership decision-making skills.		0
Independent Director: Jui-Hsin Lin	Accounting Department, Tunghai University, currently a partner accountant of Cheng Yang Certified Public Accountants. Possess professional accounting knowledge/financial investment experience.		1

Qualification Name	Professional qualification and experience	Compliance of independence	Number of positions as an Independent Director in other public listed companies
		affiliate of the company for which the provider in the past 2 years has received cumulative compensation	
Supervisor: Chyan Yang	Ph.D. in Computer Science, University of Washington, currently an independent director of ASPEED Technology Inc. Former EMBA Chief Executive of National Chiao Tung University. Possess knowledge and experience in the technology industry.	Not Applicable	4
Supervisor: Yung Yu Investment Co., Ltd. Representative: Hsiu-Yi Lin	EMBA, National Chiao Tung University, currently the Attorney-in-Chief of Era International Law Firm. Possess legal expertise and experience in the technology industry.	Not Applicable	0
Supervisor: Mei-Cheng Peng	Department of Mechanical Engineering, Chinese Cultural University, currently the Chairman of Kepro International Co., Ltd. Possess business management /leadership decision-making/ technology industry experience	Not Applicable	0

Note 1: The directors and supervisor of the Company does not meet any descriptions stated in Article 30 of The Company Act.

Note 2: Please refer to the Information of Directors and Supervisors for the complete experience and current positions.

5. Diversity and Independence of Board of Directors

(1) Board member diversification

According to the Company's "Corporate Governance Best Practice Principles", the composition of the Board of Directors should consider diversity except that director who also serve as managerial officers of the Company should not exceed one-third of the number of directors. They should also formulate appropriate plans based on the operation, business model and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

- ① Basic requirements and values: Gender, age, nationality, and culture.
- ② Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.

(2) Independence of board of directors

The Company has 7 directors, 3 of which are independent directors where the ratio of independent directors is 43%.

Except for Director Kuei-Hsiu Sung and Director Chang-Hai Chen who are within the second degree of kinship, there is no spouse or kinship within the second degree between the directors and supervisors.

The Board of Directors guides the Company's operation strategies, supervises, and evaluates the performance of the management team, and is responsible to the Company and shareholders. The Board of Directors exercises its powers in accordance with laws, Company Articles of Association, and resolutions of shareholders' meetings for items under the corporate governance system. The Board of Directors emphasizes the functions of independent operation and transparency where the directors and independent directors are independent individuals exercising their powers independently to ensure the Board of Directors of the Company is independent.

(II) Background information of President, Vice Presidents, Assistant Managers, and the heads of various departments and branches

April 24, 2022 Unit: shares; %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
CEO and President of the First Business Group Unit	Republic of China	Kuei-Hsiu Sung	Male	2010.08.31	6,296,338	4.42	2,052,622	1.44	—	—	EMBA, National Yang Ming Chiao Tung University President of Chia Chang Co., Ltd.	President of Chia Chang Co., Ltd.	Vice President	Li-Chen Huang	Marital	Note 2
												The juristic-person director representative of Chia Chang Technology (Suzhou) Co., Ltd. The juristic-person director representative/ Charmian of Ningbo Chia chang Electronics Hardware Co., Ltd. The juristic-person director representative/ Charmian of Quan Rui (Dong Guan) Industrial Co., Ltd. The juristic-person director representative/ Charmian/ President of Chia Development Co., Ltd.	Deputy Assistant General Manager	Yung-Ming Sung	Father and son	



Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
												<p>The juristic-person director representative of Nanjing Chia-Chan Precious Electronics Co., Ltd.</p> <p>The juristic-person director representative/ Charmian of Chia Chang Technology (Chong Qing) Co., Ltd.</p> <p>The juristic-person director representative/ Charmian of Chia Corporation</p> <p>The juristic-person director representative/ Charmian of Huge Line International Limited</p> <p>The juristic-person director representative/ Charmian of Chia-Rui Holding Limited</p>				

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
Vice President and President of the Second Business Unit	Republic of China	Huoo-Hsin Chen	Male	2007.06.01	699,323	0.49	—	—	—	—	Department of Industrial Management, Vanung Universal Responsible person of Mingxin Electronics Co., Ltd.	Representative of the juristic-person director/ President of Chia Chang Technology (Suzhou) Co., Ltd. President of Nanjing Chia-Chan Precious Electronics Co., Ltd. Representative of the juristic-person director/ President of Chia Chang Technology (Chong Qing) Co., Ltd.	Vice President	Li-Chen Huang	Marital	
CFO and President of the Third Business Unit	Republic of China	Li-Chuan Cheng	Male	2010.01.01	—	—	461	—	—	—	Department of International Business, Fu Jen Catholic University Accountant of Hongda Certified Public Accountants	CEO of Chia Chang Co. Ltd. The juristic-person supervisor representative of Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd. Representative of the juristic-person director/ President of Quan Rui (Dong Guan) Industrial Co., Ltd. Representative of the juristic-person director/ President of Ningbo Chia chang	—	—	—	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
												Electronics Hardware Co., Ltd. The juristic-person director representative of Chia Development Co., Ltd. Representative of the juristic-person director of Energy Magic Co., Ltd.				
Vice President	Republic of China	Li-Chen Huang	Female	2008.01.01	1,554,686	1.09	2,716,815	1.90	—	—	Accounting and Statistics, Shih Hsin Senior High School Deputy Assistant General Manager, Chia Chang Co., Ltd.	—	CEO and President of the First Business Group Unit	Kuei-Hsiu Sung	Marital	
													Vice President	Huoo-Hsin Chen	Marital	
													Vice President	Tz-Shiuan Chen	Mother and son	
Vice President	Republic of China	Wen-Kung Lee	Male	2008.01.01	5,266	—	—	—	—	—	Department of Mechanical Engineering, Lunghwa University of Science and Technology Deputy Assistant General Manager/ Manager of Chia Chang Co., Ltd. Vice President of Chia Chang	Vice President of Chia Chang Technology (Suzhou) Co., Ltd.	—	—	—	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
											Technology (Suzhou) Co., Ltd. Vice President of Ningbo Chia chang Electronics Hardware Co., Ltd.					
Vice President	Republic of China	Mo-Hua Su	Male	2007.01.20	31,729	0.02	—	—	—	—	Taipei Tech Industrial Engineering of Management Deputy Assistant General Manager of San-Long Plastic Co., Ltd.	Representative of the juristic-person director /Vice President of Chia Chang Technology (Chong Qing) Co., Ltd.	—	—	—	
Vice President	Republic of China	Shang-Hao Cheng	Male	2009.01.01	50,271	0.03	—	—	—	—	Department of Civil Engineering, Chien Hsin University of Science and Technology Deputy Manager of Chia Chang Co., Ltd. Vice President of Quan Rui (Dong Guan) Industrial Co., Ltd. Vice President of Chia Chang (Foshan) Industrial Co., Ltd	Vice President of Ningbo Chia chang Electronics Hardware Co., Ltd.	—	—	—	
Vice President	Republic of China	Chia-Hung	Male	2011.01.01	180	—	—	—	—	—	Mechanical Engineering	—	—	—	—	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
		Kao									Department, National Kaohsiung Institute of Technology Deputy Assistant General Manager/ Manager of Chia Chang Co., Ltd.					
Vice President	Republic of China	Tz-Shiuan Chen	Male	2012.01.01	1,757,217	1.23	492,138	0.34	—	—	Master of Eastern Michigan University Deputy Assistant General Manager/ Manager of Chia Chang Co., Ltd.	The juristic-person director representative/ Chairman of Goldsky Enterprises Limited Representative of the juristic-person director of Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd. Representative of the juristic-person director of Ningbo Chia chang Electronics Hardware Co., Ltd. The juristic-person director representative of Nanjing Chia-Chan Precious Electronics Co., Ltd. The juristic-person supervisor representative of Chia	Vice President	Li-Chen Huang	Mother and son	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
												Chang Technology (Chong Qing) Co., Ltd. The juristic-person supervisor representative of Chia Development Co., Ltd. Representative of the juristic-person director of Top Taiwan VIII Venture Capital Co., Ltd.				
Deputy Assistant General Manager	Republic of China	Shih-Hsiung Lu	Male	2011.08.01	—	—	—	—	—	—	Zhonghe Junior High School Apprentice at Hsing Teh Machinery Co., Ltd. Director of Yong Yi Co., Ltd.	—	—	—	—	
Deputy Assistant General Manager	Republic of China	Yung-Ming Sung	Male	2019.08.06	2,451,411	1.72	131,000	0.09	—	—	University of La Verne, Master of Business Administration Specialist of Kepro International Co., Ltd. Business Specialist of General Management	Executive Assistant to the Chairman's Office at Chia Chang Co., Ltd. Representative of the juristic-person director of Quan Rui (Dong Guan) Industrial Co., Ltd The juristic-person supervisor representative of WK Technology Fund IX	CEO and President of the First Business Group Unit	Kuei-Hsiu Sung	Father and son	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remark
					Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding			Title	Name	Relation	
											Office at Chia Chang Co., Ltd. Deputy Sales Manager of Quan Rui (Dong Guan) Industrial Co., Ltd Deputy Sales Manager of Chia Chang (Foshan) Industrial Co., Ltd Deputy Sales Manager of Chia Chang Technology (Suzhou) Co., Ltd. General Administration Division Sales Manager of Chia Chang Co., Ltd.	Ltd.				

Note 1: Those who are still in office as of the publication date of the annual report.

Note 2: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increase the number of independent directors and no more than half of the directors are employees or managers).

The Chairman and President of the Company are the same person, and he uses his experience and insight to lead the team and provide guidance to the Company's future direction to improve the business performance of the team. The Company has 7 directors, 3 of which are independent directors, accounting for 43% of all directors. In addition, more than half of the directors do not serve as employees or managerial officers.

At present, the Company has the following specific measures:

1. The 3 independent directors are specialized respectively in financial accounting and industrial fields and can effectively exert their supervisory functions.
2. Every year, directors will participate in professional director courses of external organizations such as the Securities and Futures Institute to enhance the operational efficiency of the Board of Directors.
3. Independent directors have good communication with the internal audit supervisor and accountants and can discuss and put forward suggestions at the board meeting for the directors to implement corporate governance.
4. More than half of the board members are not employees or managerial officers.



III. Remuneration to directors, supervisor, president and vice president in the latest year

(I) Remuneration of general directors and independent directors (disclosure of individual names and remuneration methods)

December 31, 2021 Unit: NTD thousand; %

Title	Name	Remuneration to Directors								The sum of A, B, C and D as a percentage of after-tax profit		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit		Remuneration received from the invested companies other than the subsidiaries and the parent company
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Pension (F)		Remuneration to employees (G)						
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies shown in the financial report	
Director	Kuei-Hsiu Sung	-	-	-	-	3,500	3,500	58	58	3,558 0.39	3,558 0.39	8,000	8,000	-	-	-	-	-	-	11,558 1.27	11,558 1.27	None
	Yung Hsiang Investment Co., Ltd.	-	-	-	-	3,500	3,500	-	-	3,500 0.38	3,500 0.38	-	-	-	-	-	-	-	-	3,500 0.38	3,500 0.38	None
	Yung Hsiang Investment Co., Ltd. Representative: Chang-Hai Chen	-	-	-	-	-	-	58	58	58 0.01	58 0.01	-	-	-	-	-	-	-	-	58 0.01	58 0.01	None
	Tsai-Ho Lu	-	-	-	-	1,000	1,000	55	55	1,055 0.12	1,055 0.12	10,650	10,650	108	108	-	-	-	-	11,813 1.30	11,813 1.30	None
	Tien-Hao Wang	-	-	-	-	1,000	1,000	45	45	1,045 0.12	1,045 0.12	-	-	-	-	-	-	-	-	1,045 0.12	1,045 0.12	None
Independent Director	Teh-Jung Kao	240	240	-	-	1,000	1,000	71	71	1,311 0.14	1,311 0.14	-	-	-	-	-	-	-	-	1,311 0.14	1,311 0.14	None
	Jui-Hsin Lin	240	240	-	-	1,000	1,000	64	64	1,304 0.14	1,304 0.14	-	-	-	-	-	-	-	-	1,304 0.14	1,304 0.14	None
	Ping-Kuen Chen	240	240	-	-	1,000	1,000	74	74	1,314 0.14	1,314 0.14	-	-	-	-	-	-	-	-	1,314 0.14	1,314 0.14	None

1. Please describe the remuneration policy, system, standard and structure of independent directors, and describe the linkage to the remuneration amount according to the responsibilities, risks, time, and other factors:  
The remuneration of independent directors of the Company is based on the Company's Articles of Association. The remuneration committee reviews the degree of participation and contribution of each director to the Company's operations, as well as the reasonableness and fairness of performance risks with the remuneration. It also considers the Company's operation performance and the industry-wide value payment before it submits the proposals to the Board of Directors for resolution.
2. Other than those disposed in the Table above, remuneration received by directors in the most recent year for services provided to a company as mentioned in the financial statement (e.g. serving as a consultant to all non-employees of the parent company/companies in the financial report/reinvested enterprises, etc.): None.

Table of salaries scale

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	Total of the aforementioned 4 items (A+B+C+D)		Total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	All companies shown in the financial report (H)	The Company	All companies shown in the financial report (I)
> NTD1,000,000	-	-	-	-
NTD1,000,000 - NTD2,000,000 (exclusive)	Tsai-Ho Lu; Tien-Hao Wang; Teh-Jung Kao; Ping-Kuen Chen; Jui-Hsin Lin	Tsai-Ho Lu; Tien-Hao Wang; Teh-Jung Kao; Ping-Kuen Chen; Jui-Hsin Lin	Tien-Hao Wang; Teh-Jung Kao; Ping-Kuen Chen; Jui-Hsin Lin	Tien-Hao Wang; Teh-Jung Kao; Ping-Kuen Chen; Jui-Hsin Lin
NTD2,000,000 - NTD3,500,000 (exclusive)	-	-	-	-
NTD3,500,000 - NTD5,000,000 (exclusive)	Kuei-Hsiu Sung, Yung Hsiang Investment Co., Ltd. Representative: Chang-Hai Chen	Kuei-Hsiu Sung, Yung Hsiang Investment Co., Ltd. Representative: Chang-Hai Chen	Yung Hsiang Investment Co., Ltd. Representative: Chang-Hai Chen	Yung Hsiang Investment Co., Ltd. Representative: Chang-Hai Chen
NTD5,000,000 - NTD10,000,000 (exclusive)	-	-	-	-
NTD10,000,000 - NTD15,000,000 (exclusive)	-	-	Kuei-Hsiu Sung; Tsai-Ho Lu	Kuei-Hsiu Sung; Tsai-Ho Lu
NTD15,000,000 - NTD30,000,000 (exclusive)	-	-	-	-
NTD30,000,000 - NTD50,000,000 (exclusive)	-	-	-	-
NTD50,000,000 - NTD100,000,000 (exclusive)	-	-	-	-
> NTD100,000,000	-	-	-	-
Total	7	7	7	7

## (II) Remuneration of supervisor (disclosure of individual names and remuneration methods)

December 31, 2021 Unit: NTD thousand; %

Title	Name	Remuneration of supervisor						The sum of A, B and C as a percentage of after-tax profit (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		Remuneration (A)		Remuneration (B)		Fees for services rendered (C)		The Company	All companies shown in the financial report	
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report			
Supervisor	Chyan Yang	240	240	1,000	1,000	45	45	1,285 0.14	1,285 0.14	None
Supervisor	Mei-Cheng Peng	-	-	1,000	1,000	38	38	1,038 0.11	1,038 0.11	None
Supervisor	Yung Yu Investment Co., Ltd.	-	-	1,000	1,000	-	-	1,000 0.11	1,000 0.11	None
	Yung Yu Investment Co., Ltd. Representative: Chin-Te Hsu	-	-	-	-	5	5	5 0.00	5 0.00	None
	Yung Yu Investment Co., Ltd. Representative: Hsiu-Yi Lin	40	40	-	-	10	10	50 0.01	50 0.01	None

Note 1: Chin-Te Hsu was discharged on August 16, 2021

Note 2: Hsiu-Yi Lin took office on October 26, 2021

Table of salaries scale

Remunerations to individual supervisor in respective brackets along the salaries scale	Supervisor	
	Total of the aforementioned 3 items (A+B+C)	
	The Company	All companies shown in the financial report (D)
> NTD1,000,000	-	-
NTD1,000,000 - NTD2,000,000 (exclusive)	Chyan Yang; Mei-Cheng Peng, Yung Yu Investment Co., Ltd. Representative: Chin-Te Hsu, Yung Yu Investment Co., Ltd. Representative: Hsiu-Yi Lin	Chyan Yang; Mei-Cheng Peng, Yung Yu Investment Co., Ltd. Representative: Chin-Te Hsu, Yung Yu Investment Co., Ltd. Representative: Hsiu-Yi Lin
NTD2,000,000 - NTD3,500,000 (exclusive)	-	-
NTD3,500,000 - NTD5,000,000 (exclusive)	-	-
NTD5,000,000 - NTD10,000,000 (exclusive)	-	-
NTD10,000,000 - NTD15,000,000 (exclusive)	-	-
NTD15,000,000 - NTD30,000,000 (exclusive)	-	-
NTD30,000,000 - NTD50,000,000 (exclusive)	-	-
NTD50,000,000 - NTD100,000,000 (exclusive)	-	-
> NTD100,000,000	-	-
Total	3	3

## (III) Remuneration of President and Vice President (with the name(s) indicated for each remuneration range)

December 31, 2021 Unit: NTD thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc. (C)		Remuneration to employees (D)				The sum of A, B, C and D as a percentage of after-tax profit (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company		All companies shown in the financial report		The Company	All companies shown in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Kuei-Hsiu Sung	2,400	2,400	-	-	5,600	5,600	-	-	-	-	8,000 0.88	8,000 0.88	None
Vice President	Li-Chuan Cheng	1,820	1,820	108	108	4,875	4,875	4,575	-	4,575	-	11,378 1.25	11,378 1.25	None
Vice President	Huoo-Hsin Chen	1,514	2,037	90	90	2,155	8,866	2,155	-	2,155	-	5,915 0.65	13,149 1.45	None
Vice President	Wen-Kung Lee	1,272	1,794	76	76	2,670	10,957	2,670	-	2,670	-	6,687 0.74	15,497 1.71	None
Vice President	Shang-Hao Cheng	1,239	1,605	73	73	1,125	4,887	1,125	-	1,125	-	3,562 0.39	7,690 0.85	None
Vice President	Li-Chen Huang	4,525	5,050	273	273	3,003	6,288	2,723	-	2,723	-	10,524 1.16	14,334 1.57	None
Vice President	Mo-Hua Su													
Vice President	Chung-Yuan Wu													

Note 1: Chung-Yuan Wu was discharged on November 30, 2021

Table of salaries scale

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company	All companies shown in the financial report (E)
> NTD1,000,000	-	-
NTD1,000,000 - NTD2,000,000 (exclusive)	Chung-Yuan Wu	Chung-Yuan Wu
NTD2,000,000 - NTD3,500,000 (exclusive)	Mo-Hua Su	-
NTD3,500,000 - NTD5,000,000 (exclusive)	Shang-Hao Cheng	-
NTD5,000,000 - NTD10,000,000 (exclusive)	Kuei-Hsiu Sung; Huoo-Hsin Chen; Li-Chen Huang; Wen-Kung Lee	Kuei-Hsiu Sung; Li-Chen Huang; Mo-Hua Su; Shang-Hao Cheng
NTD10,000,000 - NTD15,000,000 (exclusive)	Li-Chuan Cheng	Li-Chuan Cheng; Huoo-Hsin Chen
NTD15,000,000 - NTD30,000,000 (exclusive)	-	Wen-Kung Lee
NTD30,000,000 - NTD50,000,000 (exclusive)	-	-
NTD50,000,000 - NTD100,000,000 (exclusive)	-	-
> NTD100,000,000	-	-
Total	8	8

## (IV) Individual remuneration paid to each of its top five management personnel (disclosure of individual names and remuneration methods)

December 31, 2021 Unit: NTD thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and allowances etc. (C)		Remuneration to employees (D)				The sum of A, B, C and D as a percentage of after-tax profit (%)		Remuneration received from the invested companies other than the subsidiaries and the parent company
		The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report	The Company		All companies shown in the financial report		The Company	All companies shown in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Kuei-Hsiu Sung	2,400	2,400	-	-	5,600	5,600	-	-	-	-	8,000 0.88	8,000 0.88	None
Vice President	Li-Chuan Cheng	1,820	1,820	108	108	4,875	4,875	4,575	-	4,575	-	11,378 1.27	11,378 1.27	None
Vice President	Huoo-Hsin Chen	1,514	2,037	90	90	2,155	8,866	2,155	-	2,155	-	5,915 0.65	13,149 1.45	None
Vice President	Wen-Kung Lee	1,272	1,794	76	76	2,670	10,957	2,670	-	2,670	-	6,687 0.74	15,497 1.17	None
Vice President	Shang-Hao Cheng	1,239	1,605	73	73	1,125	4,887	1,125	-	1,125	-	3,562 0.39	7,690 0.85	None

## (V) Name of the managers received remuneration and the distribution of remuneration

December 31, 2021 Unit: NTD thousand

	Title	Name	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Manager	President	Kuei-Hsiu Sung	-	19,056	19,056	2.10
	Vice President	Li-Chuan Cheng				
	Vice President	Huoo-Hsin Chen				
	Vice President	Li-Chen Huang				
	Vice President	Wen-Kung Lee				
	Vice President	Mo-Hua Su				
	Vice President	Shang-Hao Cheng				
	Vice President	Chung-Yuan Wu				
	Deputy Assistant General Manager	Chia-Hung Kao				
	Deputy Assistant General Manager	Shih-Hsiung Lu				
	Deputy Assistant General Manager	Tz-Shiuan Chen				
	Deputy Assistant General Manager	Yung-Ming Sung				

Note 1: Chung-Yuan Wu was discharged on November 30, 2021

(VI) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the last two years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

- Total remuneration, as a percentage of net income paid by this Company during the last two years to directors, supervisors, president, and vice president:

Unit: NTD thousand; %

Title	2020 The remuneration as a percentage net profit after tax (%)		2021 The remuneration as a percentage net profit after tax (%)	
	The Company	All companies shown in the financial report	The Company	All companies shown in the financial report
Director	4.84%	4.94%	3.51%	3.51%
Supervisor	0.49%	0.49%	0.37%	0.37%
Presidents and the Vice Presidents	5.57%	8.72%	5.07%	7.71%

- Policies, standards, and packages for payment of remuneration, the procedures for determining remuneration and its linkage to business performance:  
The Company's remuneration policy is based on the salary level of the position in the industry, the responsibility of the position in the Company, and the contribution to the Company's operating goals. The procedure to determine the remuneration is based on the Company's performance remuneration implementation guidelines, which refers to the Company's overall operational performance, future operational



risks, as well as individual performance achievement rates and contributions to company performance to determine a reasonable remuneration distribution. The distribution of year-end bonus is based on a fixed ratio of operation net profit, and any change of the ratio must be approved by the Board of Directors.

#### IV. Corporate governance:

##### (I) Governance of the Board of Directors:

The Board of Directors convened 7 meetings (A) in 2021 and the participation of the directors are shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A)	Remark
Chairman	Kuei-Hsiu Sung	7	-	100%	
Director	Yung Hsiang Investment Co., Ltd. Representative: Chang-Hai Chen	7	-	100%	
Director	Tsai-Ho Lu	7	-	100%	
Director	Tien-Hao Wang	7	-	100%	
Independent Director	Teh-Jung Kao	7	-	100%	
Independent Director	Ping-Kuen Chen	7	-	100%	
Independent Director	Jui-Hsin Lin	7	-	100%	

##### Other remarks:

I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:

##### (I) Issues required under Article 14-3 of the Securities and Exchange Act:

Date of the board of directors meeting	Discussion	All independent directors' opinions and the Company's handling of the opinions
2021.01.29 (1st meeting of the Board of Directors in 2021)	Proposal for 2020 year-end bonus for the Company's managerial officers	Approved by all independent directors
2021.08.05 (5th meeting of the Board of Directors in 2021)	Proposal for appointing directors and supervisors of subsidiaries	Approved by all independent directors
2021.11.04 (6th meeting of the Board of Directors in 2021)	Proposal for appointing of directors of subsidiaries	Approved by all independent directors
2021.12.21 (7th meeting of the Board of Directors in 2021)	1. Proposal to change the CPA 2. Proposal for 2022 CPA engagement	Approved by all independent directors

(II) Other than the aforementioned issues, the issue objected by an independent director or where an independent director maintain a qualified opinion with record or documented declaration in a decision resolved by the Board of Directors: None.

II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions.

(1) On January 29, 2021, the Board of Directors approved the 2021 year-end bonus proposal proposed by the remuneration committee. This proposal was approved without objection by all the directors present except for directors Kuei-Hsiu Sung and Chang-Hai Chen who recused due

to conflict of interests.

- (2) On August 5, 2021, the Board of Directors approved the proposal of assigning directors and supervisors to subsidiaries. This proposal was approved without objection by all the directors present except for directors Kuei-Hsiu Sung; Chang-Hai Chen and Tsai-Ho Lu who recused due to conflict of interests.
- (3) On November 4, 2021, the Board of Directors approved the proposal to assign directors to subsidiaries. This proposal was approved without objection by all the directors present except for director Chang-Hai Chen, who recused due to conflict of interests.

III. The implementation of the Board of Directors evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluation performed once a year	January 1, 2021 - December 31, 2021.	Board of Directors' and Board members' performance evaluation	Board member self-evaluation	Performance evaluation of the Board of Directors; Participation in the operation of the company; Improvement of the quality of the board of directors' decision making; Composition and structure of the board of directors; Election and continuing education of the directors; and Internal control. Board member performance evaluation: Alignment of the goals and missions of the company; Awareness of the duties of a director; Participation in the operation of the company; Management of internal relationship and communication; The director's professionalism and continuing education; and Internal control.

IV. Targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (such as setting up an audit committee, improving information transparency).

- (1) The Board of Directors of the Company shall give guidance the Company's strategy, supervision to the management level and be responsible to the Company and shareholders. The operations and arrangements of its corporate governance system shall ensure that the Board of Directors exercises its functions and right in accordance with laws and regulations, Articles of Association or the resolutions of the General Meeting of shareholders.
- (2) On June 24, 2019, the Company re-elected directors and supervisors at the general shareholders' meeting and appointed 7 directors (including 3 independent directors) and 3 supervisors to strengthen the functions of the Board of Directors and corporate governance.
- (3) At least one independent director of the Board of Directors attended in person, and in the most recent year, all independent directors attended the Board of Directors on the matters that should be referred to the Board in Article 12 of the Rules of Procedure for Board of Directors Meetings.
- (4) On May 16, 2011, the Company set up a remuneration committee with three independent directors serving as members. It regularly evaluates and formulates the remuneration of directors and managerial officers and review the policies, systems, standards and structures for performance evaluation and remuneration of directors and managerial officers.
- (5) Every year, board members choose courses covering corporate governance topics related to finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility or internal control systems, financial reporting responsibilities and other related

courses to improve the awareness and implementation of corporate governance. The 2021 training hours of all directors and supervisors are in compliance with laws and regulations, and the total training hours are 69 hours.

- (6) Evaluations are carried out every year according to the provisions of the Company's "Self-Evaluation or Peer Evaluation of the Board of Directors" to implement corporate governance, enhance the functions of the Board of Directors, and establish performance goals to enhance the efficiency of the Board of Directors. The scope of performance evaluation of the Board includes the evaluation on the Board's and each functional committee's performance. The Company has completed 2021 board performance evaluation and board member performance evaluation.
- (7) The CPA maintain close communication with corporate governance units. The CPA communicates with directors and supervisors before the Board meeting on important audit matters, audit status and other relevant issues, and at the same time implement the latest legal revisions. In 2021, the CPA made 4 reports to the Board of Directors, attended the Board meeting 4 times, and attended the shareholders' meeting 1 time.

(II) The state of operations of the audit committee or the state of participation in board meetings by the supervisors:

1. The operation of the Auditing Committee:

The Company has not yet established an audit committee.

2. The state of participation in board meetings by the supervisors:

In 2021, the Board of Directors held 7 meetings [A], and the supervisors were present as follows:

Title	Name	Actual attendance (B)	Percentage of actual attendance (%) [B/A]	Remark
Supervisor	Chyan Yang	7	100%	
Supervisor	Yung Yu Investment Co., Ltd. Representative: Chin-Te Hsu	4	80%	Discharged on August 16, 2021
Supervisor	Yung Yu Investment Co., Ltd. Representative: Hsiu-Yi Lin	2	100%	Job commencement date: October 26, 2021
Supervisor	Mei-Cheng Peng	7	100%	

Other remarks:

- I. The constitution and obligations of the supervisor

- (I) Communication between supervisors, employees, and shareholders (such as communication channels and methods):

The supervisors can communicate with the employees and shareholders by letter, telephone, fax, or other means according to their responsibilities; the supervisors will attend the annual general shareholders' meeting, and the communication channels are smooth.

- (II) Facts of communications by and between Supervisor and Internal Audit Head as well as Certified Public Accountant(s) (such as issues regarding the Company's finance, financial conditions, facts in business operation and such key issues, the method of communications and the outcome thereof):

- (1) The Internal Audit Head regularly submits audit reports to the Board of Directors according to the annual audit plan.

(2) Supervisors and accountants hold regular meetings at least twice a year where the CPA report on the audit or review results of the current financial statements and other communication matters required by relevant laws and regulations and make assessment suggestions on the impact of adjusting journal entries or amendments to laws and regulations.

(3) The supervisors have good communication with the Internal Audit Head and CPA and the communication items in 2021 are as follows:

Date	Communication Content	Implementation result
2021.01.07	The audit report was submitted to the supervisor for review in December 2020	The supervisor has no objection
2021.01.29 (Board of Directors, Forum)	1. Communication of key audit matters in the CPA's audit report 2. Audit report	The supervisor has no objection
2021.02.19	The audit report was submitted to the supervisor for review in January 2021	The supervisor has no objection
2021.03.15	The audit report was submitted to the supervisor for review in February 2021	The supervisor has no objection
2021.03.23 (Board of Directors, Forum)	1. 2020 financial report review results 2. Audit report 3. 2020 Internal control statement	The supervisor has no objection
2021.04.14	The audit report was submitted to the supervisor for review in March 2021	The supervisor has no objection
2021.05.06 (Board of Directors)	1. Audit report 2. The audit report was submitted to the supervisor for review in April 2021	The supervisor has no objection
2021.06.03	The audit report was submitted to the supervisor for review in May 2021	The supervisor has no objection
2021.06.29	The audit report was submitted to the supervisor for review in June 2021	The supervisor has no objection
2021.07.27	The audit report was submitted to the supervisor for review in July 2021	The supervisor has no objection
2021.08.05 (Board of Directors, Forum)	1. Second quarter of 2021 financial report review results 2. Important Regulation Updates 3. Audit report	The supervisor has no objection
2021.08.31	The audit report was submitted to the supervisor for review in August 2021	The supervisor has no objection
2021.10.05	The audit report was submitted to the supervisor for review in September 2021	The supervisor has no objection
2021.11.04 (Board of Directors)	1. Audit report 2. The audit report was submitted to the supervisor for review in October 2021	The supervisor has no objection
2021.12.14	The audit report was submitted to the supervisor for review in November 2021	The supervisor has no objection
2021.12.21 (Board of Directors, Forum)	1. Audit report 2. Communication of key audit matters in the CPA's audit report 3. 2022 Audit Plan	The supervisor has no objection

II. Where supervisor present may have opinions in the resolutions, the dates of the board's meetings, sessions, contents of motion, all independent directors' opinions and the actions taken by the Company for the opinions of supervisor shall be specified: None.

(III) Performance in corporate governance and the differential gap between corporate governance and Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and the cause thereof

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
I. Will the Company based on the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies set up and disclose the Company's corporate governance best-practice principles?	V		The Company has formulated the "Corporate Governance Best Practice Principles", which has been approved by the Board of Directors, and has relevant stipulation for protecting the rights and interests of shareholders, improving the functions of the Board of Directors, respecting the rights and interests of stakeholders, and enhancing information transparency. For the Company's Corporate Governance Best Practice Principles, please visit the Company's website.	No major discrepancy
II. Shareholding structure and shareholders' equity (I) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?  (II) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?	V  V		(I) The Company has spokespersons, acting spokespersons and dedicated personnel to ensure that information that may affect shareholders' decision-making are disclosed in a timely and appropriate manner, and a dedicated investor mailbox is set up to for shareholders' suggestions, doubts, disputes, and litigation; if there are legal issues, it shall be handed over to the appointed legal counsel.  (II) The Company manages the list of the Company's major shareholders and the ultimate controllers of the major shareholders, and the changes in shareholdings of the Company's directors, supervisors and managerial officers are reported on the MOPS on a monthly basis	No major discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		<p>according to law.</p> <p>(III) The Company has established the “Supervision Measures for Subsidiaries” and “Measurement for Related Party and Enterprise Transaction Management” and implements the firewall and risk management mechanism of the company and related companies in accordance with the law.</p>	
(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V		<p>(IV) The Company has established the “Procedures for Handling Material Inside Information and Preventing Insider Trading”, which prohibits insiders from using unpublished information in the market to buy and sell stocks and serves as the basis for the mechanisms for the handling and disclosure of material inside information by the Company. The Company will also review this method from time to time to meet the current regulations and management needs. This method can be found on the Company’s website.</p> <p>For directors, supervisors, and managerial officers to provide legal publicity materials when they take office, and to educate and advocate employees in September 2021, the advocacy content includes important internal information, the time of establishment and the description of penalties, as well as the scope of insider</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			trading. and prevention, and implementation to advocate insider trading prevention. A total of 104 people participated in a 2-hour advocacy course.	
<p>III. The constitution and obligations of the board of directors</p> <p>(I) Does the board of directors formulate and implement diversity policies, specific management objectives?</p>	V		<p>(I) According to the Company’s “Corporate Governance Best Practice Principles”, the composition of the Board of Directors should consider diversity except that director who also serve as managerial officers of the Company should not exceed one-third of the number of directors. They should also formulate appropriate plans based on the operation, business model and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <p>① Basic requirements and values: Gender, age, nationality, and culture.</p> <p>② Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, and technology), professional skills, and industry experience.</p> <p>For management objectives and implementation, please refer to “Management Objectives of the Board Diversity Policy” and “The Implementation of Board</p>	No major discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?		V	Diversity Policy”.  (II) The company currently only sets up a remuneration committee, and other functional committees will be established in the future as needed.	The establishment will be evaluated as needed in the future
(III) Does the company establish a method to evaluate board performance and evaluate board performance every year? Are the performance evaluation results reported to the board and used as a reference for the remuneration and nomination for re-election of directors?	V		(III) On November 12, 2019, the Company approved the “Self-Evaluation or Peer Evaluation of the Board of Directors”, which stipulates that the Board of Directors should conduct evaluation at least once a year and report the results to the Board of Directors. The result will be used as a reference for individual directors’ remuneration and nomination for re-election.  The performance evaluation of the Board of Directors includes five aspects and a total of 45 indicators, including the degree of participation in the Company’s operations, the improvement of the quality of the Board’s decision-making, the composition and structure of the Board of Directors, the selection and continuous education of directors, and internal control. The directors performance evaluation (self-assessment) includes understanding of the Company’s goals and missions, recognition of the role and responsibility of	No major discrepancy



Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
(IV) Will the Company have the independence of the public accountant evaluated regularly?	V		<p>directors, involvement in operations, internal relationship maintenance and communication, director expertise and continuing education, and internal control; a total of six aspects, a total of 23 indicators. The 2021 internal self-assessment results of the Board of Directors were submitted to the Board on January 26, 2022, and the assessment results are as follows:</p> <ol style="list-style-type: none"> <li>1. The performance evaluation result of the Board of Directors is excellent, indicating that the overall operation of the Board of Directors is complete and in line with corporate governance standards.</li> <li>2. The results of the performance evaluation of the board members are excellent, indicating that the board members operate in accordance with the relevant laws and regulations, and perform their due functions.</li> </ol> <p>(IV) The Board of Directors evaluates the CPA on a regular basis every year, and obtains an independent statement from the CPA, confirming that the accounting firm (the CPA and their audit team members) does not violate the independence requirements,</p>	No major discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			and the CPA and the Company have no other financial interests and business relationship except for the financial report certification and the financial information review fee of the investment target company where the above statement of independence and relevant information on the resume are prepared for the Board of Directors to evaluate their suitability and independence. For reference, please refer to “Assessment Criteria for Accountants’ Independence”.	
IV. Does a public company equip an appropriate number of eligible governance personnel and assign the governance officer to take charge of company’s governance affairs (including, without limitation, providing directors and supervisors with the data required for business operations, assistance for the legal compliance of directors and supervisors, handling affairs related to holding a board meeting or a general meeting of shareholders and producing minutes for board meetings and general meetings of shareholders)?	V		<p>Though the Company has not yet appointed a corporate governance supervisor, it has assigned appropriate personnel to handle related matters whose scope of powers includes handling matters related to the meetings of the Board of Directors and the general shareholders’ meeting according to the regulations, assisting directors and supervisors’ training and education, providing directors and supervisors with required business information, and assisting directors and supervisors to ensure compliance with laws and regulations.</p> <p>The key points of implementation of corporate governance-related matters are as follows:</p> <ol style="list-style-type: none"> <li>1. A total of 7 board meetings were held in 2021.</li> <li>2. A total of 1 general shareholders’ meeting was held in 2021.</li> <li>3. Board members have completed</li> </ol>	No major discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>at least 6 credits of continuous education.</p> <p>4. The Company has insured liability insurance for directors, supervisors and important staff, and reports to the Board of Directors after the insurance renewal.</p> <p>5. Conduct performance evaluation of the Board of Directors and board members, and the evaluation result is excellent.</p>	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V		The Company has a spokesperson system, and at the same time it provides an open channel for stakeholders to consult through the stakeholder area on the Company's website.	No major discrepancy
VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		The Company mandates Mega Securities Shareholder Service Department to be the Company's shareholder services agent, and to handle the affairs related to the shareholders' meeting.	No major discrepancy
VII. Disclosure of information (I) Does the Company have a website setup and the financial business and corporate governance information disclosed?  (II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the	V  V		<p>(I) The Company updates various financial, business, and corporate governance information at any time through the Company's website.</p> <p>(II) The Company has set up an English website and assigns relevant personnel to be responsible for the collection and disclosure of company information. In addition, the Company has a spokesperson</p>	No major discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
<p>spokesman system, placing the juristic person seminar program on the Company's website, etc.)?</p> <p>(III) Does the company announce and report its financial statements within two months after the end of a fiscal year, and publish and declare in advance the financial statements of Q1, Q2 and Q3 as well as status of monthly operations?</p>		V	<p>system which is implemented. The briefing of the Investor Conference is also published on the Company's website for the reference of shareholders and stakeholders.</p> <p>(III) The Company has not reported an annual financial report within two months after the end of the fiscal year and it is handled in accordance with Article 36 of the Securities and Exchange Act.</p>	
<p>VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?</p>	V		<p>(I) Employee rights and employee care: The Company has set up an employee welfare committee to handle various welfare matters, and the pension is provided according to the Labor Standards Act and the Labor Pension Act. The Company's regulations on employee-employer relations are handled in accordance with relevant laws and regulations with excellent implementation. Any added or revised measures related to employee-employer relations are made after thorough communication and agreement between the employee and employer to achieve a win-win situation for both parties. The Company formulates work rules in accordance with laws and regulations and includes the regulation on the protection of human and employee rights.</p> <p>(II) Investor Relations:</p>	No major discrepancy

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>The Company has a system for spokespersons and acting spokespersons, regularly holds Investor Conference, and assigns personnel to timely announce information on finance, business, and insider shareholding changes on MOPS and the Company's website in accordance with relevant regulations to ensure information transparency and open to public.</p> <p>(III) Supplier Relations: The purchasing personnel of the Company will determine based on the unit price, specifications, payment terms, delivery time, product and service quality or other information after inquiring, comparing, and negotiating prices with many suppliers. The Company has established long-term close relations with suppliers with mutual trust and mutual benefit and hope to jointly pursue sustainable and win-win growth.</p> <p>(IV) Stakeholder rights: Stakeholders can learn about the Company's operations through the Company's website to ensure the basic rights and interests of investors and fulfill the Company's responsibilities to shareholders.</p> <p>(V) Pursuit of Study for Directors and Supervisors: The directors and supervisors of the Company have professional backgrounds and</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			<p>experience, and the Company encourages directors and supervisors to participate in various training courses organized by the competent authorities. Please refer to “2021 training for directors and supervisors”.</p> <p>(VI) Pursuit of Study for Manager: The Company managerial officers are required to participate in training courses every year in accordance with the regulations. Please refer to “Continuous education for the Company’s financial supervisor and audit supervisor in 2021”</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The Company has established “Risk Management Measures”, which contain the standards and responsibilities of risk management for possible risks and opportunities in environmental changes with prior countermeasures or control measures based on the risk assessment results to achieve sustainable operation.</p> <p>(VIII) Implementation of consumer or customer protection policies: The Company communicates with customers immediately in response to customer complaints, understands customer needs for the all-round services and guarantees, promotes customer interaction</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/ GTSM Listed Companies
	Yes	No	Summary description	
			and reviews for improvement in regular business, sales, and QA meetings. (IX) Status of the Company's purchase on liability insurance for directors and supervisors: The Company purchases liability insurance for directors, supervisors, and managerial officers, regularly assesses the insurance coverage every year, and reports the renewal of liability insurance for directors, supervisors, and important staff to the Board of Directors.	

IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures and Corporate: According to the 2021 corporate governance evaluation results announced by the competent authority, the Company is listed in the 81-100% range of listed companies. The Company will continue to improve the corporate governance that has not scored in the evaluation, such as: planning to disclose Shareholders' meeting information in English in the next year to strengthen corporate governance.

#### Board of Directors Diversity Policies and specific management objectives

Management objectives	Implementation
Experienced in different industries	Achieve

#### Implementation of board diversity

Title	Name	Nationality	Gender	Employee	Age				Tenure of Independent Director			Professional knowledge and skills		Experience			
					Age 40-50	Age 51-60	Age 61-70	> 71	Under 3 years	6-9 years	Above 9 years	Industry or technology	Legal, Finance or Accounting	Technology industry	Financial investment	Technical research	
Director	Kuei-Hsiu Sung	Republic of China	Male	V			V						V		V		
Director	Chang-Hai Chen	Republic of China	Male	V				V					V		V		
Director	Tsai-Ho Lu	Republic of China	Male	V			V						V		V		V

Title	Name	Nationality	Gender	Employee	Age				Tenure of Independent Director			Professional knowledge and skills		Experience			
					Age 40-50	Age 51-60	Age 61-70	> 71	Under 3 years	6-9 years	Above 9 years	Industry or technology	Legal, Finance or Accounting	Technology industry	Financial investment	Technical research	
Director	Tien-Hao Wang	Republic of China	Male			✓							✓		✓	✓	
Independent Director	Teh-Jung Kao	Republic of China	Male				✓				✓		✓		✓		
Independent Director	Jui-Hsin Lin	Republic of China	Male				✓				✓		✓		✓		
Independent Director	Ping-Kuen Chen	Republic of China	Male				✓			✓			✓				✓
Supervisor	Chyan Yang	Republic of China	Male					✓					✓		✓		
Supervisor	Mei-Cheng Peng	Republic of China	Male				✓						✓		✓		
Supervisor	Hsiu-Yi Lin	Republic of China	Female		✓									✓	✓		

#### Certified accountant independence assessment standard

Assessment items	Assessment Result
1. No direct or indirect substantial financial interest between the CPA and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. No substantially close business relationship between the CPA and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. No potential employment relationship exists when the CPA audits the Company's report.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. No borrowing/lending of fund between the CPA and the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. The CPA never accepts any expensive gift or present from the Company or the Company's directors or managerial officers (valuing more than the value required under the general social etiquette standards).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6. The CPA has never provided the Company with the audit service for consecutive 7 years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7. The CPA doesn't hold any of the Company's shares.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
8. The CPA, his/her spouse or family dependent(s) and audit team members have never held the position as director, managerial officer, or any position materially critical to the audited case in the most recent 2 years and will never hold said positions in the future audit period.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9. Whether the CPA meets the requirements about independence referred to in the Statement of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10, and whether the Company acquires the "Statement of Independence" issued by the CPA.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

#### Continuous education for directors and supervisors in 2021

Title	Name	Date	Organizer	Course name	Hours
Chairman	Kuei-Hsiu Sung	2021.05.07	Securities and Futures Institute	2021 Prevention of Insider Trading Advocacy Conference	3



Title	Name	Date	Organizer	Course name	Hours
		2021.09.08	Securities and Futures Institute	Foundry and Advanced Packaging Technology and Supply Chain Opportunities	3
Director	Chang-Hai Chen	2021.05.07	Securities and Futures Institute	2021 Prevention of Insider Trading Advocacy Conference	3
		2021.08.18	Securities and Futures Institute	Key 5G technologies and application opportunities	3
Director	Tsai-Ho Lu	2021.10.29	Corporate Governance Association in Taiwan	Governance and Strategy of Corporate Sustainable Development	3
		2021.11.09	Corporate Governance Association in Taiwan	How Audit Committee Supervises the Effectiveness of Internal Control	3
Director	Tien-Hao Wang	2021.04.20	Corporate Governance Association in Taiwan	Corporate Governance and Securities Regulations	3
		2021.10.22	Accounting Research and Development Foundation	Training courses on case analysis of false financial statements and relevant legal liabilities	3
Independent Director	Teh-Jung Kao	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum-Morning session	3
		2021.11.17	Securities and Futures Institute	Intellectual property management from the perspective of the Board of Directors	3
Independent Director	Jui-Hsin Lin	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum-Morning session	3
		2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum-Afternoon session	3
		2021.10.01	Securities and Futures Institute	Global Risk Recognition-Opportunities and Challenges in the Next Decade	3
Independent Director	Ping-Kuen Chen	2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum-Morning session	3
		2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum-Afternoon session	3
Supervisor	Chyan Yang	2021.02.26	Securities and Futures Institute	Early Warning and Analysis of Corporate Financial Crisis	3

Title	Name	Date	Organizer	Course name	Hours
		2021.08.18	Securities and Futures Institute	HR and M&A Integration Issues in Enterprise M&A	3
Supervisor	Hsiu-Yi Lin	2021.04.23	Hsinchu Bar Association	Labor Mediation and Dispute Resolution-refer to Labor Standards Act, Labor Insurance and Employee Insurance Regulations, and Labor Pension Act	3
		2021.05.07	Hsinchu Bar Association	Non-compete and business secret protection practice analysis on Article 9-1 of the Labor Standards Act	3
		2021.11.06	Taipei Bar Association	Evaluation Introduction-Equity Evaluation as an Example	3
		2021.11.13	Taipei Bar Association	Identify irregular transactions using forensic accounting	3
Supervisor	Mei-Cheng Peng	2021.05.07	Securities and Futures Institute	2021 Prevention of Insider Trading Advocacy Conference	3
		2021.09.01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum-Afternoon session	3

Continuous education for the Company's financial supervisor and audit supervisor in 2021

Title	Name	Date	Organizer	Course name	Hours
CFO	Li-Chuan Cheng	2021.11.18 2021.11.19	Accounting Research and Development Foundation	Professional Development of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Audit Supervisor	Ssu-Wei Chen	2021.07.14 2021.10.20	The Institute of Internal Audits-Chinese	1. Discussion on auditing practice on the use of digital technology to explore and improve operational processes and fraud detection 2. Production cycle practice and audit focus	12

(IV) The operation of the Remuneration Committee:

1. Information on the members of the Remuneration Committee

December 31, 2021

Identity	Qualification	Professional qualification and experience	Compliance of independence	Number of other public companies where the members are also the members of the remuneration committee of these companies.
	Name			
Independent Director (Convener)	Jui-Hsin Lin	Please see information of the directors and supervisors	Please see information of the directors and supervisors	1
Independent Director	Teh-Jung Kao	Please see information of the directors and supervisors	Please see information of the directors and supervisors	0
Independent Director	Ping-Kuen Chen	Please see information of the directors and supervisors	Please see information of the directors and supervisors	0

2. Information on the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee has three Committee members in total.
- (2) Term of office of the current committee members: From June 29, 2019, to June 28, 2022, the remuneration committee held two meetings (A) in the most recent year. The committee qualifications and attendance are as follows:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A) (Note)	Remark
Convener	Jui-Hsin Lin	2	0	100%	
Committee	Teh-Jung Kao	2	0	100%	
Committee	Ping-Kuen Chen	2	0	100%	

Other remarks:

- I. Where the board of directors does not adopt or amend the proposal(s) posed by the Remuneration Committee: The Company shall expressly elaborate on the date, term while the board of directors meeting was convened, contents of the issues, outcome of decisions resolved in the board of directors and the Company's response to the opinions posed by the Remuneration Committee (For instance, if the salary pay resolved by the board of directors is higher than that proposed by the Remuneration Committee, the Company should elaborate on the fact of differential gap and the cause thereof): None.
- II. Where a decision resolved in the Remuneration Committee is found in contravention of rules or in qualified opinion as verified with records or documented declaration, the Company shall expressly elaborate on the date, terms of the meeting convened by the Remuneration Committee, contents of agenda, opinions of all members and acts taken in response to such opinions: None.
- III. Discussions and resolutions of the Remuneration Committee and the handling of members' opinions:

Remuneration Committee meeting dates	Proposal content and follow-up handling	Resolution	Handling of the opinions of the Remuneration Committee
2021.01.29 (First Remuneration Committee meeting in 2021)	Proposal for 2020 year-end bonus for the Company's managerial officers	Approved by all committee members	Proposed to the Board of Directors for approval by all directors present
2021.03.23 (Second Remuneration Committee meeting in 2021)	Proposal for the Company's 2020 employee remuneration, director and supervisor remuneration distribution and managerial officers' remuneration plan	Approved by all committee members	Proposed to the Board of Directors for approval by all directors present

(V) Implementation of the promotion of sustainable development and the deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Does the Company have a specific (or part-time) unit set up to promote the sustainable development governance framework, and the Board of Directors authorizing the management to handle matters and report the supervision results to the Board of Directors?	V		The Company has a part-time CSR team. In response to social welfare, the team invited colleagues to donate blood twice in 2021. Also, to promote green environmental protection, an HSE policy has been formulated to promote and manage various HSE work, comply with the HSE regulations and related requirements in line with the international and government environmental protection actions effectively and continuously.	No major discrepancy
II. Does the company assess the risk of environmental, social, and governance (ESG) issues in relation to corporate operations based on the materiality principles and establish policies or strategies in relation to risk management?	V		In response to the possible risks and opportunities of environmental changes, the Company takes countermeasures or control measures based on the risk assessment results in advance and formulates	No major discrepancy

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			“Risk Management Measures” to ensure sustainable operation of the organization.	
<p>III. Environmental issues</p> <p>(I) Does the company have an appropriate environmental management system established in accordance with its industrial characteristics?</p>	V		(I) According to the nature of each operation, the Company has formulated and implemented the “Measurement and Management for the Workplace” in accordance with the relevant laws and regulations on occupational health, safety, and environmental protection. It also formulated the “Management Measures for Green Supply Chain and Restricted Substances” for the use of main raw materials which fully comply with ROHS regulations, and the hazardous substances specified in the directive are also prohibited during production to reduce the impact on the environment.	No major discrepancy
(II) Is the company committed to enhancing the power efficiency and using renewable materials that are with low impact on the environmental impacts?	V		(II) The Company pursues green and sustainable operation. By reducing the amount of waste, improving	

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(III) Does the Company assess the present and future potential risks and opportunities of climate change on the Company and take actions to related?	V		<p>automation, process improvement, energy saving and carbon reduction, the Company makes the best use of various resources. In wastewater treatment, RO wastewater is recycled and reused for daily water usage for repeated use. The company also implement resource classification, recycling, reuse, and proper disposal, promote, and advocate the concept of environmental protection regularly to reduce the environment impact.</p> <p>(III) Climate change will cause extreme weather, including higher temperature in summer and uneven rainfall, resulting in increased demand for cooling and electricity. It also prolonged droughts, affecting water supply. By promoting energy-saving projects, water-saving management measures, and</p>	

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Did the Company produce statistics on the GHG emissions, water consumption, and total waste in the last two years? Has the company established policies for GHG reduction, water conservation, and waste management?	V		<p>wastewater treatment, Chia Chang reuses water resources to reduce the risk of environment impact.</p> <p>(IV) The Company has been participating in the Carbon Disclosure Project (CDP) since 2010. The inspection results have been verified by a third-party verification company (BSI) in accordance with ISO14064-1 standard and the Company has obtained the Greenhouse Gas Verification Statement. Please refer to the statistics on the GHG emissions, water consumption, and total waste in the last two years with the established policies for GHG reduction, water conservation, and waste management.</p>	
<p>IV. Social issues</p> <p>(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p>	V		(I) The Company has established the relevant management policies and procedures stipulated in accordance with the	No major discrepancy

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(II) Has the company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected business performance and achievements in the remuneration for employees?	V		relevant laws and regulations and international conventions on human rights. Please refer to “Human Right Policy”  (II) The Company has established complete management measures for remuneration, vacation, and other benefits, etc., and regularly reviews whether it meets the requirements of current regulations and adjusts it in a timely manner to meet the expectations of employees.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(III) The Company handles and promotes employee safety and health in accordance with the “Occupational Safety and Health Act” and has obtained ISO 45001:2018 Occupational health and safety management systems certification, resulting in an improved and complete occupational safety and health management.	



Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>Regularly conduct employee training and emergency response drills (self-guard fire protection drill, disaster prevention drills, etc.), conduct on-the-job training and pre-employment training for employees on operation of dangerous machinery or equipment, and arrange skills inspections to obtain qualifications to comply with laws and regulations.</p> <p>Regularly conduct general and special occupational health checks for employees and commission on-site service special medical staff (occupational doctors and nurses) to provide health services, promote health protection and implement employee health improvement; physical examinations will be conduct for new employees (including foreign employees) in accordance with the</p>	

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<p>“Labor Health Protection Rule” based on their job categories to implement employee health protection.</p> <p>(IV) To improve the training system, the Company has established an “Education and Training Committee” to plan the training direction of all employees’ career development in different aspects, fields, and job levels.</p>	
(V) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers and procedures for grievances?	V		<p>(V) At present, the Company only has the “Administrative Measures for Customer Satisfaction” to conduct a customer survey before November every year. If customers have any questions, they can make comments or suggestions through this survey.</p>	
(VI) Has the company established policies for management to request suppliers to comply with the relevant laws and regulations of environmental protection, occupational safety and health, and labor human rights? Does the company keep track on the implementation of such	V		<p>(VI) The Company’s supplier management policy is to incorporate human rights and environmental indicators through supplier management, and to build a green</p>	

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
policies?			<p>supply chain together with suppliers. The Company has established “Management Measures for Green Supply Chain”, which requires suppliers to follow relevant rules on environmental protection issues and to sign the “Environmental Protection Declaration and Banned Substance Non-use Warranty”. In addition, in response to the life cycle perspective of ISO 14001:2015 environmental management system, the Company includes the environmental considerations related to the organization’s activities, products and services from R&amp;D design, raw material procurement to final product disposal. From the original assessment items to the added environmental management performance assessment, the Company complies with the standards</p>	

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>and the relevant regulations of the green supply chain. For the screening of new suppliers, according to the “Supplier Management Measures”, when new suppliers and new materials are developed or for suppliers of major productive raw materials, the procurement department will send the “Vendor Information Sheet”, “Supplier Management Audit and Evaluation Form” and other relevant information to the manufacturer. The manufacturer will be asked to prepare samples, “Environmental Protection Declaration and Banned Substance Non-use Warranty” and related information and submit them to the procurement, engineering and quality assurance department for sample, data and warranty inspection and approval before sending them to the material department</p>	

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>for filing and management. In 2021, there are 3 new raw material suppliers, 5 auxiliary material suppliers, 3 packaging material suppliers and 8 outsourcing factories, a total of 19 suppliers, 100% of which are screened by environmental standards, and there are currently no unqualified manufacturers. The evaluation team regularly reviews and formulates supplier audit plans, and plans labor rights, health and safety, environmental, ethics, and management system topics to conduct supplier audits and evaluations where support shall be given for their growth if any violation were found.</p> <p>In addition, the manpower company is required to sign the “Manpower Dispatch Commission Agreement”, which</p>	

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			stipulates the “Manpower Support Dispatch Work Rules” to require the manpower company to comply with the Labor Standards Act, the Occupational Safety and Health Act, and other related laws and regulations.	
V. Did the Company, following internationally recognized guidelines, prepare and publish reports such as its sustainable environment report to disclose non-financial information of the Company? Did the Company apply for assurance or guarantee of such reports to a third-party certification body?	V		The Company has followed internationally recognized guidelines to prepare and publish reports such as its sustainable environment report to disclose non-financial information of the Company and obtained the certification of the third-party certification body (Bureau Veritas Certification (Taiwan) Co., Ltd.).	No major discrepancy
VI. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the principles and their implementation: The Company has established “Corporate Social Responsibility Best Practice Principles”, and its operation does not deviate from the “Corporate Social Responsibility Best Practice Principles”.				
VII. Other important information for the implementation of sustainable development: The Company is devoted in social welfare with the believes of “Take from society, give back to society” and encourages employees to actively participate in public welfare activities. 1. The Company has held blood donation events for 2 consecutive years. To fulfill our social responsibility even in the severe epidemic, the Company has called on employees to donate blood twice in 2021 with a total of 33 people donated 52 bags of blood, compared with 13 people who donated 23 bags of blood in 2020. The participation rate has increased by nearly 40%, which is the manifest of the excellent corporate culture tradition. 2. In 2021, the world was hit by the epidemic, and to help the most people in need, the Company donated NTD 1 million in the donation of the Taoyuan City Government for epidemic prevention and promoted the epidemic prevention care project by purchasing biscuits from Children Are Us Foundation.				

Promotion items	Performance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
<p>3. The Company has been collaborating with multi-industry-academia projects with several schools, including national universities and technical institutions, and has provided key skills internship opportunities for students to apply what they have learned and to seamlessly enter the workplace. A total of 1 additional intern was added in 2021 with a total of 4 interns.</p>				

Policies for greenhouse gas reduction, water use reduction or other waste management with the greenhouse gas emissions, water consumption and total weight of waste in the last two years:

The Company has been participating in the Carbon Disclosure Project (CDP) since 2000 and it reviews the direct emissions (Scope 1) and indirect emissions (Scope 2) GHG emissions according to the “GHG Protocol” issued by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). At present, the main production bases are commissioned by the British Standards Institute (BSI) to complete the ISO 14064-1 greenhouse gas verification. According to the review results:

In 2019, the Scope 1 emission was about 388.9986 metric tons of carbon dioxide, and the Scope 2 emission was about 1845.8376 metric tons of carbon dioxide; the total water consumption was 33.414 thousand tons; the total amount of general waste was 53.97 metric tons, and the total amount of recycled waste was 1121.01 metric tons.

In 2020, the Scope 1 emission was about 246.6657 metric tons of carbon dioxide, and the Scope 2 emission was about 1623.3028 metric tons of carbon dioxide; the total water consumption was 35.726 thousand tons; the total amount of general waste was 56.25 metric tons, and the total amount of recycled waste was 2319.77 metric tons.

2021 Data are scheduled to be analyzed.

The results of the above inspections are all verified by a third-party verification company (BSI) according to ISO14064-1 and the Company has obtained the Greenhouse Gas Verification Statement.

1. Energy conservation and carbon reduction and water management quantitative management objectives

(1) Energy saving and carbon reduction

The Company’s future quantitative management objectives for energy conservation and carbon reduction: The 2025 goal of promoting greenhouse gas reduction it to reduce 25% of total emissions or 30% in relative emissions per PCS.

(2) Water management

With the global climate change, water supply stabilization has become a problem faced by many countries. To fulfill its social responsibilities and respond to global water shortage, the Company takes 2016 as the base year and aims to reduce the overall water intensity (total water consumption/million USD output value) by 30% before 2025. It takes action to combat the challenges of climate change with global businesses.

2. Measures to achieve objectives

(1) Energy saving and carbon reduction

- Continue to implement energy conservation activities to reduce the per capita consumption of energy. Adopt energy-saving equipment to reduce energy consumption.
- Continue to maintain production equipment, improve equipment power and production efficiency, and reduce energy consumption.

- Implement energy-saving plans from air conditioning system, electric lighting, and other electricity consumption, and regularly inspect and replace energy-consuming equipment.

(2) Water management

- The Company implements water conservation internally and strengthens the wastewater discharge classification system to lay a solid foundation for water conservation and recycling during production.
- Reuse air-conditioning condensate and process discharge RO wastewater to supply air-conditioning cooling makeup water.

3. Current implementation status

- Taking 2010 as the base year, the greenhouse gas emissions per unit of product in 2020 have been reduced by 34%.
- Taking 2016 as the base year, the water intensity in 2020 has been reduced by 36%.

Human Rights Policy:

The Company regards “human rights” in the “inclusive workplace” as the most important asset under the core value of “ethical corporate management”, and provides meaningful work content, safe and healthy work environment, and sound compensation and benefits; at the same time, the Company encourages employee to balance work and life, including running a family, interpersonal relationships, and developing personal interests. In the future, the Company will continue to follow the United Nations Guiding Principles on Business and Human Rights and the RBA Code of Conduct to further implement the Company’s “Human Rights Policy”.

Human Rights Risk Mitigation Measures: The Company is committed to growth in operation while ensuring that employees and supply chain work environments are safe, respected, and ethical. To fulfill this commitment, the Company plans to be one of the members of the world’s largest electronics industry alliance “Responsible Business Alliance”; the Company strictly abides by and implements the RBA Code of Conduct. Through the international tier-1 customers conducting annual supplier audits based on this standard, the Company has implemented the Self-Assessment Questionnaire (SAQ) designed by the “Responsible Business Alliance” to identify the standard risk assessment with the highest standards of social, environmental, and moral hazard before the international tier-1 customer audits.



Human rights concerns and practices

	Provide a safe and healthy work environment	Eliminate illegal discrimination to ensure equal job opportunities	Prohibition against child labor	Prohibition against forced labor	Assist employees to maintain physical and mental health and work-life balance
Objectives and actions	Implement occupational disease prevention and promote physical and mental health of employees	<p>1. Strictly abide by local government labor laws, international rules, and Company human rights policies, and implement relevant internal regulations.</p> <p>2. Promote and implement internal control procedures in accordance with the principle of non-discrimination in the “RBA Manual”, “Labor Human Rights Policy”, and “Human Resource Management Measures” that discrimination is prohibited regardless of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, pregnancy, appearance, facial features, and physical and mental disabilities.</p>	Confirmations are conducted for applicant and hired employees to ensure that there are no discrepancies according to the Company’s “RBA Manual”, “Labor Human Rights Policy”, “Human Resource Management Measures”, “Child Labor, Adolescent Worker, Student Worker Hiring Management Measures”.	<p>1. Strictly abide by local government labor laws, international rules, and company human rights policies, and do not force or coerce any unwilling personnel to perform labor services.</p> <p>2. The work rules clearly stipulated that if there is a need for overtime, the consent of the employee must be obtained, and overtime pay, or compensatory leave will be provided afterwards.</p>	Provide a variety of activities and invite employees and families to participate with parent-child interaction to enrich “work-life balance”.

		<p>3. The “Basics of Talent Selection” training course is provided to the supervisors of each unit in accordance with the internal control standards and inspection mechanism. The content covers non-discrimination against job applicants, and it reminds that interviews with job applicants should not involve personal information that is not related to work.</p>			
Risk assessment	<p>1. Record whether there are occupational diseases caused by chemical exposure.</p>	<p>The Company has followed internal control procedures to prevent illegal discrimination for the entire recruitment process and the recruitment resume filling will not require job applicant to fill in personal information unrelated to the job.</p>	<p>Applicants must provide relevant identification documents (such as ID card, driver’s license, health insurance card, education certificate, etc.) to the Company to ensure that there is no violation of child labor regulations.</p>	<p>In addition to the internal system to control working hours, it provides two-way unobstructed communication channels such as complaint channels and employee-employers meetings.</p>	<p>Review participation rate</p>

Mitigation measures	<p>1. The Company's internal occupational safety and health related departments and the heads of various departments are devoted in health promotion management and other related matters and control the five major hazards of occupational diseases such as chemical, biological, and social psychology.</p> <p>2. Implement comprehensive management plans such as professional health promotion, health care, and employee assistance with on-site doctors and nursing staff in accordance with the regulations.</p>	The Company has carried out the employment process according to the regulations to eliminate any discriminating violations for the entire recruitment process.	The Company has carried out the employment process in accordance with the regulations to eliminate any child labor employment violations for the entire recruitment process.	Provide attendance management reports for each unit. Review and manage the working hours every month.	Cooperate with members of the Welfare Committee and representatives of various departments in the factories for advocacy and to encourage participation.
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Remedy measures	<ol style="list-style-type: none"> <li>1. Immediately move away from the original working position.</li> <li>2. Provide adequate medical assistance.</li> <li>3. Provide leave and salary subsidies in accordance with the regulations.</li> <li>4. Prevent recurrence</li> </ol>	No concern	No concern	If forced labor is found, the Company will take necessary improvement measures with the supervisor and return the employee's due rights.	A satisfaction survey will be handed out as a basis for future improvement after the events.
Complaint channel	The Company has a well-established complaint channel (employee opinion box, complaint mail) and regular communication to allow employees to report problems at any time.	The Company provides a well-established complaint channel which is announced on the official website and the "Code of Ethics" for external personnel to report or file a complaint. ( <a href="http://www.chiachang.com/ChiaGroup/upload/05-c7.pdf">http://www.chiachang.com/ChiaGroup/upload/05-c7.pdf</a> ) ( <a href="http://www.chiagroup.com/ChiaGroup/profile_5d.aspx">http://www.chiagroup.com/ChiaGroup/profile_5d.aspx</a> )	The Company provides a well-established complaint channel which is announced on the official website and the "Code of Ethics" for external personnel to report or file a complaint. ( <a href="http://www.chiachang.com/ChiaGroup/upload/05-c7.pdf">http://www.chiachang.com/ChiaGroup/upload/05-c7.pdf</a> ) ( <a href="http://www.chiagroup.com/ChiaGroup/profile_5d.aspx">http://www.chiagroup.com/ChiaGroup/profile_5d.aspx</a> )	The Company has a well-established complaint channel (employee opinion box, complaint mail) and regular communication to allow employees to report problems at any time.	The Company has a well-established complaint channel (employee opinion box, complaint mail) and regular communication to allow employees to report problems at any time.

## Human rights protection practice

1. Internal communication structure: Provide relevant legal compliance advocacy in the pre-employment training, including prohibition of forced labor, prohibition of child labor, anti-discrimination, anti-harassment, working hours regulation and management, humane treatment, sexual harassment prevention, etc.
2. Implement workplace bullying advocacy: Help employees to understand workplace bullying through training, know how to avoid bullying, and jointly create a friendly working environment that is open to communication with open management.
3. Comprehensive occupational safety training: Provide different safety training for different types of employees on the site, such as fire training, emergency response training, first aid training, general safety and hygiene education, and factory safety training.

In 2021, the Company also carried out relevant human rights education and training for employees, with a total of 492 hours, and a total of 148 employees completed the training (accounting for 60% of the total employee, an increase of 39.8% from the previous year). In the future, the Company will continue to look for human rights protection issues, promote relevant education and training to raise awareness of human rights protection and reduce the possibility of related risks.

Subjects	Impacted subjects	Human rights issues	Assessment/ Communication Channels	Mitigation measures
Employee	Physical and mental disabilities	Work environment safety	Employee opinion box/ Complaint mailbox	<ol style="list-style-type: none"> <li>1. Education and training: Advocacy and training course are conducted for new employees to improve employees' awareness of human rights.</li> <li>2. Employee opinion box/ Complaint mailbox</li> <li>3. Commission professional occupational safety doctors and nursing staff for assistance regularly.</li> </ol>
Employee	Pregnant and breastfeeding staff	Health Care (Pregnancy, Breastfeeding)	Pregnancy care consultation, breastfeeding education	Implementation of Maternity Protection Program
Employee	All employees	Health	Abnormal health check result	<ol style="list-style-type: none"> <li>1. Health check result reminder and advocacy.</li> <li>2. Host health promotion events.</li> </ol>

Employee	All employees	Health (Occupational Diseases)	Occupational disease or occupational accident	Implement overwork and ergonomic musculoskeletal injury prevention programs.
Supplier/ Contractor	Outsourced staff	Privacy (Supply Chain Management)	Supplier meeting, contractor self-assessment, factory visit and audit	Measures for outsourcing audit management of suppliers and contractors
Customer	Business customers	Privacy	Customer meeting	Non-disclosure agreement
Community	Local residents	Water conservation Resident complaints	Resident visit Complaint Line	

(VI) Performance in ethical corporate management inconsistency with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”:

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>I. Business Integrity Policy and action plans</p> <p>(I) Has the Company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies?</p> <p>(II) Has the Company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?”</p>	V		<p>(I) The Company has established the “Ethical Corporate Management Best Practice Principles”, which has been approved by the Board of Directors to ensure the implementation of ethical corporate management and compliance with laws and regulations; for directors and senior management, if any decision or transaction involves their own conflict of interest, shall rescue in decision-making or voting due to conflict of interest.</p> <p>(II) The Company has established the “Procedures for Ethical Management and Guidelines for Conduct”, which specify the evaluation mechanism and preventive measures of unethical behavior:</p> <ol style="list-style-type: none"> <li>(1) Prohibition against providing or accepting improper benefits.</li> <li>(2) Prohibition against providing facilitating payments.</li> <li>(3) Prohibition against illegal political donation.</li> <li>(4) Prohibition against improper charitable donations or sponsorships</li> <li>(5) Prohibition against disclosure of business</li> </ol>	No major discrepancy

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(III) Has the Company established in the preventive programs the operating procedures for unethical behavior prevention, penalties and grievance systems of breaching the guidelines for conduct, and implemented and periodically review them?	V		<p>secrets.</p> <p>(6) Prohibition against insider trading.</p> <p>(III) The company has established the “Procedures for Ethical Management and Guidelines for Conduct”, which have been approved by the Board of Directors. The content contains the procedures for handling unethical behaviors, as well as the regulations on rewards, punishments, complain and disciplinary actions, and the Company regularly reviews and revises the above Procedures.</p>	
<p>II. Proper enforcement of business integrity</p> <p>(I) Does the Company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p> <p>(II) Has the Company established a dedicated (concurrent) unit to implement ethical corporate management under Board of Directors and report regularly (at least once a year) to BOD the status of implementation and supervision of ethical management policy and preventive programs of unethical behavior?</p>	V	V	<p>(I) The Company has a credit rating system for suppliers and customers. All contracts signed will be reviewed by professional personnel and will be included in the terms of ethical conduct when necessary.</p> <p>(II) The Company has a full-time unit, which continuously promotes various integrity management plans and integrity matters in accordance with the Company’s policies. The integrity of employees is included in the corporate culture and employee code of conduct. All employees must sign the “Chia Chang’s Integrity Code” and “Chia Chang’s Service Code and</p>	No major discrepancy



Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		Code of Conduct Commitment Letter”. (III) For directors, supervisors, and managers, if there is a conflict of interest in any decision or transaction, they are not allowed to participate in decision-making or voting. To fulfill the responsibility of supervision, the Company has established a sound system and set up various organizational channels such as: remuneration committee, internal control audit system and document control system.	
(IV) Has the Company established an effective accounting system and an internal control system for the internal audit unit to establish related audit programs based on the results of risk assessment of involvement in unethical behavior to audit and prevent the compliance with the preventive programs of unethical behavior or hire a CPA to perform the audit?	V		(IV) The Company has established an effective accounting system and internal control system and will review them at any time to ensure the design and implementation of the system stay effective. In addition, the internal auditors have regularly checked the compliance of the system in the preceding paragraph, prepared audit reports and submitted them to the Board of Directors.	
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		(V) The Company holds monthly meetings, manager meetings and foreign employee forums every month. During the meetings, the Company promotes the ethical corporate management concept and requires all employee to follow it. In September 2021, the ethical corporate	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			education advocacy was held, and the content includes a description of the Company's ethical management policy and the value of ethics where a total of 104 employees participated a 2-hour advocacy course.	
<p>III. The operations of the Company's Report System</p> <p>(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p> <p>(II) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms?</p> <p>(III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?</p>	V		<p>(I) The Company has an employee complaint procedure and encourages employees to report to supervisors or management if any violations were found and verification and punishment will be executed.</p> <p>(II) The company has a standard operating procedures and confidentiality agreements for the investigation of reported matters.</p> <p>(III) The Company's Ethical Corporate Management Best Practice Principles and relevant regulations clearly stipulate that the identity of the whistle-blower will be kept confidential, and the whistle-blower will be protected from improper treatment due to their whistle-blowing.</p>	No major discrepancy
<p>IV. Enhanced information disclosure</p> <p>Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?</p>	V		The Company publishes the "Corporate Social Responsibility Report" on the company's website, stating the content of the Ethical Corporate Management Best Practice Principles and the	No major discrepancy

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			implementation status; the Company has formulated the Ethical Corporate Management Best Practice Principles, which is disclosed on the company's website and MOPS.	
<p>V. Where a Company has worked Ethical Corporate Management Guiding Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies", please expressly elaborate on the differential gap between the substantial performance and the Practice Principle: The Company has established an Ethical Corporate Management Best Practice Principles, which is disclosed on the Company's website and MOPS. All employees of the company must abide by this regulation, which is not significantly different from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.</p>				
<p>VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity). The Company strictly abides by the business conduct regulations and other relevant regulations for TWSE/GTSM Listed companies as the basis for implementing ethical corporate management and continues to identify and update regulations for the relevant implementation.</p>				

(VII) Where the Company has formulated the corporate governance principles and related regulations, it should disclose its inquiry method:

The Company has established the "Corporate Governance Best-Practice Principles", which has relevant rules for protecting the rights and interests of shareholders, strengthening the functions of the Board of Directors, respecting the rights and interests of stakeholders, and improving information transparency, in hopes to establish a good corporate governance system to improve corporate governance performance. For the effectiveness of the Company's "Corporate Governance Best-Practice Principles", please visit the MOPS or the Company's website.

(VIII) Other significant information that helpful to better awareness of performance in corporate governance:

The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading", which regulates the Company's internal material information handling and disclosure mechanism and conducts regular reviews to meet the needs of current laws and management.

(IX) Hands-on performance in the internal control system:

1. Internal Control Statement

Chia Chang Co., Ltd.  
Declaration of Internal Control Policies

Date: March 22, 2022

The following declaration is based on the 2021 self-audit over the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities the Company's board of directors and managers. These policies were implemented throughout the Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. Pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations"), the Company should study and judge whether the Company's internal control system is effective in design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company has adopted the aforementioned judgment items for the internal control system to evaluate the effectiveness of the Company's internal control system in both design and implementation.
- V. On the grounds of the outcome of evaluation mentioned in the preceding Paragraph, the Company firmly holds that the Company's internal control system as of December 31, 2021 (including supervisory control and management over subsidiaries), notably the effect of the business operation, extent of accomplishment of the target where the report proves trustworthy, transparent in real time, the design and implementation of the Company's internal control system proves effective, capable of assuring accomplishment of the aforementioned targets.
- VI. This declaration forms part of the main contents of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The present Declaration of Internal Control System was granted a pass in the board of directors meeting convened on March 22, 2022. That board of directors meeting was attended by 7 directors among whom 0 director objected. All present directors unanimously responded with consent to the contents of the Declaration. This is the another point duly clarified herewith.

Chia Chang Co., Ltd.

Chairman: Kuei-Hsiu Sung

President: Kuei-Hsiu Sung

2. Audit of the internal control system by CPA shall disclose the accountant's review report: None.

(X) In the latest year until the date as of Annual Report issuance: The Company and inside personnel having been penalized for violation of the requirements in the internal control system, the major defects and corrective action completed: None.

(XI) In the latest year until the date as of Annual Report issuance, and board the shareholders' meeting had resolved significant decisions:

1. Important resolutions approved by the shareholders' meeting in 2021 and up to the date of publication of the annual report
  - (1) Approved the Company's 2020 annual business report and financial statement  
Implementation: The resolution was approved.
  - (2) Approved the Company's 2020 earnings distribution plan  
Implementation: the ex-dividend base date was set on August 28, 2021, and all distributions were completed on September 16, 2021, according to the resolution of the shareholders' meeting where a cash dividend of NTD2.5 per share was distributed.
  - (3) Proposal for the amendment to the Articles of Association  
Implementation: It has been approved by the MOEA for registration on September 15, 2021, and the Company's Articles of Association has been announced on the company's website.
2. Important resolutions approved by the Board of Directors in 2021 and up to the date of publication of the annual report

Meeting date	Significant decisions resolved
2021.01.29	Proposal for 2020 year-end bonus for the Company's managerial officers
2021.03.23	<ol style="list-style-type: none"> <li>1. 2020 Business Report and Financial Statements</li> <li>2. 2020 Employee Remuneration and Director and Supervisor Remuneration Distribution Proposal</li> <li>3. 2020 Earnings Distribution Proposal</li> <li>4. Issuing the 2020 Internal Control Statement</li> <li>5. Proposal for the amendment to the Articles of Association</li> <li>6. Proposal for land sale and purchase</li> <li>7. Proposal for the holding of the general meeting of shareholders</li> <li>8. Handing for the proposal of shareholder proposal rights</li> </ol>
2021.05.06	None
2021.07.13	<ol style="list-style-type: none"> <li>1. Change of the date of the general meeting of shareholders</li> </ol>
2021.08.05	<ol style="list-style-type: none"> <li>1. Proposal for the Company's distribution of cash dividends</li> <li>2. Proposal for repatriation of earnings of subsidiaries in China</li> <li>3. Proposal for appointing directors and supervisors of subsidiaries</li> <li>4. Participated in the capital raising of Top Taiwan VIII Venture Capital Co., Ltd.</li> <li>5. Proposal for handling Chia Ke's new plant</li> </ol>
2021.11.04	<ol style="list-style-type: none"> <li>1. Proposal for appointing of directors of subsidiaries</li> <li>2. Submission of capital loan and loan adjustment proposal for subsidiaries in China</li> </ol>

	3. Submission of the adjustment of the bank financing quota of the mainland subsidiary
2021.12.21	<ol style="list-style-type: none"> <li>1. Submission of the 2022 annual budget proposal</li> <li>2. Submission of 2022 bank financing application</li> <li>3. Submission of 2022 endorsement guarantee loan application</li> <li>4. Submission of 2022 annual loan and loan application</li> <li>5. Submission of 2022 audit plan</li> <li>6. Proposal to change the CPA</li> <li>7. Proposal for 2022 CPA engagement</li> <li>8. Proposal for repatriation of surplus of overseas subsidiaries</li> <li>9. Proposal for managerial officer dismissal</li> </ol>
2022.01.26	<ol style="list-style-type: none"> <li>1. Proposal for 2021 year-end bonus for the Company's managerial officers</li> <li>2. Proposal for promotion for the Company's managerial officers</li> <li>3. Proposal for appointing directors and supervisors of subsidiaries</li> <li>4. Proposal for the formulation of the "Audit Committee Charter"</li> <li>5. Proposal for the amendment to the "Rules Governing the Scope of Powers of Independent Directors"</li> <li>6. Proposal for the amendment to the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises"</li> <li>7. Proposal for the amendment to the "Self-Regulatory Rules on Disclosure of Merger and Acquisition Information"</li> <li>8. Proposal for the amendment to the "Remuneration Committee Charter"</li> <li>9. Proposal for the amendment to the "Measures for Directors' Remuneration"</li> <li>10. Proposal for integrated system of logistics and warehousing automation in Chia Ke's new plant</li> </ol>
2022.03.22	<ol style="list-style-type: none"> <li>1. 2021 Business Report and Financial Statements</li> <li>2. 2021 Employee Remuneration and Director and Supervisor Remuneration Distribution Proposal</li> <li>3. 2021 Earnings Distribution Proposal</li> <li>4. Issuing the 2021 Internal Control Statement</li> <li>5. Proposal to the amendment of the "Rules of Procedure for Board of Directors Meetings"</li> <li>6. Proposal to the amendment of the "Codes of Ethical Conduct"</li> <li>7. Proposal to the amendment of the "Ethical Corporate Management Best Practice Principles "</li> <li>8. Proposal to the amendment of the "Procedures for Ethical Management and Guidelines for Conduct"</li> <li>9. Proposal to the amendment of the "Rules of Procedure for Shareholders Meetings"</li> <li>10. Proposal to the amendment of the "Procedures for Election of Directors"</li> <li>11. Proposal to the amendment of the "Procedures the Acquisition and Disposal of Assets"</li> <li>12. Proposal to the amendment of the "Operational Procedures</li> </ol>

	<p>for Loaning Funds to Others”</p> <p>13. Proposal to the amendment of the “Procedures for Endorsements/guarantees for Others”</p> <p>14. Proposal for the amendment to the Articles of Association</p> <p>15. Proposal for the holding of the general meeting of shareholders</p> <p>16. Proposal for accepting shareholder proposal rights and director election rights</p>
2022.05.10	<p>1. Proposal for nominating candidates for directors (including independent directors)</p> <p>2. Proposal for lifting the non-compete restriction on new directors after the re-election</p> <p>3. Proposal for the amendment of the “Guidelines on the Appointment, Evaluation, and Remuneration of Internal Auditors”</p> <p>4. Proposal for the amendment to the “Procedures for Halt and Resumption Applications”</p> <p>5. Proposal for the amendment to the “ Regulations Governing Transactions Between this Corporation and Related Party”</p> <p>6. Proposal for the amendment to the “Corporate Governance Best-Practice Principles”</p> <p>7. Proposal for the amendment to the “Procedures for Handling Material Inside Information and Preventing Insider Trading”</p> <p>8. Proposal for the amendment to the “Measures for the Approval Authority of Operation Supervisors”</p> <p>9. Proposal for the amendment to the “Internal Audit Implementation Rules”</p> <p>10. Proposal for the amendment to “Internal Control - Finance Cycle”</p> <p>11. Proposal for the cancellation of Chia-Rui Holding Limited</p>

(XII) In the latest year until the date as of Annual Report issuance, where Supervisor the directors passed significant decisions with different opinions as backed with records or declarations: None.

(XIII) In the latest year until the date as of Annual Report issuance, the assembled information of discharge or resignation by the Company for the Company’s Chairman, President, chief accountant, financial supervisor, internal audit officer, governance officer and research & development officer: None.

(XIV) Circumstances in which the Company’s personnel related to financial information transparency to obtain relevant certificates and licenses designated by the competent authority:

License	Head count	
	Internal audit	Finance
CPA of Republic of China	0	1



V. Information in public fees of the Certified Public Accountant Association:

Information in public fees of the Certified Public Accountant Association

Amount Unit: NTD Thousand

Auditor's firm	Name of CPA	CPA auditing period	Audit remuneration	Non-audit remuneration	Total	Remark
Deloitte & Touche	Yao-Lin Huang; Mei-Hui Wu	2021	2,960	-	2,960	
Deloitte & Touche	Yao-Lin Huang; Suei-Chin Lee	2021	1,960	380	2,340	The non-audit expenses are to pay the CPA to review the Profit-seeking Enterprise Income Tax Statement and the Direct Deduction Method certification fee.

- (I) The Company shall disclose the amounts of the non-audit fees account for more than 25% of the fee paid to the attesting CPAs and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services: Not applicable.
- (II) When the firm changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: Not applicable.
- (III) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: Not applicable.

VI. Change of accountant: To meet the needs of internal adjustment of the accounting firm, it is planned to replace the CPA Yao-Lin Huang and Mei-Hui Wu with CPA Yao-Lin Huang and Suei-Chin Lee from the fourth quarter of 2021.

VII. Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant 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 the accounting firm of the auditing CPAs means an enterprise in which CPAs of the accounting firm to which the auditing CPAs belong hold more than 50 percent of the shares, or of which they hold more than half of the directorships, or any company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the auditing CPAs: None.

VIII. In the latest year until the date as of Annual Report issuance, the fact regarding transfer or pledge stock equity by the Company's directors, supervisors and managerial officers and key shareholders holding over 10% in shareholding

- (I) The status of changes that directors, supervisors and shareholders had transferred and pledged their shares

Unit: shares

Title	Name	2021		As of April 30, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Chairman/President	Kuei-Hsiu Sung	-	-	-	-
Director	Yung Hsiang Investment Co., Ltd.	-	-	-	-
	Representative: Chang-Hai Chen	-	-	-	-
Director	Tsai-Ho Lu	-	-	-	-
Director	Tien-Hao Wang	-	-	-	-
Independent Director	Teh-Jung Kao	-	-	-	-
Independent Director	Jui-Hsin Lin	-	-	-	-
Independent Director	Ping-Kuen Chen	-	-	-	-
Supervisor	Chyan Yang	-	-	-	-
Supervisor	Yung Yu Investment Co., Ltd.	-	-	-	-
	Representative: Hsiu-Yi Lin	-	-	-	-
Supervisor	Mei-Cheng Peng	-	-	-	-
Vice President	Li-Chuan Cheng	-	-	-	-
Vice President	Huoo-Hsin Chen	-	-	-	-
Vice President	Li-Chen Huang	-	-	-	-
Vice President	Wen-Kung Lee	-	-	-	-
Vice President	Mo-Hua Su	-	-	-	-
Vice President	Shang-Hao Cheng	-	-	-	-
Vice President	Tz-Shiuan Chen	-	-	-	-
Vice President	Chia-Hung Kao	-	-	-	-
Deputy Assistant General Manager	Shih-Hsiung Lu	-	-	-	-
Deputy Assistant General Manager	Yung-Ming Sung	-	-	-	-

Note 1: Those who are still in office as of the publication date of the annual report.

- (II) The relationship between that party and the company director, supervisor, managerial officer, or shareholders holding more than 10 percent of outstanding shares had transferred their shares during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- (III) The relationship between that party and the company director, supervisor, managerial officer, or shareholders holding more than 10 percent of outstanding shares had pledged their shares during the most recent fiscal year or during the current fiscal year up to the

date of publication of the annual report: None.

IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

April 24, 2022

Name	Shares held in own name		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the civil code, and the name and affiliation, if applicable.		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
Yung Hsiang Investment Co., Ltd.	13,438,441	9.44%	-	-	-	-	Hsin Ho Investment Co., Ltd.	The representative of the Company is a relative	
Yung Hsiang Investment Co., Ltd. Representative: Tz-Shiuan Chen	1,757,217	1.23%	492,138	0.34%	-	-	Chang-Hai Chen	Father and son	
							Szu-Chia Chen	Brother and sister	
Hsin Ho Investment Co., Ltd.	11,785,492	8.27%	-	-	-	-	Yung Hsiang Investment Co., Ltd.	The representative of the Company is a relative	
							Hang Chia Investment Co., Ltd.		
Hsin Ho Investment Co., Ltd. Representative: Chang-Hai Chen	2,716,815	1.90%	1,554,686	1.09%	-	-	Tz-Shiuan Chen	Father and son	
							Li-Ying Huang	Marital	
							Kuei-Hsiu Sung	Marital	
							Szu-Chia Chen	Father and daughter	
Hang Chia Investment Co., Ltd.	6,349,437	4.45%	-	-	-	-	Hsin Ho Investment Co., Ltd.	The representative of the Company is a relative	
							Ying Chia Investment Co., Ltd.		

Name	Shares held in own name		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the civil code, and the name and affiliation, if applicable.		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
Hang Chia Investment Co., Ltd. Representative: Li-Ying Huang	2,052,622	1.44%	6,296,338	4.42%	-	-	Chang-Hai Chen	Marital	
							Kuei-Hsiu Sung	Spouse	
							Yung-Ming Sung	Mother and son	
Kuei-Hsiu Sung	6,296,338	4.42%	2,052,622	1.44%	-	-	Hsin Ho Investment Co., Ltd.	The representative of the Company is a relative	
							Hang Chia Investment Co., Ltd.		
							Ying Chia Investment Co., Ltd.		
							Chang-Hai Chen	Marital	
							Li-Ying Huang	Spouse	
							Yung-Ming Sung	Father and son	
Chang-Hai Chen	2,716,815	1.90%	1,554,686	1.09%	-	-	Yung Hsiang Investment Co., Ltd.	The representative of the Company is a relative	
							Hsin Ho Investment Co., Ltd.	Same Chairman	
							Hang Chia Investment Co., Ltd.	The representative of the Company is a relative	
							Tz-Shiuan Chen	Father and son	
							Li-Ying Huang	Marital	
							Kuei-Hsiu Sung	Marital	
							Szu-Chia Chen	Father and daughter	

Name	Shares held in own name		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the civil code, and the name and affiliation, if applicable.		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
Citibank Taiwan in custody for Polunin Emerging Markets Small Cap Fund, LLC	2,506,800	1.76%	-	-	-	-	-	-	
Yung-Ming Sung	2,451,411	1.72%	131,000	0.09%	-	-	Hang Chia Investment Co., Ltd.	The representative of the Company is a relative	
							Ying Chia Investment Co., Ltd.	Same Chairman	
							Li-Ying Huang	Mother and son	
							Kuei-Hsiu Sung	Father and son	
Szu-Chia Chen	2,334,425	1.63%	-	-	-	-	Yung Hsiang Investment Co., Ltd.	The representative of the Company is a relative	
							Hsin Ho Investment Co., Ltd.		
							Tz-Shiuan Chen	Brother and sister	
							Chang-Hai Chen	Father and daughter	
G. Vision Investment Co., Ltd.	2,298,098	1.61%	-	-	-	-	-	-	
G. Vision Investment Co., Ltd. Representative: Shu-Hui Chen	57,000	0.04%	147,850	0.10%	-	-	-	-	
Ying Chia Investment Co., Ltd.	2,206,000	1.54%	-	-	-	-	Hang Chia Investment Co., Ltd.	The representative of the Company is a relative	

Name	Shares held in own name		Shareholdings of spouse and underage children		Shares held in the names of others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2nd tier under the civil code, and the name and affiliation, if applicable.		Remark
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Name	Relation	
Ying Chia Investment Co., Ltd. Representative: Yung-Ming Sung	2,451,411	1.72%	131,000	0.09%	-	-	Hang Chia Investment Co., Ltd.	The representative of the Company is a relative	
							Li-Ying Huang	Mother and son	
							Kuei-Hsiu Sung	Father and son	

X. Investments jointly held by the Company, the Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by the Company. Calculate shareholding in aggregate of the above parties:

December 31, 2021  
Unit: thousand shares

Investees (Note)	Invested by the Company		Investment held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding	Quantity	Ratio of Shareholding
CHIA CORPORATION	46,740	100.00%	-	-	46,740	100.00%
GOLDSKY ENTERPRISES LIMITED	15	100.00%	-	-	15	100.00%
Chia Development Co., Ltd.	19,784	100.00%	-	-	19,784	100.00%
Zen Material Technology Inc.	1,334	46.01%	-	-	1,334	46.01%
Chimei Motor Electronics Co., Ltd.	1,372	7.22%	-	-	1,372	7.22%
Top Taiwan VIII Venture Capital Co., Ltd.	5,000	6.17%	-	-	5,000	6.17%
TARCOOLA TRADING LIMITED	-	-	37,100	100.00%	37,100	100.00%
HUGE LINE INTERNATIONAL LIMITED	-	-	11,601	100.00%	11,601	100.00%
CHIAPEX HOLDING LIMITED	-	-	4,851	100.00%	4,851	100.00%
CHIA-RUI HOLDING LIMITED	-	-	23,659	100.00%	23,659	100.00%
Energy Magic Co., Ltd.	-	-	1,500	50.00%	1,500	50.00%
Top Taiwan IX Venture Capital Co., Ltd.	-	-	10,000	12.50%	10,000	12.50%
Chia Chang Technology (Suzhou) Co., Ltd.	-	-	(Note 1)	100.00%	(Note 1)	100.00%
Ningbo Chia chang Electronics Hardware Co., Ltd.	-	-	(Note 1)	100.00%	(Note 1)	100.00%
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	-	-	(Note 2)	49.00%	(Note 2)	49.00%
Quan Rui (Dong Guan) Industrial Co., Ltd.	-	-	(Note 1)	100.00%	(Note 1)	100.00%
Nanjing Chia-Chan Precious Electronics Co., Ltd.	-	-	(Note 1)	100.00%	(Note 1)	100.00%
Chia Chang Technology (Chong Qing) Co., Ltd.	-	-	(Note 1)	100.00%	(Note 1)	100.00%

Note 1: The Company is a TWSE limited company, so it is not applicable.

Note 2: The Company and its subsidiaries have approved the resolution of the Board of Directors on December 19, 2017, and have sold 51% of the equity of Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd. held by Chiapex Holding Limited to a non-related person in 2018.

Note 3: Quan Rui (Dong Guan) Industrial Co., Ltd. was cancelled and withdrawn in April 2022.

## Chapter IV Funding Status

### I. Share capital and shares

#### (I) Source of Capital

Year / month	Price of issue (NTD)	Authorized capital		Paid-up capital		Remark		
		Quantity (share)	Amount (NTD)	Quantity (share)	Amount (NTD)	Sources of share capital	Paid in properties other than cash	Other
1985.08	10	500,000	5,000,000	500,000	5,000,000	Paid-in capital	-	
1991.09	10	2,000,000	20,000,000	2,000,000	20,000,000	Cash capital increase of NTD15,000,000	-	
1995.10	10	4,000,000	40,000,000	4,000,000	40,000,000	Cash capital increase of NTD20,000,000	-	
2001.05	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash capital increase of NTD60,000,000	-	Ching (090) Shang-Tzu No. 09001162110 on May 14, 2001
2001.08	10	19,900,000	199,000,000	19,900,000	199,000,000	Cash capital increase of NTD99,000,000	-	Ching (090) Shang-Tzu No. 09001296000 on August 07, 2001
2003.02	10	23,880,000	238,800,000	23,880,000	238,800,000	Cash capital increase of NTD7,235,000 Capitalization of retained earnings of NTD32,565,000	-	Ching-Shou-Shang-Tzu No. 09201041960 on February 12, 2003
2006.10	30	26,940,000	269,400,000	26,940,000	269,400,000	Cash capital increase of NTD30,600,000	-	Ching-Shou-Chung-Tzu No. 09532951170 on October 11, 2006
2007.01	30	29,320,000	293,200,000	29,320,000	293,200,000	Cash capital increase of NTD23,800,000	-	Ching-Shou-Shang-Tzu No. 09533399830 on January 02, 2007
2007.07	78	100,000,000	1,000,000,000	58,808,000	588,080,000	Cash capital increase of NTD294,880,000	-	Ching-Shou-Chung-Tzu No. 09601172060 on July 20, 2007
2008.01	78	100,000,000	1,000,000,000	62,269,540	622,695,400	Cash capital increase of NTD34,615,400	-	Ching-Shou-Shang-Tzu No. 09701005690 on January 10, 2008
2008.08	10	100,000,000	1,000,000,000	93,404,310	934,043,100	Capitalization of retained earnings of NTD311,347,700	-	Ching-Shou-Shang-Tzu No. 09701206260 on August 15, 2008
2009.07	26.5	100,000,000	1,000,000,000	93,447,810	934,478,100	Employee stock warrants converted NTD435,000	-	Ching-Shou-Shang-Tzu No. 09801136620 on July 06, 2009



Year / month	Price of issue (NTD)	Authorized capital		Paid-up capital		Remark		
		Quantity (share)	Amount (NTD)	Quantity (share)	Amount (NTD)	Sources of share capital	Paid in properties other than cash	Other
2009.09	10	150,000,000	1,500,000,000	107,458,456	1,074,584,560	Capitalization of retained earnings of NTD140,106,460	-	Ching-Shou-Shang-Tzu No. 09801190580 on September 04, 2009
2010.08	21.5	150,000,000	1,500,000,000	107,581,956	1,075,819,560	Employee stock warrants converted NTD1,235,000	-	Ching-Shou-Shang-Tzu No. 09901189630 on August 20, 2010
2010.09	10	150,000,000	1,500,000,000	131,760,108	1,317,601,080	Capitalization of retained earnings of NTD241,781,520	-	Ching-Shou-Shang-Tzu No. 09901201170 on September 03, 2010
2011.07	10	150,000,000	1,500,000,000	145,750,108	1,457,501,080	Cash capital increase of NTD139,900,000	-	Ching-Shou-Shang-Tzu No. 10001155390 on July 13, 2011
2011.07	15.4	150,000,000	1,500,000,000	145,889,108	1,458,891,080	Employee stock warrants converted NTD1,390,000	-	Ching-Shou-Shang-Tzu No. 10001172070 on July 29, 2011
2011.08	10	180,000,000	1,800,000,000	152,477,113	1,524,771,130	Capitalization of retained earnings of NTD65,880,050	-	Ching-Shou-Shang-Tzu No. 10001188180 on August 16, 2011
2012.07	12.4	180,000,000	1,800,000,000	152,562,613	1,525,626,130	Employee stock warrants converted NTD855,000	-	Ching-Shou-Shang-Tzu No. 10101156790 on August 03, 2012
2013.04	10	180,000,000	1,800,000,000	152,304,613	1,523,046,130	Reduce capital via cancellation of treasury shares by NTD2,580,000	-	Ching-Shou-Shang-Tzu No. 10201060420 on April 02, 2013
2015.12	10	180,000,000	1,800,000,000	149,202,613	1,492,026,130	Reduce capital via cancellation of treasury shares by NTD3,102,000	-	Ching-Shou-Shang-Tzu No. 10401270240 on December 29, 2015
2016.03	10	180,000,000	1,800,000,000	146,202,613	1,462,026,130	Reduce capital via cancellation of treasury shares by NTD3,000,000	-	Ching-Shou-Shang-Tzu No. 10501062470 on March 31, 2016
2016.08	10	180,000,000	1,800,000,000	142,367,613	1,423,676,130	Reduce capital via cancellation of treasury shares by NTD3,835,000	-	Ching-Shou-Shang-Tzu No. 10501202170 on August 17, 2016

Share category	Authorized capital			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Ordinary shares	142,367,613	37,632,387	180,000,000	TWSE listed stock

Note: This stock is a TWSE listed

Information on self-registration system: Not applicable.

## (II) Shareholders structure

April 24, 2022 Unit: person; shares; %

Shareholders structure Quantities	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Head count	0	5	49	7,187	102	7,343
Quantity of shareholding	0	462,996	46,977,839	74,453,014	20,473,764	142,367,613
Ratio of Shareholding	0%	0.33%	32.99%	52.30%	14.38%	100.00%

## (III) Equity dispersion

Type: common stock; NTD10 per share

April 24, 2022 Unit: person; shares; %

Class of Shareholding	Number of Shareholders	Quantity of shareholding	Ratio of Shareholding
1 to 999	781	108,212	0.08%
1,000 to 5,000	4,783	10,026,925	7.04%
5,001 to 10,000	810	6,628,135	4.66%
10,001 to 15,000	250	3,206,980	2.25%
15,001 to 20,000	184	3,401,624	2.39%
20,001 to 30,000	176	4,561,430	3.20%
30,001 to 40,000	76	2,720,999	1.91%
40,001 to 50,000	53	2,434,095	1.71%
50,001 to 100,000	103	7,320,255	5.14%
100,001 to 200,000	56	8,173,668	5.74%
200,001 to 400,000	29	8,352,397	5.87%
400,001 to 600,000	9	4,460,569	3.13%
600,001 to 800,000	8	5,706,651	4.01%
800,001 to 1,000,000	3	2,752,700	1.93%
> 1,000,001	22	72,512,973	50.94%
Total	7,343	142,367,613	100.00%

Note: The Company has not issued any special shares.

## (IV) List of major shareholders

List all shareholders with a stake of 5 percent or greater, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list:

April 24, 2022 Unit: shares; %

Shareholding	Quantity of shareholding	Ratio of Shareholding
Name of major shareholders:		
Yung Hsiang Investment Co., Ltd.	13,438,441	9.44%
Hsin Ho Investment Co., Ltd.	11,785,492	8.27%
Hang Chia Investment Co., Ltd.	6,349,437	4.45%
Kuei-Hsiu Sung	6,296,338	4.42%
Chang-Hai Chen	2,716,815	1.90%
Citibank Taiwan in custody for Polunin Emerging Markets Small Cap Fund, LLC	2,506,800	1.76%
Yung-Ming Sung	2,451,411	1.72%
Szu-Chia Chen	2,334,425	1.63%
G. Vision Investment Co., Ltd.	2,298,098	1.61%
Ying Chia Investment Co., Ltd.	2,206,000	1.54%

## (V) Market price per share, net worth, dividend and relevant data over the last two years

Unit: NTD

Item	Year		2020	2021	As of May 13, 2022
	Market price per share	Highest		42.50	55.80
	Lowest		24.85	35.75	42.00
	Average		36.84	44.86	48.79
Net worth per share	Before dividend distribution		52.59	55.96	59.05
	After dividend distribution		50.09	Note 1	-
Earnings per share	Weighted average outstanding shares		142,368 thousand shares	142,368 thousand shares	142,368 thousand shares
	Earnings per share		4.76	6.38	1.06
Dividends per share	Cash dividends		2.5	Note 1	-
	Stock dividends	From earnings	-	Note 1	-
		From capital reserves	-	Note 1	-
	Cumulative undistributed dividends		-	-	-
Analysis of investment returns	P/E ratio (Note 2)		7.74	7.03	-
	Price to dividends ratio (Note 3)		14.74	Note 1	-
	Cash dividend yield (Note 4)		6.79%	Note 1	-

Note 1: Pending resolution of the general meeting of shareholders.

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

Note 3: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

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

## (VI) Company Dividend Policy and Implementation Status

### 1. The Company's dividend policy is as follows:

The Company is in a stable growth phase, and most of its earnings come from subsidiaries recognized by the equity method. To ensure the Company's sustainable operation and long-term development, in addition to the Company's annual earnings are used to make up for past losses and taxes in accordance with the regulations, 10% shall be first set aside as legal reserve, and the amount of the deduction of shareholders' equity in the most recent year shall be set aside as special reserve. Lastly, the Board of Directors shall formulate a distribution proposal where the surplus shall be distributed together with the undistributed earnings of previous years. Any surplus profits will be distributed subject to public company regulations with the considering the most recent year's net profit, current and future development plans, investment environment, capital needs and domestic and foreign competition, the interests of shareholders and the Company's capital structure. Unless otherwise resolved by the Board of Directors and the shareholders' meeting, the amount of earnings distributed to shareholders shall not be less than 30% of the distributable earnings of the most recent year, and the amount of cash dividends shall not be less than 10% of the distributable earnings of the most recent year. Stock dividends are proposed and distributed by the Board of Directors according to the operation and capital needs of the most recent year and submitted to the shareholders' meeting for resolution. The surplus shall be retained according to the regulations.

### 2. The dividend distribution proposed at this shareholders' meeting is as follows:

On March 22, 2022, the Board of Directors approved the proposed cash dividend distribution to shareholders of NTD427,102,839 (NTD3.0 per share) and it is pending the resolution of the 2022 Annual General Meeting of Shareholders.

### 3. Description of expected significant changes: None.

(VII) The impact of issuance of bonus shares proposed in the present shareholders' meeting upon the Company's business performance and earnings per share: Not Applicable.

(VIII) Remuneration to the employees, directors and supervisors:

### 1. The percentage or range of employee dividends, directors and supervisors' compensation as stated in the Articles of Association:

If the Company has a profit in the year, it should first appropriate no less than 1% and not more than 15% of the profit for the most recent year as employee compensation, and no more than 5% for directors and supervisors' remuneration. However, when the Company still has accumulated losses, it should reserve the profit to make up for the loss. In addition, when employee remuneration is distributed in stock or cash, the recipients of the payment include employees of subsidiaries that meet certain conditions which are authorized by the Board of Directors.

### 2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The basis for estimating the amount of employee, director, and supervisor compensation for the current period (2021) is based on the distribution in the past year. If there is a discrepancy for the current period's estimated amount and the resolution of the shareholders' meeting, it will be handled according to the changes in accounting estimates. The annual adjustment is recorded in the resolution of the general shareholders' meeting.

3. Remuneration to be distributed as resolved in the board of directors:
  - (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

On March 22, 2022, the Board of Directors approved to distribute NTD34,693,875 to employees and NTD15,000,000 for directors and supervisors in cash distribution.

If there is a difference between the estimated amount of the above-mentioned employee remuneration and remuneration of directors and supervisors and the resolution of the shareholders' meeting, it will be handled according to the changes in accounting estimates and will be adjusted and recorded in the annual resolution of the shareholders' meeting.
  - (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: The Company did not distribute employee stock remuneration this year, it is not applicable.
4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

On March 23, 2021, the Board of Directors approved to distribute NTD26,250,583 to employees and NTD15,000,000 for directors and supervisors in cash distribution which were no different from the expenses recognized in the 2020 financial report.

(IX) Repurchase of the Company's Stock: None.

II. Corporate bond application: None.

III. Disclosure relating to preferred stock: None.

IV. Disclosure relating to depository receipts: None.

V. Employee stock warrants:

(I) Handling of the Company's employee stock options that have not yet expired: None.

(II) The names of the ten employees holding employee subscription warrants authorizing purchase of the most shares, along with the cumulative number of warrants exercised by these ten employees, as of the date of publication of the annual report: None.

VI. The new shares from restricted employee stock option: None.

VII. Disclosure on new shares issued in exchange of other company shares: None.

VIII. Implementation of the fund utilization plan:

- (I) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.
- (II) For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: None.

## Chapter V Business performance

### I. Content of business

#### (I) Scope of business operation

##### 1. Major contents of the business operation undertaken:

- (1) Manufacturing, processing, and trading of precision machinery (machine tools, medical beds) and related mechanical parts and molds.
- (2) Manufacturing, processing, and trading of mechanical steel mold textile machine parts.
- (3) Manufacturing, processing, and trading of computer peripheral equipment.
- (4) Manufacturing, processing, and trading of electrical products (industrial insecticidal lamps, dryers, heating appliances, small refrigerators).

##### 2. Operation proportion

Unit: NTD thousand

Year \ Product	2020		2021	
	Operating revenue - net	Operation proportion (%)	Operating revenue - net	Operation proportion (%)
BACK COVER	4,443,068	61.17	5,203,120	59.68
BEZEL	1,462,009	20.13	1,533,658	17.59
Internet Communication	553,861	7.63	865,048	9.92
Other	804,263	11.07	1,116,672	12.81
Total	7,263,201	100.00	8,718,498	100.00

##### 3. The current merchandise (services) items of the Company

Metal internal and external mechanical components for LCD TVs, laptops, tablet, LCD monitors, automotive monitors, industrial PC, internet communications, etc., such as: metal bezel, metal back cover, aluminum heat sink, inverter cover, shielding, lamp cover, ground plate, bracket, and other products.

##### 4. New products under development (services)

The Company is a professional metal stamping factory and are equipped to develop, design and manufacture precision molds. It collaborates with panel, backlight module and system manufacturers to produce TV, NoteBook, Monitor, Tablet, vehicle, and TFT-LCD, internet communications, and other related components on the market. As the terminal consumer electronic products continue to demand lightness, thinness, integration of internal and external parts and metal finishing, the Company will continue to develop the technology of precision stamping and maintain the collaborative relationship with customers to provide high-standard service. In addition, to prevent the Company from being affected by the prosperity of a single industry and expand its business to multiple fields, it has expanded to fields such as medical care, internet communications, and servers, and has undertaken orders from large international customers with a gradual increase in the

revenue proportion.

(II) Industrial profiles:

1. The status quo and development of the industry

In recent years, the market and application of terminal electronic products have been expanding in 3C, internet communications, medical, automotive, VR/AR and other electronic products. With the continuous development of product design demand in thinness and lightness, the difficulty of the manufacturing process also demands more precision and flexibility. As a result, manufacturers with mold development and design capabilities or a higher degree of automation can have an advantage in production costs, quality, and production efficiency, and it is not easy to be replaced by new entrants. To meet the market demand and increase the added value of products in the face the short and rapidly changing life cycle of electronic products, Chia Chang will continue to develop and produce precision molds to ensure stable quality and provide customers with diversified and high-quality products. Chia Chang is engaged in the production of metal stamping internal and external mechanical components required for TFT-LCD related products. The application includes TV, NB, Tablet, Monitor and other products.

(1) LCD TV

According to TrendForce reports, the sales of TV brands in the first half of 2021 was driven by the relief funds in the US, which kept North American sales booming, and brands continued to replenish panel inventories, pushing up panel prices. In the second half of 2021, as the epidemic in Europe and the US slowed down, the demand from the epidemic stopped. In addition, the rise in raw materials and shipping cost has pushed the manufacturing cost up, and the brands had to pass the cost on to the terminal price. Even though the brands are still looking forward to the two major sales holidays of Double 11 and Black Friday at the end of the year, the promotion is not effective due to the high cost, resulting in stagnant terminal demand and making the global TV shipment in 2021 dropped to 210 million units, an annual decrease of 3.2%; Due to the high shipping cost in 2021, larger products will incur more additional costs, which is not conducive to the layout of the brand's large-scale promotional activities in the second half of 2021. Thus, TrendForce estimates that this year's TV shipments will be further reduced to 212 million units, an annual increase of only 1 % and there is still a risk of downward revision.

(2) Laptop

According TrendForce to the survey, due to the epidemic in 2021, the global shipment of laptops reached 246.1 million units, a record high. However, the market might be facing a downward trend as the global vaccination population exceeds 50%, it is expected that the related demand driven by the epidemic will gradually decrease. It is estimated that the global laptop shipments in 2022 will be slightly revised down to 237.9 million units, an annual decrease of 3.3%; however, the total shipment of the top 6 laptop brands will still reach 90% in the overall market concentration, an increase from 89.1% in 2021 to 89.2%. TrendForce also stated that due to the sudden impact of the COVID-19 epidemic, the surge in home learning demand drove Chromebook shipments to exceed 30 million units for the first time in 2020, and the growth continued in the first and second quarters of 2021. The demand for goods has pushed up to a total of 37.8 million units. TrendForce estimates that in the first half of 2022, driven by the demand from education market, Chromebook shipments will



rebound to 19 million units, and there are still 29.4 million units in the year. In addition, it is expected that in the next few years, with the continuous promotion and demand in commercial market from digital education and Chrome OS, the shipments of Chromebooks will maintain stable at the level of 20-30 million units.

(3) Tablet

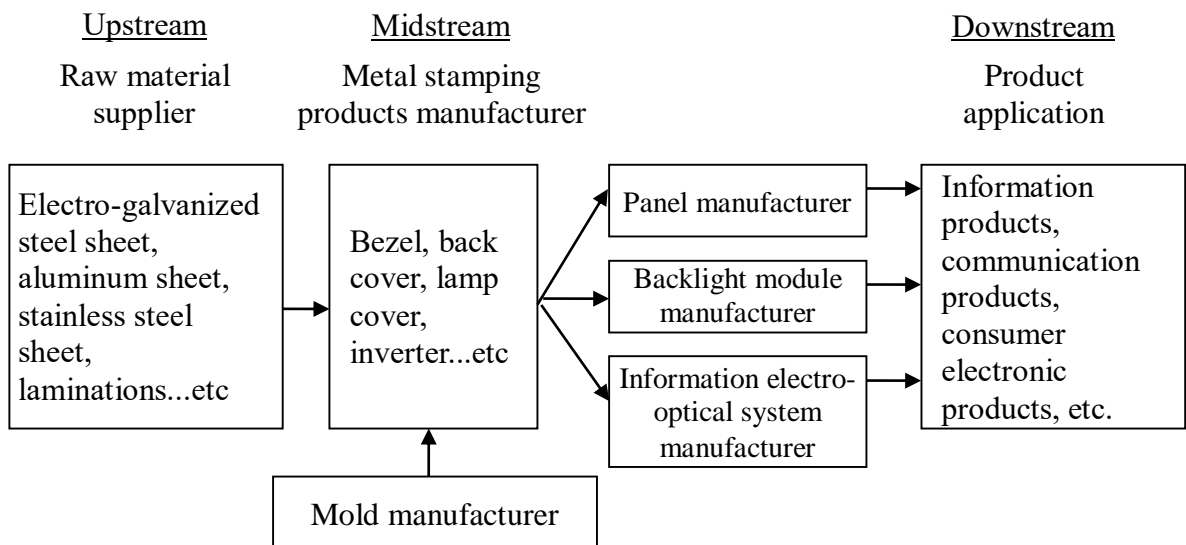
IDC Research Reports pointed out that the global tablet market shipments in 2021 are like PCs, and the annual sales are expected to increase by 4.3%. As the market has recovered from the PC demand peak caused by the epidemic, global tablet sales in 2022 are likely to drop by nearly 5%. In addition, as tablet demand continues to be impacted by smartphones and laptops, it is estimated that the compound annual growth rate by 2025 will be a negative figure.

(4) LCD monitor

TrendForce pointed out that the epidemic has driven the demand for working and education from home. Since 2020, LCD monitors have grown by more than 5% for two consecutive years. With the substantial increase in vaccination rate, work from home demand has been significantly reduced, resulting in an inevitable fierce competition for LCD displays in 2022. In the future, panel prices are more likely to decline gradually. Though the panel faces the risk of price correction in the first half of this year, the high panel price and the increase in product selling price will result in higher profit margins due to falling prices and stimulate a new wave of demand in the second half of the year. Overall, the global monitor market size in 2022 will be smaller than that in 2021. After the shortage of IC supply is improved, the panel supply capacity will be significantly enhanced this year, and the supply bottleneck will no longer exist. Total shipments are mainly affected by market demand in 2022.

2. Association among the up-, mid- and down streams

The upstream of stamping products is the raw material supplier, while the downstream covers almost various of industries. For the Company, the products are stamping components related to TFT-LCD and the relationship between the upstream, midstream, and downstream is listed as follows:



### 3. Product development trends

The various internal and external components produced by the Company have a wide range of applications such as consumer electronics, automotive, and internet communications. Thus, changes in economic prosperity and technological development have a considerable impact on the production and sales of terminal products.

According to research institute TrendForce, OLED TVs in 2021 benefited from the surge in LCD prices in the previous two years, and the price difference between the two 55-inch 4K O/C products has narrowed from 4.7 times in early 2020 to 1.8 times in mid-2021, attracting brands to actively develop OLED TVs when the supply of LCD panels is limited, driving OLED TV sales to 6.7 million units in 2021, an annual increase of 70%. Although Samsung Electronics intends to join the white OLED competition and simultaneously launch QD OLED TVs this year, with LCD Panel prices continue to fall, and OLED TV panel prices are driven by LG Display's strategy of keeping price high, which may disrupt Samsung's OLED TV market plan. It is estimated that global OLED TV growth will slow down in 2022, with an annual growth rate dropped to 27%. In addition, TrendForce estimates that global Mini LED TV shipments will reach 2.1 million units in 2021. In addition to Samsung Electronics and TCL continuing to develop Mini LEDs in 2022, many brands have also joined the competition where the overall Mini LED TV shipments might reach 4.5 million units.

The market demand for laptop was excellent in 2021. In addition to the education and business demand that played the main role in driving the growth in sales in the first and second half of 2021, gaming laptops driven by home entertainment also rose with a strong double-digit annual growth rate. According to the research and number of TrendForce, the total global shipments of gaming laptops in 2021 was about 18.02 million units, accounting for 7.3% of the total laptop shipments. As brands expect the demand for laptop to be fluctuating in 2022, they will increase the average unit price of their products and the proportion of niche gaming laptop products with higher gross profit to maintain the revenue and profit margins. Thus, it will be the main reason for pushing up the growth of the overall gaming laptop market this year. In addition, it is the first year that Mini LED takes-off. With the launch of new products of Mini LED backlight by Apple and other manufacturers, the Mini LED product line up of many terminal brands has been further expanded, thereby enabling the upstream and downstream industry chains to blossom. According to a report by Display Supply Chain Consultant (DSCC), the growth rate of Mini LED laptop shipments in 2022 is estimated to increase by 150% compared with 2021, reaching 5 million units. On the other hand, laptops are a mature industry with limited changes in recent years. Until 2020, there were major changes lead by Apple. The x86 architecture, which has long dominated the market, is challenged by Apple's self-developed M-series processors with the Arm architecture, which accounted for a very little market share in the past, has become a dazzling star. Many brands have begun to inquire about Arm-based processors, so Digitimes estimates that the annual growth rate of Arm-based NB shipments in 2022 will reach 40%, with is a chance to exceed 40 million units in 2024.

In tablets, Mini LED panels are favored by Apple, which has greatly increased the popularity of Mini LED panels. A report by DSCC estimates that the shipments of Mini LED panels will have an annual increase of 80% in 2022, reaching 9.7 million unit.

TrendForce states that Mini LED products have the advantages of high contrast and high brightness. Several LCD monitor brands are also launching Mini LED backlight products in high-end products. Take the 31.5-inch Mini LED backlight model as an example, the price is about 4-8 times that of the traditional LED backlight products of the same size. It is a product for the very high-end market which is relatively limited due to the high price and the product in the take-off stage. It is estimated that the shipment of Mini LED backlight LCD monitors will be 51,000 units in 2021 and in 2022, when QD OLED LCD monitors and OLED LCD monitors also compete for the market share of high-end LCD monitors, the annual Mini LED LCD monitor shipment is estimated to only reach 65,000 units, an annual increase of 27%. In addition, according to IDC estimates, the compound annual growth rate (CAGR) of gaming-related products from 2019 to 2023 is 5.7%, which is higher than the growth rate of general PCs. Among them, gaming monitors have the strongest growth, because of the low base period and the higher demands of players on display performance. Thus, it is estimated that the CAGR will reach 11.8% in 2019 to 2023.

#### 4. Competition status

The Company's main products are the design and manufacture of metal parts and molds for various electronic products, and the main competitors include Jochu and others. Although there are many competitors, Chia Chang continues to build with customers with diversified manufacturing processes and production lines, The Company has production bases throughout the optoelectronic supply chain bases in China where each subsidiary has established scale of operation. Chia Chang has accumulated many years of precision mold development, design, and manufacturing experience with professional mold development and design capabilities. Thus, it is one of the major players in the industry in term of scale, production technology, and delivery capability.

#### (III) Technology & know-how and research & development in summary:

Unit: NTD thousand; %

Item	Year	2020	2021
R&D expenditure		84,113	76,871
Operating revenue - net		7,263,201	8,718,498
R&D expenditure / Operating revenue - net		1.16	0.88

In the last two years, the ratio of the Company's R&D expenses to net operating income was between 0.88% and 1.16%. The reason for the change was the R&D direction towards automotive applications, internet communication, servers, and in-vehicle products.

The Company collaborates with panel customers to develop LED backlight module cooling assembly device, which is installed inside the metal back cover of the display and develops aluminum alloy exterior parts with LED system customers to provide more versatile finishing and functions to increase market competitiveness. In addition to the successful production of metal stamping components required for various standard sizes of TFT-LCD, NoteBook, Monitor, TV in the market, the Company has developed the frame assembly structure of the LCD panel, strengthened the frame structure, and improved the flatness and texture of the joints, and developed the metal back cover structure for display equipment, so that the metal back cover can be lightweight.

The Company has the equipment for mold development, which can meet the large and

rapid mold development demand of customers. It also develops rapid mold setting and mold removal devices to improve the efficiency of mold changing operations. During the product manufacturing process, the Company introduced stamping automation production equipment and simplified the stamping process to improve production efficiency and cost competitiveness.

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

1. Short term business plan

(1) Continue to optimize customer structure and improve customer penetration

Adjust the proportion of Chinese, Japanese and Korean customers, continue to optimize the share of existing customers, expand to new customers and new product markets, and increase product gross profit.

(2) Improve the customer service quality and increase the value of customer demand

Provide fast and high-quality technical services, improve service differentiation and competition, and ensure competitive advantage.

(3) Co-develop products with customers to create win-win outcomes and increase barriers to market entry

Provide customers with solutions that maximize added value through joint development.

(4) Continuously improve the thin plate process technology, and introduce high-precision production equipment to meet customer expectations

2. Long term business plan

(1) Seek new product applications and diversify operational risks

Develop other industrial applications that use metal stamping parts and reduce industrial concentration for the operation risk management, such as medical, internet communication industries...etc.

(2) Develop integrated products, increase product added value, and achieve win-win results with customers

Invest and develop in areas with higher added value in the industrial value chain, increase product added value, and provide customers with one-stop service.

(3) Improve employee training and automated processes, and establish a corporate culture

Continue to cultivate professional and technical talents to meet the Company's future business goals; build organizational recognition of the corporate culture for the Company's continued growth in the future and establish an corporate culture of common values to achieve a common vision of sustainable management. In response to the shortage of manpower due to the seasonal fluctuation, in addition to cultivating employees with a variety of work skills, the introduction of automated processes has been expanded to reduce the dependence on manpower.

## II. Markets, production and marketing in summary

### (I) Market analyses

#### 1. Sales region of key products

Unit: NTD thousand; %

Sales region	2020		2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Mainland China	5,830,986	80.28	6,910,941	79.27
Taiwan	1,379,927	19.00	1,779,283	20.41
Other	52,288	0.72	28,274	0.32
Total	7,263,201	100.00	8,718,498	100.00

#### 2. Market share

The Company is a manufacturer of TFT-LCD metal stamping components, with the integration capabilities of mold design and manufacturing, metal stamping, and various surface treatment processes and assembly. The product applications are very extensive, including consumer electronic products, IT products, automotive products, internet communication products, etc. As the material, specification and unit price of metal stamping parts will vary with the end products they are used in, it is not easy to calculate the market share ranking of various manufacturers; in addition, Chia Chang has accumulated more than 30 years of experience in mold development, design, and manufacturing, it is one of the major players in the industry in term of production technology, delivery capability, quality, etc.

#### 3. The future market supply and demand and growth potential

The mechanical components produced by the Company have a wide range of applications including TVs, laptops, tablet computers, monitors, and automotive monitors, etc. As the terminal products continue to develop towards differentiation, light weight, large size, good built quality, etc., the stamping technology is also constantly improving. Furthermore, with the change of the design structure, the mold technology and production process also need to be adjusted accordingly which is a challenge to the adaptability of the stamping manufacturer.

Large-size and high-resolution TVs have become a market trend, and large-size TVs are mostly designed with metal frames as support to increase product-built quality and support strength. As metal materials have the characteristics of high heat dissipation and high strength, manufacturers with relevant process capabilities and surface treatment technologies will benefit. As tablet and laptops have not changed much in the external design and benefited from the business opportunities of remote office and home education due to the epidemic in recent years, the terminal market demand is mostly flat or slightly growing; with the relatively mature market for monitors, the terminal demand mostly fluctuates in small degrees.

Chia Chang is a manufacturer of all-round professional metal stamping components, providing customers with end-to-end process service from product design, mold development, manufacturing, stamping, processing, to assembly. In addition to develop a certain scale of production capacity locally and internationally, it sets up automated machinery and facilities to improve production efficiency with considerable economies of scale to cope with future market growth.

#### 4. Competitive niche

- (1) Building barriers to entry with economies of scale and meeting customer demand

The optoelectronic industry is a highly capital-intensive and technology-intensive industry, with rapid product changes, demand on industrial supply chain efficiency, and strict requirements on supply quality and delivery time. The Company has accumulated long-term experience and technology in optoelectronic stamping and has achieved economic scale in mold design and manufacturing capacity. It is relatively financially stable, forming a certain degree of barriers to entry for new entrants and those with smaller operating scales.

- (2) Possess mold precision integration technology with diversified services

The Company has a relatively competitive advantage in the precision and speed of mold development, especially in the early stage of customer product design as the Company assists customers in institutional design and provides customers with product design improvement suggestions in subsequent mold trials, shortening customer certification and subsequent mass production time to ensure customers do not need to find additional mold manufacturers and consider alternative production capacity.

- (3) Provide integrated design and manufacturing services for internal and external mechanical parts and stamping components

The Company has the capability of integrated design and manufacturing of internal and external mechanical parts and stamping components, providing customers with one-stop integrated services for the manufacture of functional internal mechanical parts and external surface metal parts and helping customers to reduce supply chain costs with added value capabilities.

- (4) Provide customers with flexibility in product production with advantages of complete supply chain management

China is an important global supply chain and one of the world's manufacturing factories where major optoelectronic and IT companies from Taiwan, Japan, and South Korea's have set up business bases in China. The Company cooperates with global customers through indirect investment in the Yangtze River Delta in East China and Chongqing in the western region and builds production bases to serve global manufacturers nearby. Compared with other stamping manufacturer in the same industry, the Company provides service in China earlier resulting in a lower construction cost with an advantage over the competition.

- (5) Committed to the development of automation equipment to provide production flexibility and speedy response capabilities

The Company has accumulated experience in optoelectronic production and is committed to the development and design of automated production equipment by improving automation through customized robots. In addition to providing production flexibility and quick response capabilities, it can be vertically integrated to improve production efficiency and production quality.

- (6) Focus on the main business operation with professional management team

The Company has strict requirements for product quality and technical standards, and it continues to develop new products, resulting in a considerable competitive advantage in the optoelectronic metal stamping industry. The management team is dedicated to business and has rich experience in industrial

environment changes, product development trends, manufacturing, and marketing; the team is confident in ensuring the Company's overall competitiveness in the future and sustainable operation.

5. Advantages and disadvantages of development and countermeasures

(1) Advantages

A. LCD application market penetration rate expansion

The application of LCD has expanded from IT electronics to home appliances and automotive applications and has a wide range of downstream applications. With the continuous increase of production capacity by global panel manufacturers and the upgrade and expand on display applications and product technology, the market has continued to expand. At the same time, due to the impact of the COVID-19 epidemic, the demand for monitors in the stay-at-home economy, distance education and video conferencing remained stable. The operation of the Company has benefited from the stable development of the optoelectronic market, and the operation is expected to grow steadily.

B. The quality and delivery time are well recognized by customers

The major customers of the Company are the major optoelectronic panel manufacturers in Taiwan, China, and Korea, as well as the backlight module factories with global operation capabilities. As the Company deeply engaged in the optoelectronic metal stamping market, it has established a good brand image and reputation in the industry, and has established a good reputation among customers, which can help to expand to more customers and business.

C. Production capacity and mold design and development have reached economic scale for customer production demands

The Company has a complete establishments of optoelectronic metal stamping on both Taiwan and China and has production bases in major optoelectronic and IT supply chain locations in both countries. With the production flexibility and manufacturing technology developed by the Company in mold development, it has a competitive advantage compared to the competitors. It provides more differentiated and higher value-added product selection and raises the entry barriers for competitors.

(2) Disadvantages and countermeasures

A. The price of raw materials has risen, causing the cost of components to increase significantly

Countermeasures:

- a. Collect real time market information through suppliers and continue to develop new materials. Pre-order important raw materials to reduce the impact of short-term (one quarter) increase in procurement costs.
- b. Continuously improve process technology and mold-opening capabilities to improve competitiveness. Promote cost-saving projects to strictly control expenditures.
- c. Collect data on exchange rate changes at any time to reduce the impact of exchange rate fluctuation on revenue and profits.

B. Short product life cycle, and increase in the corporate management risk

Countermeasures:

IT and optoelectronic related products are changing every day, and the

product life cycle and customer order cycle are getting shorter. Thus, the Company adopts make-to-order production to control raw materials with special specifications, reduce inventory, and reduce the loss of inactive inventory.

C. Product prices and profits continue to decrease

Countermeasures:

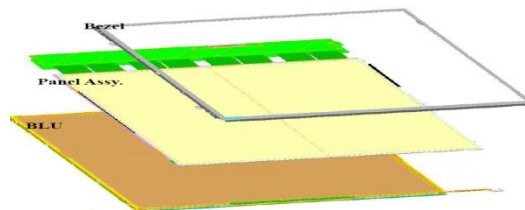
As there are many competitors for panel metal stamping suppliers, with the trend of large-size and low-price LCDs, panel manufactures will further reduce the prices and gross profit margins of component suppliers when they are pressured to cost down, resulting in price-cutting competition among suppliers.

The Company will continue to produce high value-added stamping components, and upgrade production technology to increase the proportion of products with high gross profit margins. In addition, it will continue to improve process technology and automation to reduce costs.

(II) Manufacturing process and key purposes of our principal products

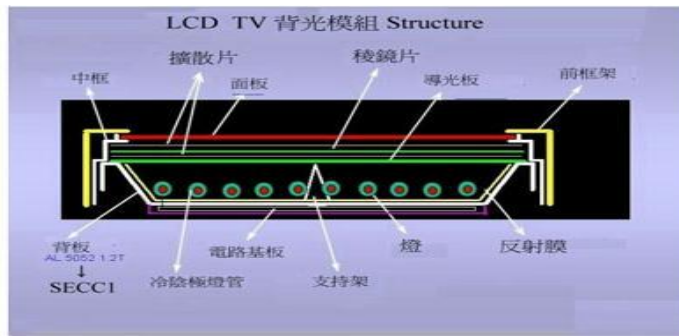
1. Key purposes of our principal products

The Company's main products are TFT-LCD bezel and back cover. Due to the design of the TFT-LCD module, under the consideration of lightness and thinness, it imposes considerable restrictions on the selection of finishing and materials. As shown in the following figure: the three main structures of the TFT-LCD module are the bezel, panel assy and BLU.



The structure of the backlight module includes light source, light guide plate, prism sheet, diffuser sheet, reflector sheet, and a back cover, among which the back cover is the main support structure of the entire backlight module; it acts as a barrier for electromagnetic interference and promotes heat dissipation and temperature uniformity to avoid partial overheating. Thus, in addition to meeting the above-mentioned characteristic and requirements, the materials used must also provide sufficient mechanical strength and be able to withstand complex processing shapes. The structure of the backlight module is based on the plastic frame with some optic film, light guide plates and lamp assy (including lamp cover, shielding...). Thus, the module is a bezel with a plastic frame to cover all parts, and the bezel is stronger than the plastic frame with a simpler design, so the design of the bezel and the back cover becomes a very important part of the overall TFT-LCD structure.

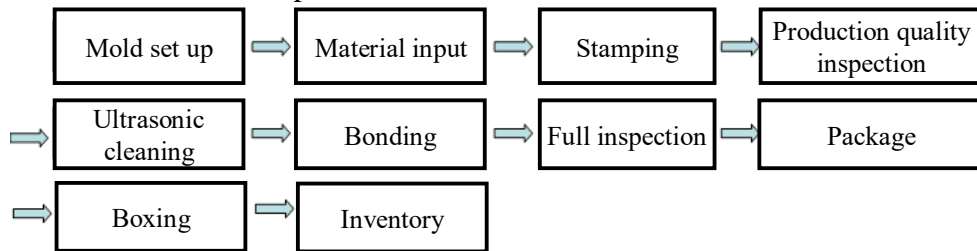




LCD TV Backlight Module Structure					
Middle bezel	Diffuser sheet	Panel	Prism sheet	Light guide plate	Bezel
Back cover	Cold cathode fluorescent lamp	Circuit board	Support rack	Light	Reflector sheet

## 2. Production process

The Company is a professional manufacturer of metal stamping products which mostly consist of bezel, back cover, lamp cover, inverter, etc. for TFT-LCD and the production methods and processes as follows:



### (III) Supply status of major raw materials

Major raw materials	Supplier	Supply status
Electrical galvanizing	Yung Kuang Hwa	Excellent
Galvalume	LONFON	Excellent
Aluminum plate	Lamitech Co., Ltd., Harvard Enterprises Inc.	Excellent
Stainless steel plate	Well Harvest, Metal Co., Ltd., ACCEL Technology Corporation	Excellent
Surface lining	Waih Chyi Technology Corp., Waih Jing Enterprise Co., Ltd	Excellent

(IV) Setting forth the names of any suppliers (clients) that have supplied (sold) 10 percent or more of the company's procurements (sales) in either of the preceding 2 fiscal years, and the amount, proportion, and explaining the reason for the changes.

- Information on suppliers that have supplied (sold) 10 percent or more of the company's procurements in either of the preceding 2 fiscal years:

Unit: NTD thousand

Item	2020				2021				First quarter of 2022			
	Name	Amount	Ratio to net purchases in the whole year (%)	Relationship to the issuer	Name	Amount	Ratio to net purchases in the whole year (%)	Relationship to the issuer	Name	Amount	Ratio to net purchase for the period as of the quarter preceding the end of the most recent year (%)	Relationship to the issuer
1	Company A	750,748	19.89	None	Company A	1,058,051	21.63%	None	Company A	277,824	21.86	None
2	Company B	345,884	9.17	None	Company B	522,137	10.67%	None	Company B	96,105	7.56	None
3	Other	2,676,940	70.94	-	Other	3,311,220	67.70%	-	Other	897,253	70.58	-
	Net purchase	3,773,572	100.00		Net purchase	4,891,408	100.00%		Net purchase	1,271,182	100.00	

- Reasons for the changes in suppliers and procurement:

The Company's 2021 net purchases increased is due to changes in industry, product structure adjustments, increased orders, and supply chain adjustments due to customer structure adjustments.

- A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases:

Unit: NTD thousand

Item	2020				2021				First quarter of 2022			
	Name	Amount	Ratio to net sale in the whole year (%)	Relationship to the issuer	Name	Amount	Ratio to net sale in the whole year (%)	Relationship to the issuer	Name	Amount	Ratio to net sales for the period as of the quarter preceding the end of the most recent year (%)	Relationship to the issuer
1	Company A	1,794,773	24.71	None	Company A	2,118,955	24.30	None	Company A	522,948	23.52	None
2	Company B	1,185,173	16.32	None	Company B	1,212,257	13.91	None	Company B	259,750	11.68	None
3	Company C	551,094	7.59	None	Company C	917,139	10.52	None	Company C	257,915	11.60	None
4	Other	3,732,161	51.38	-	Other	4,470,147	51.27	-	Other	1,182,952	53.20	-
	Net sales	7,263,201	100.00		Net sales	8,718,498	100.00		Net sales	2,223,565	100.00	

4. Main reasons for the increase or decrease in sales:

The Company's revenue increased in 2021 due to changes in the industry and adjustments to customer supply chains.

(V) Production value for the last two years

Unit: PCS; NTD thousand

Production value Key Products	2020			2021		
	Capacity	Output	Output value	Capacity	Output	Output value
BACK COVER	155,948,674	148,151,240	3,563,956	191,933,027	163,143,073	4,211,723
BEZEL	119,337,607	83,536,325	1,129,130	132,139,671	85,890,786	1,175,962
Other	459,719,968	321,803,978	5,386,008	558,869,865	363,265,413	9,549,277
Total	735,006,249	553,491,543	10,079,094	882,942,563	612,299,272	14,936,962

The production volume in 2021 increased compared with 2020 which was due to the structural adjustment of the supply chain, so the products were produced in a small amount and diversified, resulting in an increase in production compared with last year.

(VI) Sales in the last two years

Unit: PCS; NTD thousand

Sales volume and value Key Products	Year		2020					
			Mainland China		Taiwan		Export	
	Volume	Value	Volume	Value	Volume	Value		
BACK COVER	132,658,488	4,106,316	10,131,840	336,753	0	0		
BEZEL	75,044,291	1,285,562	7,120,560	176,448	0	0		
Internet Communication	0	0	1,758,883	553,861	0	0		
Other	31,063,615	439,108	19,744,056	312,865	52,288	52,288		
Total	238,766,394	5,830,986	38,755,339	1,379,927	52,288	52,288		

Sales volume and value Key Products	Year	2021					
		Mainland China		Taiwan		Export	
		Volume	Value	Volume	Value	Volume	Value
BACK COVER		148,145,746	4,853,554	9,419,645	349,566	0	0
BEZEL		79,057,942	1,380,991	6,923,453	152,667	0	0
Internet Communication		0	0	2,859,071	865,048	0	0
Other		36,302,266	676,396	34,178,308	412,002	28,274	28,274
Total		263,605,954	6,910,941	53,380,477	1,779,283	28,274	28,274

In 2021, the sales value in China and Taiwan increased compared with 2020 which was due to the stabilization of the epidemic and the change in product structure.

III. The number of employees employed, average years of service, average age, and education levels for the last two years and up to the date of publication of the annual report

Year		2020	2021	April 30, 2022
Number of employees	Direct employee	153	143	144
	Indirect employee	149	141	159
	Total	302	284	303
Average age		37.92	40.68	40.16
Average years of service (year)		7.58	8.25	8.20
Academic qualification (%)	Doctoral Degree	-	-	-
	Master's Degree	7%	7%	6%
	Bachelor's Degree	42%	36%	40%
	High school	40%	40%	35%
	Below high school	11%	17%	19%

IV. Environmental Spending

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Employee-employer relation

- (I) List the Company's fringe benefits for employees for higher education, training programs, retirement system and the enforcement the condition, accords reached by and between the labor and management sides, facts regarding the efforts and measures to safeguard employees' interests

1. Employee Welfare Measures and Implementation Status

- (1) Employees are entitled to labor insurance, national health insurance and group insurance from the start day.
- (2) In addition to the basic monthly salary, the Company provides bonuses and gifts for Labor Day, Mid-Autumn Festival and Dragon Boat Festival. Sharing profit with employees to attract and retain talents according to the Company's annual overall operation, team and individual performance with flexible reward and incentive plan according to the position.
- (3) The Company has a staff restaurant, which provides free lunch and dinner for employees.
- (4) The Company has commissioned professional medical and nursing team to check the health of employees and create a comprehensive physical and mental health through various health promotion activities.
- (5) The Company has established the "Employee Welfare Committee" to take care of workers' lives, promote physical and mental health, maintain good employee-employer relation, and continues to promote employee welfare services, including: festival events, occasional competitions, free annual health checks, uniforms, safety shoes, employee travel, year-end banquet, senior employee rewards, scholarships for employees' children, designated stores, weddings and funerals subsidies, maternity and hospital subsidies, breastfeeding rooms, free parking for cars and motorcycles, staff dormitories for distant employees and other welfare subsidies.

## 2. Employee continuous education and training

Chia Chang provides training and the Company's corporate policy and direction to new employees, which includes corporate social responsibility and related policies, as well as statutory HSE courses and the Company's development direction, management guidelines and related rules to accelerate the integration of new personnel into the organizational culture. For the professional skills and knowledge required by different job categories, training is also carried out after the start day which will be based on the common functions of employees, matched with face-to-face courses and online courses to provide various knowledge and skills related to job management. In addition, employees are encouraged to participate in external professional training institutions, industry forums, seminars, etc. to enhance their professional capabilities, improve the Company external competitiveness, and achieve the Company goals.

The statistics of the company's training courses in 2021 are as follows: the annual total training hours is 4,297 hours with the number of trainees reaches 2,028.

## 3. Retirement system and implementation

The Company's retirement system is handled in accordance with the provisions of Taiwan's Labor Standards Act. Since July 1, 2005, the Company has complied with the government to implement the new labor retirement system. For employees choose the new system, the Company shall allocate no less than 6% of the workers' monthly wages to the workers' pension account, and handle retirement-related matters in accordance with the Labor Pension Act.

## 4. Employee-employer communication

The Company attaches great importance to employee-employer relations, and it holds regular employee-employer meetings and monthly meetings according to labor-related laws and regulations. It also conducts employee awareness surveys and

sets up employee suggestion boxes every year to understand employees' concerns and communicate important matters through two-way communication. It established a friendly environment in which employee and employer both participate and communicate with each other.

5. Measure for employee rights protection

The Company has established a comprehensive document management, which sets out various management measures and clearly defines the rights and obligations of employees and benefits. It also regularly reviews and revises the benefits and work rules in a timely manner in accordance with government laws and regulations to protect the rights and interests of all employees.

- (II) Describing any losses suffered by the in the most recent fiscal year and up to the prospectus publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VI. ICT security management:

- (I) Describe the ICT security risk management framework, the ICT security policy, specific management plan and the resources invested in the ICT security management, etc.
1. Chia Chang Information Security Management Committee was established to improve information security management. The members of the information security committee include the information security education division, the information security risk division, the information security investigation division, the information security procedure division, and the heads of various units. The Information Security Committee is responsible for reviewing Chia Chang's information security management strategy and development direction, supervising the operation of Chia Chang information security management, and regularly holding information security management review meetings.
  2. Chia Chang information security strategy is to improve information security protection capabilities from personnel management, organizational management, system management, and technology management. The Information Security Committee implements Chia Chang information security governance by promoting education standards, supervision and management, regular audits, and abnormality handling processes.
  3. The goal of information security management is to ensure the legal access to the Company's information assets, and to provide complete and uninterrupted information system operation. In the event of an accident, it shall resume normal operation in the shortest time after making prompt and necessary contingency measures to reduce the damage and loss that may be caused by the accident. The Information Security Committee regularly assesses the impact of man-made disasters and natural disasters on the Company's information assets and formulates disaster emergency response plans for important information assets and key businesses to ensure the continued operation of the Company's business.
  4. In view of the current emerging threats to information security, such as malware, DDoS attacks, ransomware, social engineering attacks, information theft and other information security threats, the Information Security Committee will continue to pay attention to the changing trends of the information environment, refer to external expert opinions or technical information, formulate information security response

plan, regularly implement information security incident response drills every year, improve the employee information security awareness, and strengthen the Company's information security adaptability.

- (II) List the losses, possible impacts, and countermeasures from major ICT security incidents in the most recent year and up to the date of publication of the annual report. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

In the most recent fiscal year and up to the annual report publication date, the Company has not had any significant cyber security incidents with any possible impacts on the operation.

VII. Important contracts:

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Loan contract	First Bank, E. Sun Bank, Shanghai Commercial & Savings Bank, CTBC Bank	May 2021 to November 2022	Working Capital Loans and Endorsements for Subsidiaries	None

Chapter VI Financial status

I. Information of condensed balance sheet and consolidated profit & loss statement for the latest 5 years

(I) Condensed Balance Sheet and Consolidated Income Statement Information - IFRS

1. Condensed balance sheet (consolidated)

Unit: NTD thousand

Year		Financial information for the latest 5 years (Note 1)					Financial information from January 1 to March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Item							
Current assets		7,438,382	7,819,411	7,810,934	8,100,999	8,662,219	9,024,395
Property, plant and equipment		1,548,792	1,494,417	1,421,035	1,523,132	1,535,788	1,543,464
Intangible assets		8,627	4,996	4,865	4,100	5,790	5,449
Other assets		475,036	537,346	566,383	621,397	1,107,353	1,151,960
Total assets		9,470,837	9,856,170	9,803,217	10,249,628	11,311,150	11,725,268
Current liabilities	Before dividend distribution	2,648,905	2,642,928	2,466,580	2,542,514	3,130,198	3,104,532
	After dividend distribution	2,819,746	2,998,847	2,822,499	2,898,433	Note 3	Note 3
Non-current liabilities		191,556	202,204	226,981	213,175	207,917	208,495
Total liabilities	Before dividend distribution	2,840,461	2,845,132	2,693,561	2,755,689	3,338,115	3,313,027
	After dividend distribution	3,011,302	3,201,051	3,049,480	3,111,608	Note 3	Note 3
Equity attributable to owners of the parent company		6,619,295	7,002,503	7,102,692	7,487,673	7,967,477	8,406,900
Share capital		1,423,676	1,423,676	1,423,676	1,423,676	1,423,676	1,423,676
Capital surplus		2,838,012	2,820,599	2,820,599	2,820,599	2,820,768	2,820,797
Retained earnings	Before dividend distribution	2,671,435	3,152,783	3,446,819	3,767,963	4,320,845	4,471,921
	After dividend distribution	2,500,594	2,796,864	3,090,900	3,412,044	Note 3	Note 3
Other equity interest		(313,828)	(394,555)	(588,402)	(524,565)	(597,812)	(309,494)
Non-controlling interests		11,081	8,535	6,964	6,266	5,558	5,341



Year		Financial information for the latest 5 years (Note 1)					Financial information from January 1 to March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Item							
Total equity	Before dividend distribution	6,630,376	7,011,038	7,109,656	7,493,939	7,973,035	8,412,241
	After dividend distribution	6,459,535	6,655,119	6,753,737	7,138,020	Note 3	Note 3

Note 1: The financial information for each year is prepared with the IFRS and has been verified by CPA.

Note 2: The financial information for the year ended 31 March 2022 has been reviewed by CPA.

Note 3: It will be finalized after the resolution of the shareholders' meeting.

## 2. Condensed balance sheet (Individual)

Unit: NTD thousand

Year		Financial information for the latest 5 years (Note 1)				
		2017	2018	2019	2020	2021
Item						
Current assets		900,890	895,148	959,847	801,222	1,233,959
Property, plant and equipment		341,269	328,562	331,479	491,811	490,901
Intangible assets		6,938	3,187	2,728	2,055	3,189
Other assets		6,647,714	6,822,207	6,887,134	7,322,322	7,659,138
Total assets		7,896,811	8,049,104	8,181,188	8,617,410	9,387,187
Current liabilities	Before dividend distribution	1,087,276	845,591	877,600	928,829	1,218,558
	After dividend distribution	1,258,117	1,201,510	1,233,519	1,284,748	Note 2
Non-current liabilities		190,240	201,010	200,896	200,908	201,152
Total liabilities	Before dividend distribution	1,277,516	1,046,601	1,078,496	1,129,737	1,419,710
	After dividend distribution	1,448,357	1,402,520	1,434,415	1,485,656	Note 2
Share capital		1,423,676	1,423,676	1,423,676	1,423,676	1,423,676
Capital surplus		2,838,012	2,820,599	2,820,599	2,820,599	2,820,768

Year		Financial information for the latest 5 years (Note 1)				
		2017	2018	2019	2020	2021
Retained earnings	Before dividend distribution	2,671,435	3,152,783	3,446,819	3,767,963	4,320,845
	After dividend distribution	2,500,594	2,796,864	3,090,900	3,412,044	Note 2
Other equity interest		(313,828)	(394,555)	(588,402)	(524,565)	(597,812)
Total equity	Before dividend distribution	6,619,295	7,002,503	7,102,692	7,487,673	7,967,477
	After dividend distribution	6,448,454	6,646,584	6,746,773	7,131,754	Note 2

Note 1: The financial information for each year is prepared with the IFRS and has been verified by CPA.

Note 2: It will be finalized after the resolution of the shareholders' meeting.

### 3. Condensed consolidated profit & loss statement (consolidated)

Unit: NTD thousand

Year		Financial information for the latest 5 years (Note 1)					Financial information from January 1 to March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Revenue		6,278,194	7,142,528	7,622,723	7,263,201	8,718,498	2,223,565
Gross profit		1,197,632	1,561,737	1,738,976	1,710,122	2,001,295	432,739
Operating income (loss)		403,120	762,160	912,852	902,481	1,175,272	227,996
Non-operating income and expenses		(44,200)	146,078	120,573	44,089	137,409	6,560
Profit from continuing operations before tax		358,920	908,238	1,033,425	946,570	1,312,681	234,556
Profit from continuing operations		246,458	638,647	648,384	676,365	908,093	150,859
Gain(loss) from discontinued operations		-	-	-	-	-	-
Profit		246,458	638,647	648,384	676,365	908,093	150,859
Current period other comprehensive income (post-tax profit or loss)		(170,270)	(91,201)	(193,847)	63,837	(73,247)	288,318
Total comprehensive income		76,188	547,446	454,537	740,202	834,846	439,177

Item \ Year	Financial information for the latest 5 years (Note 1)					Financial information from January 1 to March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Net income attributable to owners of the parent company	249,534	641,193	649,955	677,063	908,801	151,076
Net income attributable to non-controlling interests	(3,076)	(2,546)	(1,571)	(698)	(708)	(217)
Total comprehensive income attributable to owners of the parent company	79,264	549,992	456,108	740,900	835,554	439,394
Total comprehensive income attributable to non-controlling interests	(3,076)	(2,546)	(1,571)	(698)	(708)	(217)
Earnings per share	1.75	4.50	4.57	4.76	6.38	1.06

Note 1: The financial information for each year is prepared with the IFRS and has been verified by CPA.

Note 2: The financial information for the year ended 31 March 2022 has been reviewed by CPA.

#### 4. Condensed consolidated profit & loss statement (Individual)

Unit: NTD thousand

Item \ Year	Financial information for the latest 5 years (Note)				
	2017	2018	2019	2020	2021
Revenue	823,766	1,082,420	1,350,869	1,380,641	1,779,283
Gross profit	252,183	359,392	370,598	249,948	332,174
Operating income (loss)	10,436	89,009	94,798	(981)	77,936
Non-operating income and expenses	228,834	677,306	667,002	758,101	989,666
Profit from continuing operations before tax	239,270	766,315	761,800	757,120	1,067,602
Profit from continuing operations	249,534	641,193	649,955	677,063	908,801
Gain(loss) from discontinued operations	-	-	-	-	-
Profit	249,534	641,193	649,955	677,063	908,801
Current period other comprehensive income (post-tax profit or loss)	(170,270)	(91,201)	(193,847)	63,837	(73,247)
Total comprehensive income	79,264	549,992	456,108	740,900	835,554

Item \ Year	Financial information for the latest 5 years (Note)				
	2017	2018	2019	2020	2021
Earnings per share	1.75	4.50	4.57	4.76	6.38

Note: The financial information for each year is prepared with the IFRS and has been verified by CPA.

(II) Names of CPA in the last 5 years and their audit opinions

Year	CPA firm	Name of CPA	Opinion
2017	Deloitte & Touche	Yao-Lin Huang; Mei-Hui Wu	Unqualified opinion
2018	Deloitte & Touche	Yao-Lin Huang; Mei-Hui Wu	Unqualified opinion
2019	Deloitte & Touche	Yao-Lin Huang; Mei-Hui Wu	Unqualified opinion
2020	Deloitte & Touche	Yao-Lin Huang; Mei-Hui Wu	Unqualified opinion
2021	Deloitte & Touche	Yao-Lin Huang; Swei-Chin Lee	Unqualified opinion

II. Financial analysis for the latest 5 years

(I) Prepared with IFRS (Consolidation)

Analysis item (Note 2) \ Year	Financial analysis for the latest 5 years (Note 1)					As of March 31, 2022 (Note 1)	
	2017	2018	2019	2020	2021		
Financial structure (%)	Debt to assets ratio	29.99	28.87	27.48	26.89	29.51	28.26
	Ratio of long-term capital to property, plant and equipment	440.47	482.68	516.29	506.00	532.69	558.53
Solvency %	Current ratio	280.81	295.86	316.67	318.62	276.73	290.68
	Liquid ratio	260.40	272.79	296.90	300.61	254.19	265.60
	Interest coverage ratio	65.87	226.99	306.57	239.85	271.38	227.19

Analysis item (Note 2)		Financial analysis for the latest 5 years (Note 1)					As of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Operating ability	Turnover rate of accounts receivable (times)	2.32	2.28	2.35	2.37	2.65	2.49
	Number of days in average cashing	157.32	160.08	155.31	154.00	137.73	146.58
	Rate of stock turnover (times)	13.81	14.10	13.94	14.03	14.59	13.22
	Rate of payable turnover (times)	3.65	3.63	3.83	3.88	4.23	4.04
	Average number of days in sales.	26.43	25.88	26.18	26.01	25.01	27.60
	Rate of real estate, plant buildings and equipment turnover (times)	4.05	4.78	5.36	4.76	5.68	5.76
	Rate of turnover rate for total assets (times)	0.66	0.72	0.78	0.70	0.77	0.76
Profitability	Return on assets (%)	2.69	6.64	6.62	6.78	8.46	5.27
	Return on equity (%)	3.68	9.36	9.18	9.26	11.74	7.37
	Percentage of net profit before tax to the paid-in capital (%)	25.21	63.80	72.59	66.49	92.20	65.90
	Net profit rate (%)	3.93	8.94	8.51	9.31	10.42	6.78
	Earnings per share (NTD)	1.75	4.50	4.57	4.76	6.38	1.06

Year		Financial analysis for the latest 5 years (Note 1)					As of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Analysis item (Note 2)							
Cash flow	Cash flow ratio (%)	10.32	25.35	50.53	33.67	30.22	Note 3
	Cash flow adequacy ratio (%)	150.42	189.94	216.71	184.30	149.78	Note 3
	Cash reinvestment ratio (%)	0.68	5.52	9.90	5.38	5.97	Note 3
Leverage	Business operation leverage	2.86	1.89	1.80	1.75	1.53	Note 3
	Financial leverage	1.01	1.01	1.00	1.00	1.00	Note 3
<p>Reasons for the changes in the financial ratios over the last two years: (with a change above 20% above shall be described)</p> <p>The return on assets, the return on equity, the percentage of net profit before tax to the paid-in capital and the change in earnings per share increased compared with the previous year, which was due to the increase in profit this year compared with the previous year.</p>							

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

Note 2: Please refer to Note 2 of IFRS (Individual) for the calculation.

Note 3: The profit and loss period is only one quarter; thus the financial analysis is not illustrated.

## (II) Prepared with IFRS (individual)

Analysis item (Note 2)		Year	Financial analysis for the latest 5 years					As of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021		
Financial structure (%)	Debt to assets ratio	16.18	13.00	13.18	13.11	15.12	-	
	Ratio of long-term capital to property, plant and equipment	1,995.36	2,192.44	2,203.33	1,563.32	1,664.01	-	
Solvency %	Current ratio	82.86	105.86	109.37	86.26	101.26	-	
	Liquid ratio	79.27	98.26	96.78	75.46	85.07	-	
	Interest coverage ratio	52.28	212.57	317.36	228.43	252.79	-	
Operating ability	Turnover rate of accounts receivable (times)	1.97	2.06	2.26	2.64	3.27	-	
	Number of days in average cashing	185.27	177.18	161.50	138.25	111.62	-	
	Rate of stock turnover (times)	25.08	25.74	16.65	13.65	11.93	-	
	Rate of payable turnover (times)	3.42	3.23	3.53	3.83	3.68	-	
	Average number of days in sales.	14.55	14.18	21.92	26.73	30.60	-	
	Rate of real estate, plant buildings and equipment turnover (times)	2.41	3.29	4.08	2.80	3.62	-	
	Rate of turnover rate for total assets (times)	0.10	0.13	0.17	0.16	0.19	-	
Profitability	Return on assets (%)	3.20	8.08	8.03	8.09	10.13	-	
	Return on equity (%)	3.73	9.41	9.22	9.28	11.76	-	
	Percentage of net profit before tax to the paid-in capital (%) (Note 5)	16.81	53.83	53.51	53.18	74.99	-	
	Net profit rate (%)	30.29	59.24	48.11	49.04	51.08	-	
	Earnings per share (NTD) (Note 3)	1.75	4.50	4.57	4.76	6.38	-	

Year		Financial analysis for the latest 5 years					As of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Analysis item (Note 2)							
Cash flow (Note 4)	Cash flow ratio (%)	-	9.37	-	8.86	-	-
	Cash flow adequacy ratio (%)	23.28	67.34	43.49	7.64	(8.57)	-
	Cash reinvestment ratio (%)	(2.99)	(1.21)	(4.72)	(3.40)	(4.76)	-
Leverage	Business operation leverage	7.96	1.95	1.87	(83.85)	1.95	-
	Financial leverage	1.81	1.04	1.03	0.22	1.06	-

Reasons for changes in financial ratios over the last two years. (The analysis can be exempted if the change is less than 20%)

1. The change in the receivable turnover ratio and the increase in the turnover ratio of property, plant and equipment compared with the previous year were due to the increase in the operating net profit of the most recent year compared with the previous year.
2. The return on assets, the return on equity, the percentage of net profit before tax to the paid-in capital and the earnings per share increased compared with the previous year, which was due to the increase in profit this year compared with the previous year.
3. Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio decreased compared with the previous year was due to net operating cash outflow.
4. Changes in business operation leverage and financial leverage increased compared with the previous year, which was due to the increase in profit this year compared with the previous year.

Note 1: The Company has not prepared individual financial report for the first quarter of 2022, so it cannot be calculated.

Note 2: The calculation is as:

1. Financial structure
  - (1) The ratio of total liabilities to total assets = total liabilities/total assets
  - (2) Ratio of long-term capital to property, plant and equipment = (total equities + noncurrent liabilities) / property, plant and equipment.
2. Solvency
  - (3) Current ratio = current assets / current liabilities.
  - (4) Quick ratio = (current assets - inventories - prepaid expense) / current liabilities.
  - (5) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Operating ability
  - (1) Turnover rate of the account receivable (including account receivable and notes receivable incurred as a result of business operation) = The balance of the net sales amount / Account receivable averaged in various term (Including account receivable and notes receivable incurred as a result of business operation).
  - (2) Number of days in averaged cashing = 365 / Turnover rate of account receivable.
  - (3) Inventory turnover rate = Sales cost / Averaged inventory amount.
  - (4) Turnover rate of the payables (Including accounts payable and the notes payable incurred by business operation) = Sales cost / Balance of the payables averaged in various term (Including accounts payable and the notes payable incurred by business operation).
  - (5) Number of days on averaged sales = 365 / Inventory turnover rate.
  - (6) Turnover rate of real estate, plants and equipment = Net amount of sales / Averaged net amount for the real estate, plants and equipment.
  - (7) Overall asset turnover rate = Net amount of sales / Total of average assets.
4. Profitability
  - (1) Return on assets = (after tax net profit + interest expenses x (1 - tax rate)) / average asset



balance.

- (2) Return on shareholders' equity = after tax net profit/ total average equity.
  - (3) Profit ratio = net income / net sales.
  - (4) Earnings per share = (profits or loss attributable to owners of the parent company-preferred stock dividend) / weighted average stock shares issued. (Note 4)
5. Cash flow
- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
  - (2) Cash flow adequacy ratio= net cash flow from operating activities within five years/(capital expenditure+inventory increase +cash dividend) within five years.
  - (3) Cash re-investment ratio= (net cash flow from operating activity-cash dividend) /(gross property , plant, and equipment+long-term investment+other noncurrent assets+working capital). (Note 5)
6. Leverage:
- (1) Operation leverage = (Net amount of operating revenues - Variable operating costs and expenses) /Operating profit (Note 6).
  - (2) Financial leverage = Operating profit / (Operating profit - Interest expenses).

Note 3: The calculation formula of earnings per share should by paid special attention to the following matters:

1. Based on the weighted average number of shares of common stock, not the number of issued shares at the end of the year.
2. Where there is a capital increase by cash or treasury stock trading, the weighted average number of shares shall be calculated in consideration of its circulation period.
3. Where there is a capital increase through capitalization of retained earnings or capital reserve, the calculation of the earnings per share for previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative perpetual preferred stock, the dividends for the year (whether paid or not) shall be deducted from the net profit after tax or added to the net loss after tax. If the preferred stock is non-cumulative, under a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 4: Special attention shall be paid for cash flow analysis with the following matters:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends on common shares and preferred shares.
5. Net value of property, plant and equipment is the total value of property, plant and equipment before accumulated depreciation.

Note 5: The issuer should classify various operating costs and operating expenses into fixed and variable costs according to their nature. If there are estimates or subjective judgments involved, special attention shall be paid to the rationality and maintain consistency.

Note 6: In the case of shares issued by a company with no par value or a par value other than NTD10 per share, the calculation of the paid-in capital shall be replaced by the equity attributable to owners of the parent.

- III. The Supervisor's Audit Report as shown through the financial statements in the most recent fiscal year

**Chia Chang Co., Ltd.  
Supervisor Review Report**

The Company's 2021 annual financial statements (including consolidated financial statements) submitted by the Board of Directors have been reviewed by Deloitte and are sufficient to fairly express the Company's financial status, financial performance, and cash flow. The supervisor has reviewed and found the business report and the profit distribution statement comply with the Company Act and other relevant laws and regulations, and the report of their findings and opinions in accordance with the provisions of Article 219 of the Company act are described as above. Please review.

Chia Chang Co., Ltd.

Supervisor : Chyan Yang

March 22, 2022

**Chia Chang Co., Ltd.  
Supervisor Review Report**

The Company's 2021 annual financial statements (including consolidated financial statements) submitted by the Board of Directors have been reviewed by Deloitte and are sufficient to fairly express the Company's financial status, financial performance, and cash flow. The supervisor has reviewed and found the business report and the profit distribution statement comply with the Company Act and other relevant laws and regulations, and the report of their findings and opinions in accordance with the provisions of Article 219 of the Company act are described as above. Please review.

Chia Chang Co., Ltd.

Supervisor : Mei-Cheng Peng

March 22, 2022

## **Chia Chang Co., Ltd. Supervisor Review Report**

The Company's 2021 annual business report and financial statements (including consolidated financial statements, which have been reviewed by Deloitte and are considered sufficient to fairly express the Company's financial status, financial performance, cash flow) and the earnings distribution. After the review by this supervisor, it is found that there is no discrepancy, and it is submitted as above in accordance with the provisions of Article 219 of the Company Act, please review.

To

Chia Chang Co., Ltd. 2022 Shareholders Meeting

Chia Chang Co., Ltd.

Supervisor : Yung Yu Investment Co., Ltd.

Hsiu-Yi Lin

March 22, 2022

- IV. The annual consolidated financial report and CPA audit report for the most recent fiscal year: Please refer to pages 143 to 203.
  
- V. The CPA certified individual financial report for the most recent fiscal year: Please refer to pages 204 to 254.
  
- VI. 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.

Chapter VII Financial status and performance review analysis and risks

I. Financial status:

Unit: NTD thousand; %

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	8,662,219	8,100,999	561,220	6.93
Property, plant and equipment	1,535,788	1,523,132	12,656	0.83
Intangible assets	5,790	4,100	1,690	41.22
Other assets	1,107,353	621,397	485,956	78.20
Total assets	11,311,150	10,249,628	1,061,522	10.36
Current liabilities	3,130,198	2,542,514	587,684	23.11
Total liabilities	3,338,115	2,755,689	582,426	21.14
Share capital	1,423,676	1,423,676	-	-
Capital surplus	2,820,768	2,820,599	169	0.01
Retained earnings	4,320,845	3,767,963	552,882	14.67
Other equity interest	(597,812)	(524,565)	(73,247)	13.96
Non-controlling interests	5,558	6,266	(708)	(11.30)
Total equity	7,973,035	7,493,939	479,096	6.39

The annual report shall list the main reasons for any significant change in the Company's assets, liabilities, or equity during the last two years, including the impact and future countermeasures: (With a change of more than 10% in the previous and later periods with the change amounted to NTD10,000,000)

In 2021, the Company has stabilized its operation due to the epidemic where the panel market slowdown in the epidemic led to an increase in demand and adjustment of product structure, resulting in an increase in operation income, account receivable, inventory and account payable compared with 2020.

1. The increase in other assets was due to the increase in equipment prepayments as compared to last year.
2. The increase in total assets was due to the increase in accounts receivable, inventories and equipment prepayments as compared to last year.
3. The increase in current liabilities and total liabilities was due to the increase in accounts payable as compared to last year.
4. The increase in retained earnings was due to the increase in net profit as compared to last year.
5. The decrease in other equity was due to change in exchange rates and calculation differences in foreign currency statements, which had no significant impact on the Company's future financial status.

## II. Financial performance

Unit: NTD thousand; %

Item \ Year	2021	2020	Increase (decrease)	Change percentage %
Revenue	8,718,498	7,263,201	1,455,297	20.04
Gross profit	2,001,295	1,710,122	291,173	17.03
Operating income (loss)	1,175,272	902,481	272,791	30.23
Non-operating income and expenses	137,409	44,089	93,320	211.66
Profit from continuing operations before tax	1,312,681	946,570	366,111	38.68
Profit from continuing operations	908,093	676,365	231,728	34.26
Gain(loss) from discontinued operations	-	-	-	-
Profit and/or loss this term	908,093	676,365	231,728	34.26
Current period other comprehensive income (post-tax profit)	(73,247)	63,837	(137,084)	(214.74)
Total comprehensive income	834,846	740,202	94,644	12.79
Net income attributable to owners of the parent company	908,801	677,063	231,738	34.23
Net income attributable to non-controlling interests	(708)	(698)	(10)	1.43
Total comprehensive income attributable to owners of the parent company	835,554	740,900	94,654	12.78
Comprehensive income attributable to non-controlling interests	(708)	(698)	(10)	1.43
Earnings per share	6.38	4.76	2	34.03

Those with a change of more than 10% in the previous and later periods with the change amounted to NTD10,000,000, the analysis is as follows:

In 2021, the Company has stabilized its operation due to the epidemic where the panel market slowdown in the epidemic led to an increase in demand and adjustment of product structure, resulting in an increase in operation income, gross profit and net profit before tax compared with 2020. The Company will continue to improve mold R&D technology, optimize process capabilities, and focus on high value products.

### III. Cash flow

#### (I) Analysis on cash flow change in the most recent year (2021):

Unit: NTD thousand

Opening cash balance (1)	Net cash flow from operating activities in the year (2)	Net cash flow from investment activities in the year (3)	Net cash flow from capital management activities in the year (4)	Effect of exchange rate fluctuations on cash held (5)	Cash surplus (deficit) (1)+(2)+(3)+(4)+(5)	Countermeasure of cash deficits	
						Investment plans	Wealth management plans
1,921,717	945,930	(359,796)	(376,928)	(51,236)	2,079,687	NA	NA

#### Description:

##### (I) Analysis on the cash flow change in the most recent year:

Operating activities: The net cash inflow from operating activities is from the operating net profit in the most recent year.

Investment activities: The net cash outflow from investment activities is to the equipment prepayment and the acquisition of properties, plant and equipment during the year.

Capital management activities: The net cash outflow from financial management activities is to the distribution of cash dividends in the most recent year.

##### (II) Remedial measures and liquidity analysis for anticipated cash shortfalls:

The cash at the end of 2021 was approximately NTD2.08 billion, and there was no cash shortage.

##### (III) Analyses on the cash liquidity in one year ahead:

It is expected that the cash liquidity will be good in the future and there will be no cash shortage.

Opening cash balance (1)	Net cash flow from operating activities in the year (2)	Net cash flow from investment activities in the year (3)	Net cash flow from capital management activities in the year (4)	Cash surplus (deficit) (1)+(2)+(3)+(4)	Countermeasure of cash deficits	
					Investment plans	Wealth management plans
2,079,687	379,249	(189,653)	(427,103)	1,842,180	NA	NA

#### IV. The impact of the significant capital expenditure over the past year upon the financial performance:

The Company's capital expenditure for new equipment in 2021 was NTD148 million, accounting for approximately 1.70% of the net sales, and had no significant impact on the Company's finance and business.

V. The outward investment policies over the past year. The key reasons leading to the profit or loss, the corrective plans and the investment plan in one year ahead:

(I) Reinvestment Policy:

The Company's re-investment policy is based on the Company's business development strategy and operational needs. In the future, it will focus on the business development and long-term strategic investment and adjust the operation scale in line with the customer's global supply chain development. In addition to continuously and prudently evaluating the reinvestment plan, it will consider disposing investment at an appropriate time.

(II) The reasons for its profit or loss:

Unit: NTD in thousands unless otherwise specified

Investees	Cumulative investment amount	Main reason for profit or loss		Plan
		Increased return	Description	
Chia Chang Technology (Suzhou) Co., Ltd.	RMB 287,339 thousand	RMB 110,611 thousand	Business is normal with ideal profitability	None
Ningbo Chia chang Electronics Hardware Co., Ltd.	RMB 68,786 thousand	RMB 62,880 thousand	Business is normal with ideal profitability	None
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	RMB 35,196 thousand	RMB -	Adjust business strategy direction	51% equity has been sold to adjust customer product structure
Quan Rui (Dong Guan) Industrial Co., Ltd.	RMB 76,109 thousand	RMB (86 thousand)	Impacted by factory relocation and adjustment of business strategy direction	Withdrawn from the optoelectronic industry business
Nanjing Chia-Chan Precious Hardware Co., Ltd.	RMB 70,975 thousand	RMB 19,737 thousand	Business is normal with ideal profitability	None
Chia Chang Technology (Chong Qing) Co., Ltd.	RMB 30,000 thousand	RMB 2,386 thousand	Business is normal with ideal profitability	None
Chia Development Co., Ltd.	263,564 thousand	121,892 thousand	Business is normal with ideal profitability	None

(III) The plan for improving re-investment profitability, and investment plans for the coming year: None.

VI. Risk events and assessments in the most recent year up to the date of publication of the annual report:

(I) Risk factor

1. The impact incurred by change in interest rate, exchange rate, inflation upon the Company's profit and/or loss and the future countermeasures:

(1) Changes in interest rates:

The interest rate risk of the Company and its subsidiaries arises from the floating interest rate debts borrowed to support operation and investment where cash flows will fluctuate due to changes in market interest rates. In addition, to reduce interest rate risk and increase the uncertainty of financing costs, the Company will evaluate and observe the impact of price index changes from time to time. The Company and its subsidiaries will undertake hedging with principle-guaranteed commodities at times depending on market conditions to reduce the impact of interest rate fluctuations.

In 2020 and 2021, the net interest income and expenses accounted for 0.90% and 0.67% of the Company's revenue, and about 9.68% and 5.85% of the net profit after tax.

The capital allocation of the Company and its subsidiaries is performed with a conservative and prudent principle and is mainly in bank deposits and high-liquidity principal-guaranteed commodities to ensure the safety of principal and maintain liquidity.

(2) Change in exchange rate:

A. The impact of exchange rate changes on the Company's revenue and profit

Unit: NTD thousand; %

Item	2020	2021
Foreign exchange profit and loss	(136,956)	(53,557)
Operating profit	7,263,201	8,718,498
Foreign exchange profit and loss/ net operating profit (%)	(1.89)	(0.61)
Net operating income	902,481	1,175,272
Foreign exchange profit and loss/ operating profit (%)	(15.17)	(4.56)

The exchange rate risk of the Company and its subsidiaries arises from cash and cash equivalents denominated in foreign currencies, accounts receivable, loans, and accounts payable, so fluctuations in the exchange rates may impact the operation income, operating costs, denominated in foreign currencies, impacting the profitability. To avoid the adverse impact of exchange rate fluctuations on the operation results of the Company and its subsidiaries, the Company and its subsidiaries will pay attention to the market exchange rate changes at any time and sign outright forward foreign exchange contracts with financial institutions for the Company's assets and liabilities denominated in foreign currencies to avoid exchange rate risk and reduce the impact of



exchange rate risk on the profit of the company and its subsidiaries.

The exchange loss in 2021 was NTD53,557 thousand. In the future, the Company will continue to conduct hedging to reduce exchange rate risks. From analysis, the ratio of foreign exchange loss to revenue in the last two years were 1.89% and 0.61% respectively; and the ratio of exchange loss to operating profit for the last two years were 15.17% and 4.56% respectively.

With regular export and import goods transactions and foreign currency allocation, foreign currency claims and debts are offset resulting in a hedging effect to reduce exchange risks. In the future, the hedging of foreign exchange positions will be the main strategy for exchange rate risk control, and the foreign currency assets and liabilities will be adjusted in a timely manner to reduce the risk of exchange rate fluctuations. Maintain close relations with financial institutions, monitor exchange rate changes, and adjust foreign currency positions in the spot market; when necessary, foreign exchange hedging commodities will be used in the forward market based on the Company's foreign exchange receipts and payments and changes in the foreign exchange market.

(3) Inflation:

In recent years, affected by the uncertain global economic environment and rising material prices, the overall economic environment has shown a trend of slight inflation. As of the publication date of the annual report, the Company has not had a major impact due to inflation.

The Company also pays attention to the fluctuation of the market price of raw materials at any time and maintains a good relationship with suppliers and customers. It appropriately adjusts the inventory of raw materials, pre-determines the purchase volume, and changes the purchase price currency to a weak currency to reduce the impact of price increases.

2. The major causes for engaging in high-risk, high-leverage investment, lending of funds to others, endorsements/guarantees and derivative financial instruments, the profits or loss and the future countermeasures:
- (1) The Company and its subsidiaries do not engage in high-risk, high-leverage investment; it carries out capital allocation and hedging based on conservative and prudent principle.
  - (2) The Company's capital loan to others is based on the capital financing needs of various subsidiaries to improve the flexibility of their working capital use and is handled in accordance with the Company's "Operational Procedures for Loaning Funds to Others". Thus, the risk is limited.
  - (3) As of the publication date of the annual report, the endorsement guarantee provided by the Company and its subsidiaries is limited to the affiliated enterprises of the Company or its subsidiaries.
  - (4) The purpose of the Company's trading of derivatives is to avoid the exchange rate risks of assets or liabilities denominated in foreign currency, and to follow the company's "Procedure for the Acquisition and Disposal of Assets". Thus, the risk is limited.

3. The future research & development plans and the expenses anticipated to be invested into research & development:

R&D Program	Estimated completion time
Fully automatic laser welding process development	End of 2022
Independent design and R&D of medical product production equipment	End of 2022
New process and technology development of Mini led reflector cup	Beginning of 2023
Automotive cooling module manufacture process development	End of 2023

The Company's R&D plans are oriented towards industry trends and are carried out with high integration and economical production planning. The R&D expenses in 2021 and 2020 were NTD76,871 thousand and NTD84,113 thousand respectively, accounting for 0.88% and 1.16% of the most recent year's revenue respectively. Due to the continuous evolution of technology, automotive applications, internet communication, servers and in-vehicle products still need R&D investment to develop new products that meet the specifications of next-generation automotive applications, internet communication, servers, and in-vehicle products. The R&D expenditure for the above-mentioned future R&D plan accounted for approximately 1.5% of the total sales revenue budget in 2022.

4. The possible impacts by government policies and laws at home and abroad upon the Company's financial conditions and the Company's countermeasures:

As of the publication date of the annual report, no changes in policies and laws have had a significant adverse impact on the Company finance and business. The Company's management team will pay close attention to important domestic and foreign policy and legal changes to take appropriate measures in a timely manner and reduce the impact.

5. The impacts generated by change in science and technology (including ICT security risk) and change in industries upon the Company's financial conditions and the Company's countermeasures:

The Company pays attention to the industry changes in technology, product demand and market trends, and evaluates the impact on the Company's operation. As of the publication date of the annual report in the most recent year, there has been no significant impact on the Company finance and business due to changes in technology and industry.

6. The impacts created by a change in corporate image upon the management over crisis, and the Company's countermeasures:

Complying with laws and regulations, paying attention to the rights and interests of employees and shareholders, and fulfilling the corporate social responsibilities are the duties of the Company. In case of crisis events and potential external risks, if there is any doubt that the Company's operations or corporate image will be affected, the Company will immediately activate the crisis management mechanism, and the relevant personnel will quickly assess the situation, conduct risk assessments for various impacts and take necessary measures. The Company's crisis communication plan is based on the open communication principle to ensure that employees, customers, competent authorities, investors, news media and relevant stakeholders

can be informed of the latest situation in real time. As of the publication date of the annual report, there has been no corporate crisis caused by the change of Company's corporate image.

7. Expected benefits, potential risks, and countermeasures of mergers and acquisitions:  
In the most recent year and up to the date of publication of the annual report, the Company and its subsidiaries did not have any plans for mergers and acquisitions. If there is a mergers and acquisitions plan in the future, it will comply with the relevant regulations, uphold a prudent assessment attitude to consider whether it can bring synergies to the Company and truly protect the Company's interests and shareholders' rights.
8. The risks anticipated from the expansion of the plant buildings, and the Company's countermeasures:  
At present, the planning focus of the Company and its subsidiaries in plant equipment is to make full use of the existing production capacity and maximize the benefit of economic scale, so there is no demand for major expansion of the plant in the short term.
9. The risks anticipated from the centralized input or output undertakings and the Company's countermeasures:
  - (1) Purchases:  
The Company purchases products from domestic and foreign manufacturers. In addition to establishing good relationships with existing suppliers, each raw material has more than two suppliers, and there is no risk of centralized purchasing.
  - (2) Sales:  
In 2020, 2021 and the first quarter of 2022, the sales to the top ten customers accounted for 81.69%, 80.60% and 82.55% of the net operating income of the year respectively, and the proportions were relatively concentrated. It is due to the panel optoelectronic industry is a highly capitalized industry where industry leaders will continue to lead, which is in line with the characteristics of the industry. Thus, the proportion of sales to the top ten customers has increased.
10. The impacts and risks anticipated from the massive transfer of shareholding by directors, supervisors or key shareholders who hold more than 10% in shareholding and the Company's countermeasures:  
As of the publication date of the annual report, the directors, supervisors or key shareholders holding more than 10% in shareholding have not had any massive transfer or change of their shareholdings.
11. The impacts and risks anticipated from the change in the managerial powers and the Company's countermeasures:  
In the most recent year and as of the date of publication of the annual report, the Company has not had any change in control.
12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the president, any person with actual responsibility for the firm, 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, 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: None.

13. Other critical risks and response measures:

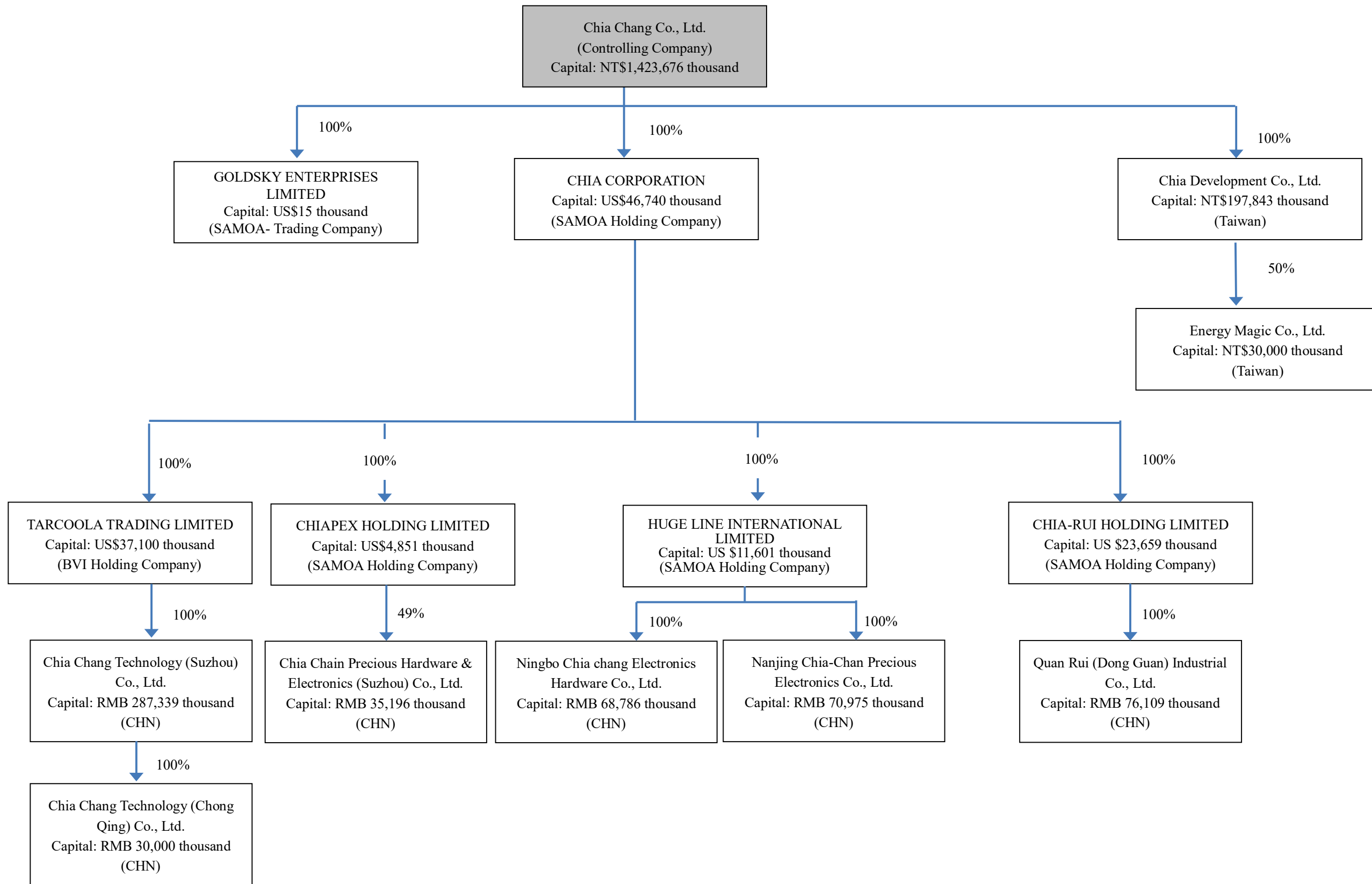
Labor safety and health: The Company has formulated "Measures for HSE Operation Management" for wastewater, drinking water, waste gas, waste, chemicals, noise, resources, cranes, stackers, lifting equipment, and production equipment to implement environmental protection, waste reduction, pollution prevention and zero workplace disaster.

VII. Other important disclosures: None.

I. Relevant information of affiliated enterprises

(I) Affiliates enterprises organization chart

December 31, 2021



Note 1: Quan Rui (Dong Guan) Industrial Co., Ltd. was cancelled and withdrawn in April 2022.

(II) The name, incorporation date, address, paid-in capital, and main business items of each affiliate

December 31, 2021

Unit: NTD or foreign currencies in thousands

Name of enterprise	Establishment Date	Address	Paid-in shares Capital	Main business items
Chia Chang Co., Ltd.	1985/ 09	No.45, Ln. 205, Sec. 2, Nanshan Rd., Luzhu Dist., Taoyuan City	NTD 1,423,676	Production and sales of IT and optoelectronic metal stamping parts
CHIA CORPORATION	2006/ 08	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 46,740	Investment holding
GOLDSKY ENTERPRISES LIMITED	2006/ 08	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 15	International trade
TARCOOLA TRADING LIMITED	1997/ 04	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 37,100	Investment holding
CHIAPEX HOLDING LIMITED	2007/ 09	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 4,851	Investment holding
HUGE LINE INTERNATIONAL LIMITED	2005/ 12	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 11,601	Investment holding
CHIA-RUI HOLDING LIMITED	2007/ 10	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 23,659	Investment holding
Chia Development Co., Ltd.	2008/ 03	No.45, Ln. 205, Sec. 2, Nanshan Rd., Luzhu Dist., Taoyuan City	NTD 197,843	Business development and investment
Energy Magic Co., Ltd.	2011/ 04	No.45, Ln. 205, Sec. 2, Nanshan Rd., Luzhu Dist., Taoyuan City	NTD 30,000	Manufacturing of electronic component
Chia Chang Technology (Suzhou) Co., Ltd.	2001/ 11	No. 1 Dongjin Rd, Wuzhong Economic Development Zone, Suzhou City, Jiangsu Province	RMB 287,339	Production and sales of IT and optoelectronic metal stamping parts
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	2004/ 11	2A, Yongchun Industrial Square, Panyang Industrial Park, Huangdai Town, Xiangcheng Dist., Suzhou City, Jiangsu Province	RMB 35,196	Production and sales of IT and optoelectronic metal stamping parts
Ningbo Chia chang Electronics Hardware Co., Ltd.	2006/ 02	No. 35, Yanshan North Rd, Dayang Town, Beilun Dist., Ningbo	RMB 68,786	Production and sales of IT and optoelectronic metal stamping parts

Name of enterprise	Establishment Date	Address	Paid-in shares Capital	Main business items
		City, Zhejiang Province		
Quan Rui (Dong Guan) Industrial Co., Ltd.	2007/ 12	1F, Building 3, Hitachi Group Staff Dormitory, No. 2 Yuanzhong 1st Rd, Chashan Town, Dongguan City, Guangdong Province	RMB 76,109	Production and sales of IT and optoelectronic metal stamping parts
Nanjing Chia-Chan Precious Electronics Co., Ltd.	2011/ 01	No. 5 Hengtai Rd, Xingang Development Zone, Nanjing City, Jiangsu Province	RMB 70,975	R&D and sales of new flat-panel displays, fine punching dies, precision cavity molds, and standard mold parts
Chia Chang Technology (Chong Qing) Co., Ltd.	2017/ 07	No. 449, Malingyan Rd, Chenggong Industrial Park (North City Development Zone), Hechuan District, Chongqing	RMB 30,000	Production and sales of IT and optoelectronic metal stamping parts

Note: Quan Rui (Dong Guan) Industrial Co., Ltd. was cancelled and withdrawn in April 2022.

(III) Information on the shareholders presumed to have a relationship of control and subordination: None.

(IV) The industries covered by the business operated by the affiliates overall:

Metal stamping bezel, metal stamping back cover, inverter, shielding, small size products such as lamp cover, Gnd plate, bracket and investment holding for LCD TV, laptops, LCD monitor, computer peripheral products, automotive display, mobile phone, industrial PC, internet communication, server, medical treatment, etc.

(V) The names of the directors, supervisors, and president of each affiliate and the details of their shareholding or capital contribution in such affiliate:

December 31, 2021

Name of enterprise	Title	Name or the representative person	Shareholding	
			Quantity (share)	Ratio of Shareholding %
CHIA CORPORATION	Investors	Chia Chang Co., Ltd.	46,740,427	100
	Director	Kuei-Hsiu Sung	-	-
GOLDSKY ENTERPRISES LIMITED	Investors	Chia Chang Co., Ltd.	15,000	100
	Director	Tz-Shiuan Chen	-	-
Chia Development Co., Ltd.	Investors	Chia Chang Co., Ltd.	19,784,344	100
	Director	Chang-Hai Chen; Kuei-Hsiu Sung; Tsai-Ho Lu; Li-Chuan Cheng; Mei-Cheng Peng	-	-

Name of enterprise	Title	Name or the representative person	Shareholding	
			Quantity (share)	Ratio of Shareholding %
	Supervisor	Tz-Shiuan Chen	-	-
Zen Material Technology Inc.	Investors	Chia Chang Co., Ltd.	1,334,188	46.01
	Director	Chih-Chiang Cheng	-	-
TARCOOLA TRADING LIMITED	Investors	CHIA CORPORATION	37,100,000	100
	Director	Chang-Hai Chen	-	-
CHIAPEX HOLDING LIMITED	Investors	CHIA CORPORATION	4,851,000	100
	Director	Chang-Hai Chen	-	-
HUGE LINE INTERNATIONAL LIMITED	Investors	CHIA CORPORATION	11,601,000	100
	Director	Kuei-Hsiu Sung	-	-
CHIA-RUI HOLDING LIMITED	Investors	CHIA CORPORATION	23,659,000	100
	Director	Kuei-Hsiu Sung	-	-
Energy Magic Co., Ltd.	Investors	Chia Development Co., Ltd.	1,500,000	50
	Director	Chang-Hai Chen; Li-Chuan Cheng; Tai-Ho Yang	-	-
Chia Chang Technology (Suzhou) Co., Ltd.	Investors	TARCOOLA TRADING LIMITED	-	100
	Director	Chang-Hai Chen; Kuei-Hsiu Sung; Huoo-Hsin Chen	-	-
	Supervisor	Mei-Cheng Peng	-	-
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	Investors	CHIAPEX HOLDING LIMITED	Note 1	49
	Director	Chih-Hsien Shen; Chin-Hua Ho; Tz-Shiuan Chen	-	-
	Supervisor	Li-Chuan Cheng	-	-
Ningbo Chia chang Electronics Hardware Co., Ltd.	Investors	HUGE LINE INTERNATIONAL LIMITED	-	100
	Director	Kuei-Hsiu Sung; Li-Chuan Cheng; Tz-Shiuan Chen	-	-
	Supervisor	Mei-Cheng Peng	-	-
Quan Rui (Dong Guan) Industrial Co., Ltd.	Investors	CHIA-RUI HOLDING LIMITED	-	100
	Director	Kuei-Hsiu Sung; Li-Chuan Cheng; Yung-Ming Sung	-	-
	Supervisor	Mei-Cheng Peng	-	-
Nanjing Chia-Chan Precious Electronics Co., Ltd.	Investors	HUGE LINE INTERNATIONAL LIMITED	-	100
	Director	Chang-Hai Chen; Kuei-Hsiu Sung; Tz-Shiuan Chen	-	-
	Supervisor	Mei-Cheng Peng	-	-



Name of enterprise	Title	Name or the representative person	Shareholding	
			Quantity (share)	Ratio of Shareholding %
Chia Chang Technology (Chong Qing) Co., Ltd.	Investors	Chia Chang Technology (Suzhou) Co., Ltd.	-	100
	Director	Kuei-Hsiu Sung; Huoo-Hsin Chen; Mo-Hua Su	-	-
	Supervisor	Tz-Shiuan Chen	-	-

Note 1: The Company and its subsidiaries have sold 51% of the equity of Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd. held by Chiapex Holding Limited to a non-related person in January 2018.

Note 2: Quan Rui (Dong Guan) Industrial Co., Ltd. was cancelled and withdrawn in April 2022.

#### (VI) Business performances of affiliated enterprises

December 31, 2021  
Unit: NTD thousand

Name	Capital	Total assets	Total liabilities	Net value	Revenue	Net operating income	Profit and/or loss this term (After tax net)	Earnings per share (After tax net/ NTD)
Chia Chang Co., Ltd.	1,423,676	9,387,187	1,419,710	7,967,477	1,779,283	77,936	908,801	6.38
CHIA CORPORATION	1,475,123	6,442,165	36,617	6,405,548	-	(9)	878,288	18.79
TARCOOLA TRADING LIMITED	1,218,331	3,170,489	-	3,170,489	-	(56)	500,879	13.50
CHIAPEX HOLDING LIMITED	154,685	41,631	-	41,631	-	-	230	0.05
HUGE LINE INTERNATIONAL LIMITED	356,148	2,101,208	-	2,101,208	-	-	358,664	30.92
CHIA-RUI HOLDING LIMITED	677,079	232,848	-	232,848	-	-	(716)	(0.03)
GOLDSKY ENTERPRISES LIMITED	33,008	735,655	19,096	716,559	28,273	(10,622)	(681)	(45.40)
Zen Material Technology Inc.	29,000	7,125	7,812	(687)	-	-	(1,336)	(0.05)
Energy Magic Co., Ltd.	30,000	11,241	124	11,117	-	(1,492)	(1,414)	(0.47)
Chia Development Co., Ltd.	197,843	418,148	688	417,460	-	(269)	121,892	6.16
Chia Chang Technology (Suzhou) Co., Ltd.	1,247,482	4,217,146	1,048,659	3,168,487	3,620,924	615,751	480,218	(Note)
Ningbo Chia chang Electronics Hardware Co., Ltd.	298,634	2,094,684	613,230	1,481,454	2,272,901	357,592	272,994	(Note)
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	152,803	43,023	77,684	(34,661)	100,893	(8,260)	(11,818)	(Note)
Quan Rui (Dong Guan) Industrial Co., Ltd.	330,427	218,008	13	217,995	(825)	(3,195)	(373)	(Note)
Nanjing Chia-Chan Precious Electronics Co., Ltd.	308,138	797,853	178,772	619,081	775,448	118,414	85,688	(Note)
Chia Chang Technology (Chong Qing) Co., Ltd.	130,245	341,550	276,818	64,732	379,295	18,907	10,359	(Note)

Note: The Company is a TWSE limited company, so it is not applicable.

(VII) The Affiliate's Consolidated Financial Statements: Please refer page 143.

(VIII) Affiliated Enterprises Report: Not Applicable.

- II. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
- III. Holding or disposal of the company's shares by its, subsidiaries during the latest financial year, up to the publication date of this annual report: None.
- IV. Other supplementary information: None.
- V. Occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: None.

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities that are required to be included in the combined financial statements of affiliates 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 all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, relevant information required to be disclosed in the combined financial statements has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Chia Chang Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

CHIA CHANG CO., LTD.

By

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KUEI-HSIU SUNG  
Chairman

March 22, 2022

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Chia Chang Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Chia Chang Co., Ltd. (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets 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 notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit 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.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

#### Occurrence of Recognized Sales Revenue

The sales revenue of the Group in 2021 was higher than that in 2020, and the sales revenue from certain sales to customers in the current year saw a significant increase from that in the previous year. Since the amount and proportion of sales revenue are significant, we have deemed the occurrence of recognized sales revenue from those certain customers as a key audit matter of the consolidated financial statements for the year ended December 31, 2021. Refer to Notes 4 and 21 to the consolidated financial statements for the accounting policies on revenue recognition.

The audit procedures we have performed in respect of the above key audit matter included understanding, assessing and testing of the effectiveness of the design and implementation of the internal control related to the sales revenue. We selected sample transactions of those sales to certain customers to verify the occurrence of sales revenue. We selected sample balances of accounts receivable from those certain customers and performed confirmation procedures, and verified the collection after the reporting period. We conducted alternative audit procedures to those who failed to respond to confirmation request immediately and validated the relevant transaction documents to verify the occurrence of sales revenue.

#### **Other Matter**

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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, where applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yao-Lin Huang and Swei-Chin Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 22, 2022

#### Notice to Readers

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

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

# CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,079,687	18	\$ 1,921,717	19
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	45	-	44	-
Notes receivable and accounts receivable (Notes 4, 8 and 21)	3,500,115	31	3,076,422	30
Current tax assets (Notes 4 and 23)	146,115	1	174,731	2
Inventories (Notes 4 and 9)	524,001	5	397,045	4
Prepayments	181,587	2	60,866	1
Other financial assets - current (Notes 4 and 6)	2,051,481	18	2,310,291	22
Other current assets (Note 4)	<u>179,188</u>	<u>2</u>	<u>159,883</u>	<u>1</u>
Total current assets	<u>8,662,219</u>	<u>77</u>	<u>8,100,999</u>	<u>79</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10)	164,082	1	177,779	2
Investments accounted for using the equity method (Notes 4 and 12)	302,808	3	145,658	1
Property, plant and equipment (Notes 4, 13 and 28)	1,535,788	14	1,523,132	15
Right-of-use assets (Notes 4 and 14)	155,318	1	95,772	1
Investment properties (Notes 4, 15 and 28)	54,768	-	55,545	1
Deferred tax assets (Notes 4 and 23)	23,898	-	23,368	-
Other non-current assets (Notes 4 and 19)	<u>412,269</u>	<u>4</u>	<u>127,375</u>	<u>1</u>
Total non-current assets	<u>2,648,931</u>	<u>23</u>	<u>2,148,629</u>	<u>21</u>
<b>TOTAL</b>	<u>\$ 11,311,150</u>	<u>100</u>	<u>\$ 10,249,628</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 16 and 28)	\$ 470,000	4	\$ 458,000	5
Notes payable (Note 17)	190,503	2	100,278	1
Accounts payable (Note 17)	1,564,413	14	1,317,294	13
Other payables (Note 18)	648,661	6	572,400	6
Current tax liabilities (Notes 4 and 23)	116,788	1	46,406	-
Lease liabilities - current (Notes 4 and 14)	18,463	-	20,104	-
Other current liabilities	<u>121,370</u>	<u>1</u>	<u>28,032</u>	<u>-</u>
Total current liabilities	<u>3,130,198</u>	<u>28</u>	<u>2,542,514</u>	<u>25</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 23)	201,147	2	201,075	2
Lease liabilities - non-current (Notes 4 and 14)	5,940	-	11,500	-
Guarantee deposits	<u>830</u>	<u>-</u>	<u>600</u>	<u>-</u>
Total non-current liabilities	<u>207,917</u>	<u>2</u>	<u>213,175</u>	<u>2</u>
Total liabilities	<u>3,338,115</u>	<u>30</u>	<u>2,755,689</u>	<u>27</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 20)</b>				
Ordinary shares	<u>1,423,676</u>	<u>12</u>	<u>1,423,676</u>	<u>14</u>
Capital surplus	<u>2,820,768</u>	<u>25</u>	<u>2,820,599</u>	<u>27</u>
Retained earnings				
Legal reserve	799,339	7	731,633	7
Special reserve	524,565	5	588,402	6
Unappropriated earnings	<u>2,996,941</u>	<u>26</u>	<u>2,447,928</u>	<u>24</u>
Total retained earnings	<u>4,320,845</u>	<u>38</u>	<u>3,767,963</u>	<u>37</u>
Other equity	<u>(597,812)</u>	<u>(5)</u>	<u>(524,565)</u>	<u>(5)</u>
Total equity attributable to owners of the Corporation	7,967,477	70	7,487,673	73
<b>NON-CONTROLLING INTERESTS</b>	<u>5,558</u>	<u>-</u>	<u>6,266</u>	<u>-</u>
Total equity	<u>7,973,035</u>	<u>70</u>	<u>7,493,939</u>	<u>73</u>
<b>TOTAL</b>	<u>\$ 11,311,150</u>	<u>100</u>	<u>\$ 10,249,628</u>	<u>100</u>

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



## CHIA CHANG CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
SALES REVENUE (Notes 4 and 21)	\$ 8,718,498	100	\$ 7,263,201	100
COST OF GOODS SOLD (Notes 4, 9 and 22)	<u>6,717,203</u>	<u>77</u>	<u>5,553,079</u>	<u>77</u>
GROSS PROFIT	<u>2,001,295</u>	<u>23</u>	<u>1,710,122</u>	<u>23</u>
OPERATING EXPENSES (Notes 4, 8 and 22)				
Selling and marketing expenses	291,491	4	269,446	4
General and administrative expenses	457,661	5	454,082	6
Research and development expenses	<u>76,871</u>	<u>1</u>	<u>84,113</u>	<u>1</u>
Total operating expenses	<u>826,023</u>	<u>10</u>	<u>807,641</u>	<u>11</u>
INCOME FROM OPERATIONS	<u>1,175,272</u>	<u>13</u>	<u>902,481</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 12)	109,821	1	28,281	1
Interest income	57,990	1	69,448	1
Other income (Note 22)	28,010	-	87,279	1
Exchange losses (Note 31)	(53,557)	-	(136,956)	(2)
Interest expense	<u>(4,855)</u>	<u>-</u>	<u>(3,963)</u>	<u>-</u>
Total non-operating income and expenses	<u>137,409</u>	<u>2</u>	<u>44,089</u>	<u>1</u>
INCOME BEFORE INCOME TAX	1,312,681	15	946,570	13
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(404,588)</u>	<u>(4)</u>	<u>(270,205)</u>	<u>(4)</u>
NET INCOME FOR THE YEAR	<u>908,093</u>	<u>11</u>	<u>676,365</u>	<u>9</u>

(Continued)

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (13,697)	-	\$ 13,173	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	<u>(59,550)</u>	<u>(1)</u>	<u>50,664</u>	<u>1</u>
Other comprehensive income (loss)	<u>(73,247)</u>	<u>(1)</u>	<u>63,837</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 834,846</u>	<u>10</u>	<u>\$ 740,202</u>	<u>10</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 908,801	10	\$ 677,063	9
Non-controlling interests	<u>(708)</u>	<u>-</u>	<u>(698)</u>	<u>-</u>
	<u>\$ 908,093</u>	<u>10</u>	<u>\$ 676,365</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 835,554	10	\$ 740,900	10
Non-controlling interests	<u>(708)</u>	<u>-</u>	<u>(698)</u>	<u>-</u>
	<u>\$ 834,846</u>	<u>10</u>	<u>\$ 740,202</u>	<u>10</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 24)				
Basic	<u>\$ 6.38</u>		<u>\$ 4.76</u>	
Diluted	<u>\$ 6.31</u>		<u>\$ 4.73</u>	

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

(Concluded)

**CHIA CHANG CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation						Other Equity		Total	Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Total 1	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2020	\$ 1,423,676	\$ 2,820,599	\$ 666,638	\$ 394,555	\$ 2,385,626	\$ 3,446,819	\$ (648,459)	\$ 60,057	\$ (588,402)	\$ 7,102,692	\$ 6,964	\$ 7,109,656
Appropriation of 2019 earnings	-	-	64,995	-	(64,995)	-	-	-	-	-	-	-
Legal reserve	-	-	64,995	-	(64,995)	-	-	-	-	-	-	-
Special reserve	-	-	-	193,847	(193,847)	-	-	-	-	-	-	-
Cash dividends distributed	-	-	-	-	(355,919)	(355,919)	-	-	-	(355,919)	-	(355,919)
Total appropriation of 2019 earnings	-	-	64,995	193,847	(614,761)	(355,919)	-	-	-	(355,919)	-	(355,919)
Net income for the year ended December 31, 2020	-	-	-	-	677,063	677,063	-	-	-	677,063	(698)	676,365
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	50,664	13,173	63,837	63,837	-	63,837
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	677,063	677,063	50,664	13,173	63,837	740,900	(698)	740,202
BALANCE AT DECEMBER 31, 2020	1,423,676	2,820,599	731,633	588,402	2,447,928	3,767,963	(597,795)	73,230	(524,565)	7,487,673	6,266	7,493,939
Appropriation of 2020 earnings	-	-	67,706	-	(67,706)	-	-	-	-	-	-	-
Legal reserve	-	-	67,706	-	(67,706)	-	-	-	-	-	-	-
Special reserve	-	-	-	(63,837)	63,837	-	-	-	-	-	-	-
Cash dividends distributed	-	-	-	-	(355,919)	(355,919)	-	-	-	(355,919)	-	(355,919)
Total appropriation of 2020 earnings	-	-	67,706	(63,837)	(359,788)	(355,919)	-	-	-	(355,919)	-	(355,919)
Net income for the year ended December 31, 2021	-	-	-	-	908,801	908,801	-	-	-	908,801	(708)	908,093
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	(59,550)	(13,697)	(73,247)	(73,247)	-	(73,247)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	908,801	908,801	(59,550)	(13,697)	(73,247)	835,554	(708)	834,846
Changes in percentage of ownership interests in subsidiaries	-	169	-	-	-	-	-	-	-	169	-	169
BALANCE AT DECEMBER 31, 2021	\$ 1,423,676	\$ 2,820,768	\$ 799,339	\$ 524,565	\$ 2,996,941	\$ 4,320,845	\$ (657,345)	\$ 59,533	\$ (597,812)	\$ 7,967,477	\$ 5,558	\$ 7,973,035

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

# CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,312,681	\$ 946,570
Adjustments for:		
Depreciation	240,970	225,194
Amortization	146,304	208,120
Share of profit or loss of associates and joint ventures	(109,821)	(28,281)
Interest income	(57,990)	(69,448)
Dividend income	(13,073)	(1,692)
Impairment loss on non-financial assets	10,639	4,310
Interest expense	4,855	3,963
Unrealized gain on foreign exchange	(3,862)	(6,835)
Gain on disposal and retirement of property, plant and equipment	(2,604)	(71,125)
Expected credit loss	2,270	330
Net gain on financial assets and liabilities at fair value through profit or loss	(1)	-
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	-	(44)
Notes receivable	(19,357)	1,137
Accounts receivable	(400,838)	(28,088)
Inventories	(137,714)	2,923
Prepayments	(120,721)	32,413
Other current assets	(172,854)	(147,391)
Notes payable	90,225	(14,136)
Accounts payable	246,057	(11,850)
Other payables	76,551	53,634
Other current liabilities	93,338	(6,284)
Cash generated from operations	1,185,055	1,093,420
Interest received	67,806	80,044
Income tax paid	(306,931)	(317,486)
Net cash generated from operating activities	<u>945,930</u>	<u>855,978</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in prepayments for equipment	(365,482)	(93,079)
Decrease in other financial assets	258,810	234,104
Acquisition of property, plant and equipment	(147,916)	(310,283)
Payments for right-of-use assets	(68,455)	-
Acquisition of investments accounted for using the equity method	(50,000)	-
Dividends received	15,913	3,162
Decrease (increase) in other non-current assets	(15,794)	11,986
Proceeds from disposal of property, plant and equipment	<u>13,128</u>	<u>134,601</u>
Net cash used in investing activities	<u>(359,796)</u>	<u>(19,509)</u>

(Continued)

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

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	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	\$ (355,919)	\$ (355,919)
Repayment of the principal portion of lease liabilities	(28,094)	(33,154)
Increase in short-term borrowings	12,000	93,000
Interest paid	(5,145)	(4,182)
Proceeds from guarantee deposits	<u>230</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(376,928)</u>	<u>(300,255)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(51,236)</u>	<u>25,285</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	157,970	561,499
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,921,717</u>	<u>1,360,218</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,079,687</u>	<u>\$ 1,921,717</u>

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

(Concluded)

# CHIA CHANG CO., LTD. AND SUBSIDIARIES

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

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### 1. GENERAL INFORMATION

Chia Chang Co., Ltd. (the “Corporation”) was incorporated in September 1985, and engages mainly in manufacturing, processing and trading of various precision machinery, related mechanical mold components, mechanical steel mold accessories and computer peripheral equipment.

The Corporation’s shares have been listed on the Taiwan Stock Exchange (“TWSE”) since June 2011.

The consolidated financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 22, 2022.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Corporation and its subsidiaries (hereinafter collectively referred to as the “Group”).

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

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

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

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

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2022.

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

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

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2023.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

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

##### b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

##### c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.



d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 11, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

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

The Group uses the equity method to account for its investments in associates.

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

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

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Corporate assets are

allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## 1. Financial instruments

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

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

### 1) Financial assets

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

#### a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

##### i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and financial assets that do not meet the amortized cost criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime Expected Credit Loss (ECL) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 150 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

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

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

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

### b) Derecognition of financial liabilities

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

## m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of metal stamped products. Sales of metal stamped products are recognized as revenue according to the terms of the sale agreed with the customer, such as when the goods have been delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

## n. Leases

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

### 1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

## 2) The Group as lessee

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

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

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

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

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, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

### o. Retirement benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

### p. Taxation

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

#### 1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.



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

## 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology and research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

## 3) Current and deferred taxes for the period

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

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Checking accounts and demand deposits	\$ 1,490,722	\$ 1,029,743
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	588,211	891,049
Cash on hand	<u>754</u>	<u>925</u>
	<u>\$ 2,079,687</u>	<u>\$ 1,921,717</u>

As of December 31, 2021 and 2020, time deposits with original maturities of more than 3 months were \$2,051,481 thousand and \$2,310,291 thousand, respectively, which were classified as other financial assets - current. As of December 31, 2021 and 2020, the interest rates of the time deposits with original maturities more than 3 months were 0.22%-2.85% and 0.38%-2.89%, respectively.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 45</u>	<u>\$ 44</u>

## 8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>	<u>\$ 117,710</u>	<u>\$ 98,353</u>
<u>Accounts receivable</u>		
At amortized cost	3,384,975	2,980,773
Gross carrying amount	<u>(2,570)</u>	<u>(2,704)</u>
Less: Allowance for impairment loss	<u>3,382,405</u>	<u>2,978,069</u>
Total accounts receivable at amortized cost	<u>\$ 3,500,115</u>	<u>\$ 3,076,422</u>

The average credit period of sales of goods was 60-180 days. No interest is charged on unpaid accounts receivable.

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

#### December 31, 2021

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	-	5%	20%	50%	100%	
Gross carrying amount	\$ 3,490,887	\$ 4,597	\$ 4,331	\$ 2,744	\$ 126	\$ 3,502,685
Allowance for impairment loss (Lifetime ECL)	-	(228)	(866)	(1,350)	(126)	(2,570)
Amortized cost	<u>\$ 3,490,887</u>	<u>\$ 4,369</u>	<u>\$ 3,465</u>	<u>\$ 1,394</u>	<u>\$ -</u>	<u>\$ 3,500,115</u>

#### December 31, 2020

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	-	5%	20%	50%	0%-100%	
Gross carrying amount	\$ 3,072,140	\$ 4,267	\$ -	\$ -	\$ 2,719	\$ 3,079,126
Allowance for impairment loss (Lifetime ECL)	-	(214)	-	-	(2,490)	(2,704)
Amortized cost	<u>\$ 3,072,140</u>	<u>\$ 4,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229</u>	<u>\$ 3,076,422</u>

The movements of the allowance for impairment loss of notes receivable and accounts receivable were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 2,704	\$ 2,331
Add: Impairment loss recognized	2,270	330
Less: Amount written off	(2,390)	-
Effect of exchange rate differences	<u>(14)</u>	<u>43</u>
Balance at December 31	<u>\$ 2,570</u>	<u>\$ 2,704</u>

## 9. INVENTORIES

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Finished goods	\$ 215,123	\$ 161,803
Work in progress	106,625	108,135
Raw materials	<u>202,253</u>	<u>127,107</u>
	<u>\$ 524,001</u>	<u>\$ 397,045</u>

The cost of goods sold included the following:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Cost of inventories sold	\$ 6,706,564	\$ 5,548,769
Inventory write-downs (reversed)	9,070	(675)
Impairment loss on mold (Note 22)	1,569	-
Impairment loss on property, plant and equipment (Note 22)	<u>-</u>	<u>4,985</u>
	<u>\$ 6,717,203</u>	<u>\$ 5,553,079</u>

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Non-current</u>		
Domestic investments		
Unlisted ordinary shares	<u>\$ 164,082</u>	<u>\$ 177,779</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2021	2020	
The Corporation	CHIA CORPORATION	Investment activities	100.00	100.00	-
	GOLDSKY ENTERPRISES LIMITED	International trade	100.00	100.00	-
	Chia Development Co., Ltd.	New business development and investment	100.00	100.00	-
CHIA CORPORATION	TARCOOLA TRADING LIMITED	Investment activities	100.00	100.00	-
	HUGE LINE INTERNATIONAL LIMITED	Investment activities	100.00	100.00	-
	CHIAPEX HOLDING LIMITED	Investment activities	100.00	100.00	-
TARCOOLA TRADING LIMITED	CHIA-RUI HOLDING LIMITED	Investment activities	100.00	100.00	-
	Chia Chang Technology (Suzhou) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	-
HUGE LINE INTERNATIONAL LIMITED	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	-
	Nanjing Chia-Chan Precious electronics Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	-
CHIA-RUI HOLDING LIMITED	Quan Rui (Dong Guan) Industrial Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	1)
	Chia Chang (Foshan) Industrial Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	-	-	2)
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Manufacturing of electronic components	50.00	50.00	3)
Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	-

- 1) In order to integrate the production plants in China for improving production efficiency and saving both fixed expenses and management costs, on June 3, 2020, the Corporation's board of directors approved the disposal of the equipment and the termination of the operation of Quan Rui (Dong Guan) Industrial Co., Ltd., a subsidiary in China.
- 2) Chia Chang (Foshan) Industrial Co., Ltd. completed its liquidation in December 2020, and refunded the remaining share capital to Chia-Rui Holding Limited, which was approved by the Investment Commission, Ministry of Economic Affairs in January 2021.
- 3) The subsidiaries are not significant subsidiaries, so their financial statements have not been audited. The Group considered that there would be no significant adjustments if such financial statements were audited.

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Investment in associates</u>		
Associate that is not individually material	\$ <u>302,808</u>	\$ <u>145,658</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
The Group's share of:		
Net income and other comprehensive income	\$ <u>109,821</u>	\$ <u>28,281</u>

The Group is able to exercise significant influence over Top Taiwan VIII Venture Capital Co., Ltd., an associate that is not individually material, even if it holds less than 20% of its voting right because the Group is a director; therefore, the Group accounted for the investment by using equity method.

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the associates' audited financial statements for the same years then ended except Zen Material Technology Inc. and Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd. The Group considered that there would be no significant adjustments if such financial statements were audited.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further loss, if any. The amounts of unrecognized share of losses of the associates extracted from the relevant financial statements of the associates, both for the year and cumulatively, were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
Unrecognized share of losses of the associates for the year	\$ <u>(4,475)</u>	\$ <u>(2,075)</u>
Accumulated unrecognized share of losses of the associates	\$ <u>(7,067)</u>	\$ <u>(2,592)</u>

## 13. PROPERTY, PLANT AND EQUIPMENT

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Miscellaneous Equipment</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2020	\$ 185,000	\$ 814,787	\$ 1,947,038	\$ 378,811	\$ 3,325,636
Additions	141,047	1,626	139,389	28,221	310,283
Disposals	-	(4,521)	(226,784)	(123,212)	(354,517)
Effect of exchange rate differences	-	10,313	23,859	3,661	37,833
Reclassification	-	<u>2,654</u>	<u>25,339</u>	<u>11,336</u>	<u>39,329</u>
Balance at December 31, 2020	<u>\$ 326,047</u>	<u>\$ 824,859</u>	<u>\$ 1,908,841</u>	<u>\$ 298,817</u>	<u>\$ 3,358,564</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2020	\$ -	\$ 382,403	\$ 1,232,394	\$ 289,804	\$ 1,904,601
Disposals	-	(4,195)	(167,893)	(118,953)	(291,041)
Depreciation expense	-	34,052	128,899	31,660	194,611
Effect of exchange rate differences	-	5,637	14,411	2,228	22,276
Impairment losses recognized	-	-	4,985	-	4,985
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 417,897</u>	<u>\$ 1,212,796</u>	<u>\$ 204,739</u>	<u>\$ 1,835,432</u>
Carrying amount at December 31, 2020	<u>\$ 326,047</u>	<u>\$ 406,962</u>	<u>\$ 696,045</u>	<u>\$ 94,078</u>	<u>\$ 1,523,132</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 326,047	\$ 824,859	\$ 1,908,841	\$ 298,817	\$ 3,358,564
Additions	-	975	108,515	38,426	147,916
Disposals	-	(630)	(46,335)	(12,697)	(59,662)
Effect of exchange rate differences	-	(3,573)	(8,637)	(1,393)	(13,603)
Reclassification	-	-	69,122	22,760	91,882
Balance at December 31, 2021	<u>\$ 326,047</u>	<u>\$ 821,631</u>	<u>\$ 2,031,506</u>	<u>\$ 345,913</u>	<u>\$ 3,525,097</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ 417,897	\$ 1,212,796	\$ 204,739	\$ 1,835,432
Disposals recognized	-	(630)	(36,539)	(11,969)	(49,138)
Depreciation expense	-	32,810	136,088	42,214	211,112
Effect of exchange rate differences	-	(1,910)	(5,285)	(902)	(8,097)
Impairment losses	-	-	-	-	-
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 448,167</u>	<u>\$ 1,307,060</u>	<u>\$ 234,082</u>	<u>\$ 1,989,309</u>
Carrying amount at December 31, 2021	<u>\$ 326,047</u>	<u>\$ 373,464</u>	<u>\$ 724,446</u>	<u>\$ 111,831</u>	<u>\$ 1,535,788</u>

(Concluded)

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

Buildings	
Main buildings	20-45 years
Elevators	15-20 years
Engineering system	10-20 years
Others	5-8 years
Machinery and equipment	2-10 years
Miscellaneous equipment	2-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 28.

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Land	\$ 121,877	\$ 56,863
Buildings	<u>33,441</u>	<u>38,909</u>
	<u>\$ 155,318</u>	<u>\$ 95,772</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 101,108</u>	<u>\$ 31,671</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,137	\$ 1,779
Buildings	<u>25,944</u>	<u>28,027</u>
	<u>\$ 29,081</u>	<u>\$ 29,806</u>

### b. Lease liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Carrying amount</u>		
Current	<u>\$ 18,463</u>	<u>\$ 20,104</u>
Non-current	<u>\$ 5,940</u>	<u>\$ 11,500</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Buildings	0.9%	0.9%

### c. Material leasing activities and terms

The Group leases certain land, plant and office with lease terms from 2019 to 2023. These arrangements do not contain renewal or purchase options.

The Group also leases land for producing products in China with lease terms of 44 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land at the end of lease terms.



d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases	\$ <u>12,072</u>	\$ <u>17,121</u>
Total cash outflow for leases	\$ <u>108,924</u>	\$ <u>49,934</u>

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

## 15. INVESTMENT PROPERTIES

Except for depreciation recognized during the year, the Group did not have significant addition, disposal, or impairment of investment properties for the years ended December 31, 2021 and 2020. Investment properties are depreciated on a straight-line basis over the estimated useful life of 45 years.

Management was unable to reliably measure the fair value of investment properties located at Dafeng St., Luzhu District, Taoyuan City 338028, Taiwan (ROC) because of the remote location. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The investment properties of the Group were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 28.

## 16. SHORT-TERM BORROWINGS

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Secured borrowings</u>		
Bank loans	\$ 190,000	\$ 190,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>280,000</u>	<u>268,000</u>
	\$ <u>470,000</u>	\$ <u>458,000</u>
Interest rates	0.86%	0.86%-0.88%

The secured borrowings were secured by the Group's land, buildings and the investment properties. Refer to Note 28 for details.

## 17. NOTES PAYABLE AND ACCOUNTS PAYABLE

Accounts payable are not bearing interest. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 18. OTHER PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Payable for salaries and bonuses	\$ 315,717	\$ 278,759
Payable for transportation	75,565	76,839
Compensation payable to directors and employees	49,694	41,251
Payable for purchase of equipment	32,814	27,724
Others	<u>174,871</u>	<u>147,827</u>
	<u>\$ 648,661</u>	<u>\$ 572,400</u>

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Corporation and the its domestic subsidiaries adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The subsidiaries in China are subject to relevant local pension insurance system and annually appropriate a fixed percentage of the salary as the pension cost deposited in designated responsible institution.

### b. Defined benefit plans

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

All the employees of the Corporation who are under the defined benefit plan have been converted to defined contribution plan in 2014. The Corporation no longer recognized cost of defined benefit since 2015.

For the years ended December 31, 2021 and 2020, the Corporation contributed \$66 thousand and \$64 thousand, respectively, to the retirement fund deposited in the Bank of Taiwan. The fair value of plan assets increased by \$91 thousand and \$196 thousand respectively, because of the interest on the deposits.

## 20. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Number of shares authorized (in thousands)	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>142,368</u>	<u>142,368</u>
Shares issued	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>

The issued ordinary shares, with a par value of NT\$10, carry one voting right per share and carry a right to dividends.

The authorized shares include 600 thousand shares reserved for the exercise of employee stock options.

### b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 2,784,898	\$ 2,784,898
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	21,559	21,390
<u>May not be used for any purpose</u>		
Employee share options	<u>14,311</u>	<u>14,311</u>
	<u>\$ 2,820,768</u>	<u>\$ 2,820,599</u>

1) Such capital surplus may be used to offset a deficit; when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 22-(e).

The Corporation distributes dividends after taking into consideration its future capital needs and long-term financial plans. Where the Corporation made a profit in a fiscal year, the Corporation could propose cash dividends between 10% and 100% of distributable earnings. The shareholders may adjust the ratio of dividends to reflect the profit and the adequacy of capital.

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

The appropriations of earnings for 2020 and 2019 were approved in the shareholders' meetings on July 30, 2021 and June 15, 2020, respectively; the amounts were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Legal reserve	<u>\$ 67,706</u>	<u>\$ 64,995</u>
Special reserve (reversal)	<u>\$ (63,837)</u>	<u>\$ 193,847</u>
Cash dividends	<u>\$ 355,919</u>	<u>\$ 355,919</u>
Cash dividends per share (NT\$)	<u>\$ 2.5</u>	<u>\$ 2.5</u>

The appropriations of earnings for 2021, which were proposed by the Corporation's board of directors on March 22, 2022, were as follows:

	<b>For the Year Ended December 31, 2021</b>
Legal reserve	<u>\$ 90,881</u>
Special reserve	<u>\$ 73,247</u>
Cash dividends	<u>\$ 427,103</u>
Cash dividends per share (NT\$)	<u>\$ 3.0</u>

The appropriations of earnings for 2021 are subject to the resolution in the shareholders' meeting to be held on June 22, 2022.

d. Special reserve

On the initial application of IFRSs, the Corporation appropriated to special reserve the amount of \$343,684 thousand which is the same amount as the cumulative translation adjustment, and transferred it to retained earnings.

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 588,402	\$ 394,555
Appropriations in respect of:		
Debits to other equity items	-	193,847
Reversals:		
Reversal of the debit to other equity items	<u>(63,837)</u>	<u>-</u>
Balance at December 31	<u>\$ 524,565</u>	<u>\$ 588,402</u>

**21. REVENUE**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2021</b>	<b>2020</b>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 8,718,498</u>	<u>\$ 7,263,201</u>

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Group eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of goods.

b. Contract balances

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>January 1, 2020</b>
Notes receivable and accounts receivable (Note 8)	<u>\$ 3,502,685</u>	<u>\$ 3,079,126</u>	<u>\$ 3,046,245</u>

c. Disaggregation of revenue

Refer to Note 33 for information on disaggregation of revenue.

## 22. INCOME BEFORE INCOME TAX

### a. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Gain on disposal and retirement of property, plant and equipment	\$ 2,604	\$ 71,125
Dividend income	13,073	1,692
Others	<u>12,333</u>	<u>14,462</u>
	<u>\$ 28,010</u>	<u>\$ 87,279</u>

### b. Impairment losses

As a result of the decline in sales of some products, the estimated future cash flows expected to arise from the related mold (recognized as other current assets) and equipment decreased. Therefore, the Group recognized impairment losses of \$1,569 thousand and \$4,985 thousand for the years ended December 31, 2021 and 2020, respectively. The Group determined the recoverable amounts of the relevant assets on the basis of their value in use. Since there was no value in use after consideration, the Group recognized the impairment losses in cost of goods sold in the consolidated statements of comprehensive income.

### c. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Other intangible assets	\$ 146,304	\$ 208,120
Property, plant and equipment	211,112	194,611
Right-of-use assets	29,081	29,806
Investment properties	<u>777</u>	<u>777</u>
	<u>\$ 387,274</u>	<u>\$ 433,314</u>
 An analysis of depreciation by function		
Operating costs	\$ 198,146	\$ 180,073
Operating expenses	42,047	44,344
Non-operating expenses	<u>777</u>	<u>777</u>
	<u>\$ 240,970</u>	<u>\$ 225,194</u>
 An analysis of amortization by function		
Operating costs	\$ 143,857	\$ 202,347
Operating expenses	<u>2,447</u>	<u>5,773</u>
	<u>\$ 146,304</u>	<u>\$ 208,120</u>

d. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Payroll expense	\$ 1,334,988	\$ 1,206,074
Post-employment benefits		
Defined contribution plans	43,691	12,828
Other employee benefits	<u>115,678</u>	<u>104,016</u>
Total employee benefits expense	<u>\$ 1,494,357</u>	<u>\$ 1,322,918</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,071,422	\$ 918,366
Operating expenses	<u>422,935</u>	<u>404,552</u>
	<u>\$ 1,494,357</u>	<u>\$ 1,322,918</u>

e. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees at rates of no less than 1% and no higher than 15%, and remuneration of directors and supervisors at rates of no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which were approved by the Corporation's board of directors on March 22, 2022 and March 23, 2021, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of employees	3.11%	3.29%
Remuneration of directors and supervisors	1.34%	1.88%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Compensation of employees	<u>\$ 34,694</u>	<u>\$ 26,251</u>
Remuneration of directors and supervisors	<u>\$ 15,000</u>	<u>\$ 15,000</u>

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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

## 23. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 388,079	\$ 266,808
Income tax on unappropriated earnings	15,334	-
Adjustments for prior years	<u>1,732</u>	<u>627</u>
	<u>405,145</u>	<u>267,435</u>
Deferred tax		
In respect of the current year	<u>(557)</u>	<u>2,770</u>
Income tax expense recognized in profit or loss	<u>\$ 404,588</u>	<u>\$ 270,205</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Income before income tax	<u>\$ 1,312,681</u>	<u>\$ 946,570</u>
Income tax expense calculated at the statutory rate	\$ 497,600	\$ 347,659
Deferred tax effect of earnings of subsidiaries	(52,197)	(71,125)
Tax-exempt income	(51,406)	(11,360)
Nondeductible expenses in determining taxable income	9,414	8,129
Deduction for tax incentives	(8,143)	(6,043)
Unrecognized loss carryforwards	(7,746)	2,318
Adjustments for prior years' tax	1,732	627
Income tax on unappropriated earnings	<u>15,334</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 404,588</u>	<u>\$ 270,205</u>

### b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax assets		
Prepaid tax - withholding dividends	\$ 137,822	\$ 165,418
Other	<u>8,293</u>	<u>9,313</u>
	<u>\$ 146,115</u>	<u>\$ 174,731</u>
Current tax liabilities		
Income tax payable	<u>\$ 116,788</u>	<u>\$ 46,406</u>



c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Temporary Differences	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>				
Unrealized amortization expense	\$ 21,198	\$ 1,038	\$ (100)	\$ 22,136
Unrealized inventory write-down	1,280	367	(2)	1,645
Unrealized exchange loss	<u>890</u>	<u>(773)</u>	<u>-</u>	<u>117</u>
	<u>\$ 23,368</u>	<u>\$ 632</u>	<u>\$ (102)</u>	<u>\$ 23,898</u>
<u>Deferred tax liabilities</u>				
Unappropriated earnings of subsidiaries	\$ (200,000)	\$ -	\$ -	\$ (200,000)
Defined benefit obligations	(308)	(14)	-	(322)
Property, plant and equipment	<u>(767)</u>	<u>(61)</u>	<u>3</u>	<u>(825)</u>
	<u>\$ (201,075)</u>	<u>\$ (75)</u>	<u>\$ 3</u>	<u>\$ (201,147)</u>

For the year ended December 31, 2020

Temporary Differences	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>				
Unrealized amortization expense	\$ 23,043	\$ (2,127)	\$ 282	\$ 21,198
Unrealized inventory write-down	729	542	9	1,280
Unrealized exchange loss	<u>2,257</u>	<u>(1,367)</u>	<u>-</u>	<u>890</u>
	<u>\$ 26,029</u>	<u>\$ (2,952)</u>	<u>\$ 291</u>	<u>\$ 23,368</u>
<u>Deferred tax liabilities</u>				
Unappropriated earnings of subsidiaries	\$ (200,000)	\$ -	\$ -	\$ (200,000)
Defined benefit obligations	(296)	(12)	-	(308)
Property, plant and equipment	<u>(950)</u>	<u>194</u>	<u>(11)</u>	<u>(767)</u>
	<u>\$ (201,246)</u>	<u>\$ 182</u>	<u>\$ (11)</u>	<u>\$ (201,075)</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Loss carryforwards		
Expiry in 2021	\$ -	\$ 122
Expiry in 2022	40,111	40,301
Expiry in 2023	66,901	55,205
Expiry in 2024	54,376	46,795
Expiry in 2025	76,371	71,694
Expiry in 2026	580	111
Expiry in 2027	115	115
Expiry in 2028	88	88
Expiry in 2029	1,174	1,174
Expiry in 2030	1,537	1,537
Expiry in 2031	<u>1,656</u>	<u>-</u>
	<u>\$ 242,909</u>	<u>\$ 217,142</u>

- e. Income tax assessments

Income tax returns of the following companies had been assessed by tax authorities:

- 1) Chia Chang Co., Ltd. - through 2019
- 2) Energy Magic Co, Ltd. - through 2019
- 3) Chia Development Co., Ltd. - through 2019

## 24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Basic earnings per share	<u>\$ 6.38</u>	<u>\$ 4.76</u>
Diluted earnings per share	<u>\$ 6.31</u>	<u>\$ 4.73</u>

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

### Net Income for the Year

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Earnings used in the computation of basic earnings per share	\$ 908,801	\$ 677,063
Effect of potentially dilutive ordinary shares:		
Employee share options	-	-
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 908,801</u>	<u>\$ 677,063</u>

## Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	142,368	142,368
Effect of potentially dilutive ordinary shares:		
Employee share options	1,635	894
Compensation of employees	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>144,003</u>	<u>143,262</u>

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

## 25. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowing offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure on an annual basis. In order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, or the number of new shares issued or repurchased.

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The disclosures of fair value are not required for financial instruments that are not measured at fair value but with carrying value approximating fair value such as cash and cash equivalents, notes and accounts receivable, other financial asset-current, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits.

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

1) Fair value hierarchy

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ <u>45</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>45</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>164,082</u>	\$ <u>164,082</u>

December 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ <u>44</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>44</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>177,779</u>	\$ <u>177,779</u>

There were no transfers between Levels 1 and 2 in 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>
Balance at January 1, 2021	\$ 177,779
Recognized in other comprehensive income	<u>(13,697)</u>
Balance at December 31, 2021	<u>\$ 164,082</u>

For the year ended December 31, 2020

	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>
Balance at January 1, 2020	\$ 164,606
Recognized in other comprehensive income	<u>13,173</u>
Balance at December 31, 2020	<u>\$ 177,779</u>

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

For the domestic non-listed stocks held by the Group and measured at fair value, such fair value is determined by referring to the observable market price or to the comparable company.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 45	\$ 44
Financial assets at amortized cost (1)	7,684,871	7,370,845
Financial assets at FVTOCI	164,082	177,779
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	2,874,407	2,448,572

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other financial assets - current, other receivables, and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporation's treasury function reports quarterly to the Corporation's board of directors.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Parts of the Group's sales are denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst parts of costs are denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 31.

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the U.S. dollar. For a 1% weakening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit or loss*	\$ 27,810	\$ 26,980

\* The result was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at fixed interest rates.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value interest rate risk		
Financial assets	\$ 2,322,308	\$ 2,777,954
Financial liabilities	494,403	489,604
Cash flow interest rate risk		
Financial assets	1,808,106	1,453,129

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$4,077 thousand and \$3,052 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$1,641 thousand and \$1,778 thousand, respectively, as a result of the changes in financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

Since the counterparty of current funds and derivative financial instruments is a financial institution with a good credit rating, the Group does not expect any material credit risk.

The Group's concentration of credit risk of 53% and 55% of total accounts receivable as of December 31, 2021 and 2020, respectively, was attributable to the Group's three largest customers.

### 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured bank loan facilities*		
Amount used	\$ 280,000	\$ 268,000
Amount unused	<u>670,000</u>	<u>682,000</u>
	<u>\$ 950,000</u>	<u>\$ 950,000</u>
Secured bank loan facilities*		
Amount used	\$ 190,000	\$ 190,000
Amount unused	<u>150,000</u>	<u>150,000</u>
	<u>\$ 340,000</u>	<u>\$ 340,000</u>

\* Including the amount signed by the Group and the bank.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

#### December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months-1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing Lease liabilities	\$ 648,661	\$ 1,754,916	\$ -	\$ 830
Fixed interest rate borrowings	-	1,150	17,500	5,967
	<u>470,243</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,118,904</u>	<u>\$ 1,756,066</u>	<u>\$ 17,500</u>	<u>\$ 6,797</u>



December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months-1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 572,400	\$ 1,417,572	\$ -	\$ 600
Lease liabilities	520	1,040	18,759	11,576
Fixed interest rate borrowings	<u>458,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,031,152</u>	<u>\$ 1,418,612</u>	<u>\$ 18,759</u>	<u>\$ 12,176</u>

## 27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

### Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 100,238	\$ 86,886
Post-employment benefits	<u>940</u>	<u>944</u>
	<u>\$ 101,178</u>	<u>\$ 87,830</u>

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral or guarantee for bank financing, amount of endorsement and guarantee, and for issuing commercial paper.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment		
Land	\$ 185,000	\$ 185,000
Buildings	92,548	95,631
Investment properties	<u>54,768</u>	<u>55,545</u>
	<u>\$ 332,316</u>	<u>\$ 336,176</u>

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at the ceiling amounts of guarantees to subsidiaries were as follows:

Subsidiary	Total Amount	Used Amount
GOLDSKY ENTERPRISE LIMITED	\$ 498,240 (US\$ 18,000)	\$ -
CHIA CORPORATION	\$ 1,384,000 (US\$ 50,000)	\$ -

## 30. OTHER ITEMS

The Group has evaluated the effect of the COVID-19 pandemic which has evolved globally and currently in Taiwan. Because of the industrial characteristics and strategies formulated, the Group has assessed that there were no significant impacts on the Group. With the easing of the epidemic in mainland China and the loosening of policies, the Group's operations have gradually stabilized in 2021.

## 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies were as follows:

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 27,410	27.680 (USD:NTD)	\$ 758,701
USD	US\$ 98,155	6.3757 (USD:RMB)	2,716,972
RMB	RMB 1	4.3415 (RMB:NTD)	4
RMB	RMB 32,517	0.1568 (RMB:USD)	141,173
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 7,037	27.680 (USD:NTD)	194,771
USD	US\$ 23,160	6.3757 (USD:RMB)	641,075

December 31, 2020

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	US\$ 17,260	28.480 (USD:NTD)	\$ 491,573
USD	US\$ 98,820	6.5249 (USD:RMB)	2,814,486
RMB	RMB 18,211	4.3648 (RMB:NTD)	79,488
RMB	RMB 31,788	0.1533 (RMB:USD)	138,750

Financial liabilities

Monetary items			
USD	US\$ 4,265	28.480 (USD:NTD)	121,471
USD	US\$ 21,956	6.5249 (USD:RMB)	625,306

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currency	<b>For the Year Ended December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Exchange Rate (Functional Currency: Functional Currency)</b>	<b>Net Foreign Exchange Gains (Losses)</b>	<b>Exchange Rate (Functional Currency: Functional Currency)</b>	<b>Net Foreign Exchange Gains (Losses)</b>
USD	28.009 (USD:NTD)	\$ (12,209)	29.516 (USD:NTD)	\$ 8,827
USD	6.4514 (USD:RMB)	(44,314)	6.9002 (USD:RMB)	(158,426)
RMB	4.3415 (RMB:NTD)	(287)	4.2776 (RMB:NTD)	3,323
RMB	0.1550 (RMB:USD)	<u>3,253</u>	0.1449 (RMB:USD)	<u>9,320</u>
		<u>\$ (53,557)</u>		<u>\$ (136,956)</u>

**32. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held. (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital. (None)

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
  - 9) Trading in derivative instruments. (None)
  - 10) Other intercompany relationships and significant intercompany transactions. (Table 4)
- b. Information on investees. (Table 5)
- c. Information on investments in mainland China
- 1) Information on any investee Corporation in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (None)
    - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 7)

### 33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments are stamping department and others.

#### a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	<b>For the Year Ended December 31, 2021</b>		
	<b>Stamping Business</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	<u>\$ 8,718,498</u>	<u>\$ -</u>	<u>\$ 8,718,498</u>
Segment income	\$ 1,176,937	\$ (1,665)	\$ 1,175,272
Share of profit or loss of associate and joint venture for using the equity method	(559)	110,380	109,821
Interest income	57,886	104	57,990
Exchange gains and losses	(53,557)	-	(53,557)
Interest expense	(4,855)	-	(4,855)
Other gains and losses	<u>14,937</u>	<u>13,073</u>	<u>28,010</u>
Income before income tax	<u>\$ 1,190,789</u>	<u>\$ 121,892</u>	<u>\$ 1,312,681</u>
	<b>For the Year Ended December 31, 2020</b>		
	<b>Stamping Business</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	<u>\$ 7,263,017</u>	<u>\$ 184</u>	<u>\$ 7,263,201</u>
Segment income	\$ 904,144	\$ (1,663)	\$ 902,481
Share of profit or loss of associate and joint venture for using the equity method	(2,840)	31,121	28,281
Interest income	69,226	222	69,448
Exchange gains and losses	(136,956)	-	(136,956)
Interest expense	(3,963)	-	(3,963)
Other gains and losses	<u>85,587</u>	<u>1,692</u>	<u>87,279</u>
Income before income tax	<u>\$ 915,198</u>	<u>\$ 31,372</u>	<u>\$ 946,570</u>

Segment profit represented the profit before income tax earned by each segment without the allocation of central administration costs and directors and supervisors' salaries, share of profit of associates, gains on disposal of interests in associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Segment assets</u>		
Stamping business segment	\$ 10,887,824	\$ 9,913,338
Others	<u>423,326</u>	<u>336,290</u>
Consolidated total assets	<u>\$ 11,311,150</u>	<u>\$ 10,249,628</u>
<u>Segment liabilities</u>		
Stamping business segment	\$ 3,337,302	\$ 2,755,346
Others	<u>813</u>	<u>343</u>
Consolidated total liabilities	<u>\$ 3,338,115</u>	<u>\$ 2,755,689</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- 1) All assets were allocated to reportable segments other than interests in associates accounted for using the equity method, other financial assets, and current and deferred tax assets. Goodwill was allocated to the reportable segments. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and
- 2) All liabilities were allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Revenue from major products

The following is an analysis of the Group's revenue from its major products.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Metal stamped display back cover parts	\$ 5,203,120	\$ 4,443,068
Metal stamped display front frame parts	1,533,658	1,462,009
Metal stamped server parts	865,048	553,861
Others	<u>1,116,672</u>	<u>804,263</u>
	<u>\$ 8,718,498</u>	<u>\$ 7,263,201</u>

d. Geographical information

The Group operates in two principal geographical areas: Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
China	\$ 6,910,941	\$ 5,830,986	\$ 1,592,940	\$ 1,240,793
Taiwan	1,779,283	1,379,927	549,701	551,929
Others	<u>28,274</u>	<u>52,288</u>	<u>-</u>	<u>2,848</u>
	<u>\$ 8,718,498</u>	<u>\$ 7,263,201</u>	<u>\$ 2,142,641</u>	<u>\$ 1,795,570</u>

Non-current assets excluded financial instruments, deferred tax assets and defined benefit assets.

e. Information about major customers

Major customers' that contributed 10% or more to the sales revenue for both 2021 and 2020.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Customer A	\$ 2,118,955	\$ 1,794,773
Customer B	1,212,257	1,185,173
Customer C	<u>917,139</u>	<u>551,094</u>
	<u>\$ 4,248,351</u>	<u>\$ 3,531,040</u>

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (Foreign Currencies in Thousands)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd	Other receivables	Yes	\$ 60,000	\$ 60,000	\$ -	-	Short-term financing	Not applicable	Operating capital	\$ -	-	-	\$ 143,299 (US\$ 5,177)	\$ 286,599 (US\$ 10,354)
2	CHIA CORPORATION	Chia Chang Co., Ltd	Other receivables	Yes	600,000	600,000	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,281,107 (RMB 295,084)	2,562,219 (RMB 590,169)
		Nanjing Chia-Chan Precious Electronics Co., Ltd.	Other receivables	Yes	55,360 (US\$ 2,000)	55,360 (US\$ 2,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,281,107 (RMB 295,084)	2,562,219 (RMB 590,169)
		Chia Chang Technology (Chong Qing) Co., Ltd	Other receivables	Yes	193,760 (US\$ 7,000)	193,760 (US\$ 7,000)	21,708 (US\$ 5,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	1,281,107 (RMB 295,084)	2,562,219 (RMB 590,169)
3	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd	Other receivables	Yes	260,490 (RMB 60,000)	260,490 (RMB 60,000)	86,830 (RMB 20,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	633,694 (RMB 145,962)	1,267,392 (RMB 291,925)
4	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd	Other receivables	Yes	86,830 (RMB 20,000)	86,830 (RMB 20,000)	65,123 (RMB 15,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	148,145 (RMB 34,123)	592,580 (RMB 136,492)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	86,830 (RMB 20,000)	86,830 (RMB 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	148,145 (RMB 34,123)	592,580 (RMB 136,492)
5	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd	Other receivables	Yes	43,415 (RMB 10,000)	43,415 (RMB 10,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	61,905 (RMB 14,259)	247,630 (RMB 57,038)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	43,415 (RMB 10,000)	43,415 (RMB 10,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	61,905 (RMB 14,259)	247,630 (RMB 57,038)

Note 1: The limit for lending to each borrower is as follows:

- a. For companies with transactions and short-term funding needs, the amount for lending to a company shall not exceed 2% of the net equity of the Corporation based on its latest financial statements.. The total amount for lending shall not exceed 5% of the net equity of the Corporation based on its latest financial statements.
- b. For associates with short-term funding needs, in which the Corporation holds less than 100% of the voting shares of each associate, the amount for lending shall not exceed 10% of the net equity of the associate. For associates with short-term funding needs, in which the Corporation holds 100% of the voting shares of each associate, the amount for lending shall not exceed 20% of the net equity of the associate.

Note 2: The total amount for lending shall not exceed 40% of the net equity of the Corporation based on its latest financial statements..

Note 3: All intercompany transactions have been eliminated upon consolidation..



## CHIA CHANG CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	Chia Chang Co., Ltd	GOLDSKY ENTERPRISES LIMITED	Note 1	\$ 3,983,738	\$ 498,240 (US\$ 18,000)	\$ 498,240 (US\$ 18,000)	\$ -	\$ -	6.25%	\$ 3,983,738	Yes	No	No
		CHIA CORPORATION	Note 1	3,983,738	1,384,000 (US\$ 50,000)	1,384,000 (US\$ 50,000)	-	692,000 (US\$ 25,000)	17.37%		Yes	No	No
1	Chia Chang Technology (Suzhou) Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Note 1	3,983,738	86,830 (RMB 20,000)	86,830 (RMB 20,000)	-	-	1.09%	3,983,738	No	No	Yes
		Chia Chang Technology (Chong Qing) Co., Ltd	Note 1	3,983,738	260,490 (RMB 60,000)	260,490 (RMB 60,000)	-	-	3.27%		No	No	Yes
2	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Note 1	3,983,738	86,830 (RMB 20,000)	86,830 (RMB 20,000)	-	-	1.09%	3,983,738	No	No	Yes
		Chia Chang Technology (Chong Qing) Co., Ltd	Note 1	3,983,738	86,830 (RMB 20,000)	86,830 (RMB 20,000)	-	-	1.09%		No	No	Yes

Note 1: Subsidiary in which the Corporation directly or indirectly owns more than 50% of its voting shares.

Note 2: According to the Corporation's endorsement/ guarantee operating procedures, the total amount of guarantee provided by the Corporation to any individual entity shall not exceed 2% of the Corporation's net equity based on its latest financial statements, except for the guarantee provided to any entity whose voting shares are 100% owned. The total balance of guarantee shall not exceed 50% of the Corporation's net equity based on its latest financial statements.

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Units in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Chang Co., Ltd	Ordinary share(s) Chimei Motor Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non current	1,372	\$ 8,696	7.22	\$ 8,696	Notes 1 and 2
TARCOOLA TRADING LIMITED	Mutual fund(s) FSITC RMB Money Market Fund-RMB	None	Financial assets at fair value through profit or loss - current	1	45	-	45	Notes 1 and 2
Chia Development Co., Ltd.	Ordinary share(s) WK Technology Fund IX Ltd.	One of the Corporation's key management personnel is one of its supervisors	Financial assets at fair value through other comprehensive income - non current	7,690	155,386	7.69	155,386	Notes 1 and 2

Note 1: The unlisted stocks mentioned above are calculated using a valuation method at fair value, and the mutual fund is calculated at net value on December 31, 2021.

Note 2: The securities held at end of period have not been provided as collateral or pledged for loans.

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Relationship (Note 2)	Transaction Details (Notes 3 and 5)			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Corporation	GOLDSKY ENTERPRISES LIMITED	1	Other current liabilities	\$ 23,560	Note 6	-
		Chia Chang Technology (Suzhou) Co., Ltd.	1	Accounts payable	25,514	Note 2	-
		Chia Chang Technology (Suzhou) Co., Ltd.	1	Purchase	33,789	Note 2	-
1	CHIA CORPORATION	Chia Chang Technology (Chong Qing) Co., Ltd	3	Other receivables	21,768	Note 5, interest rate 4.35%	-
2	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd	2	Accounts receivables	23,560	Note 6	-
3	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Co., Ltd	2	Accounts receivables	25,514	Note 2	-
		Chia Chang Co., Ltd	2	Sales revenue	33,789	Note 2	-
		Nanjing Chia-Chan Precious Electronics Co., Ltd.	3	Purchase	63,322	Note 2	1
		Chia Chang Technology (Chong Qing) Co., Ltd	3	Other receivables	90,261	Note 3, interest rate 4.35%	1
4	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd.	3	Accounts payable	17,417	Note 2	-
		Nanjing Chia-Chan Precious Electronics Co., Ltd.	3	Purchase	35,858	Note 2	-
		Chia Chang Technology (Chong Qing) Co., Ltd	3	Other receivables	66,216	Note 4, interest rate 4.35%	1
5	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Suzhou) Co., Ltd.	3	Sales revenue	63,322	Note 2	1
		Ningbo Chia Chang Electronics Hardware Co., Ltd.	3	Accounts receivables	17,417	Note 2	-
		Ningbo Chia Chang Electronics Hardware Co., Ltd.	3	Sales revenue	35,858	Note 2	-
6	Chia Chang Technology (Chong Qing) Co., Ltd	Chia Chang Technology (Suzhou) Co., Ltd.	3	Other payables	90,261	Note 3, interest rate 4.35%	1
		Ningbo Chia Chang Electronics Hardware Co., Ltd.	3	Other payables	66,216	Note 4, interest rate 4.35%	1
		CHIA CORPORATION	3	Other payables	21,768	Note 5, interest rate 4.35%	-

Note 1: The flow of transactions are identified by the following numbers in the "Relationship" column:

- a. 1 - from parent company to subsidiary;
- b. 2 - from subsidiary to parent company;
- c. 3 - between subsidiaries.

Note 2: For the purchase and sales transactions between the Group and its related parties, the collection period is 60-180 days.

Note 3: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by Chia Chang Technology (Suzhou) Co., Ltd. included loan of \$86,830 thousand and interest receivable of \$3,431 thousand.

Note 4: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by Ningbo Chia Chang Electronics Hardware Co., Ltd. included loan of \$65,123 thousand and interest receivable of \$1,093 thousand.

Note 5: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by CHIA CORPORATION included loan of \$21,708 thousand and interest receivable of \$60 thousand.

(Continued)

Note 6: Accounts receivable and accounts payable that resulted from the mold payments on behalf and mold receipts under custody between the Group and the related parties.

Note 7: A transaction is disclosed if it amounts to more than \$10,000 thousand.

Note 8: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December, 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December, 31, 2021	December, 31, 2020	Number of Shares	%	Carrying Amount			
Chia Chang Co., Ltd	CHIA CORPORATION	Samoa	Investment holdings	\$ 1,513,766	\$ 1,513,766	46,740	100.00	\$ 6,405,548	RMB 202,300	\$ 878,288	Subsidiary
	GOLDSKY ENTERPRISES LIMITED	Samoa	International trade	33,892	33,892	15	100.00	716,559	US\$ (24)	(681)	Subsidiary
	Chia Development Co., Ltd.	Taoyuan, Taiwan	New business development and investment	263,564	263,564	19,784	100.00	417,605	121,892	121,892	Subsidiary
	Zen Material Technology Inc.	Kaohsiung, Taiwan	Electronic components production	92,950	92,950	1,334	46.01	-	(1,336)	(55)	Associate
	Top Taiwan VIII Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	50,000	-	5,000	6.17	49,609	(6,326)	(505)	Associate
CHIA CORPORATION	TARCOOLA TRADING LIMITED	British Virgin Islands	Investment holdings	US\$ 30,589	US\$ 30,589	37,100	100.00	RMB 730,275	RMB 115,370	Not applicable	Subsidiary
	HUGE LINE INTERNATIONAL LIMITED	Samoa	Investment holdings	US\$ 11,400	US\$ 11,400	11,601	100.00	RMB 483,982	RMB 82,613	Not applicable	Subsidiary
	CHIAPEX HOLDING LIMITED	Samoa	Investment holdings	US\$ 4,911	US\$ 4,911	4,851	100.00	RMB 9,589	RMB 53	Not applicable	Subsidiary
	CHIA-RUI HOLDING LIMITED	Samoa	Investment holdings	US\$ 23,807	US\$ 23,807	23,659	100.00	RMB 53,633	RMB (165)	Not applicable	Subsidiary
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Taoyuan, Taiwan	Electronic components production	15,496	15,496	1,500	50.00	6,064	(1,414)	Not applicable	Subsidiary
	Top Taiwan IX Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	100,000	100,000	10,000	12.50	253,199	882,490	Not applicable	Associate

Note 1: Information on investments in mainland China is referred to Table 6.

Note 2: All intercompany transactions have been eliminated upon consolidation.

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (Note 1)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outward	Inward						
Chia Chang Technology (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	\$ 1,247,482 (RMB 287,339)	Indirect investment in TARCOOLA TRADING LIMITED through CHIA CORPORATION, with the former investing operating funds	\$ 834,248 (US\$ 30,139)	\$ -	\$ -	\$ 834,248 (US\$ 30,139)	\$ 480,218 (RMB 110,611)	100.00%	\$ 480,218 (RMB 110,611) (Note 3)	\$ 3,168,487 (RMB 729,814) (Note 3)	\$ 734,070 (RMB 169,082)
Ningbo Chia Chang Electronics Hardware Co., Ltd.	Production and sale of IT and optronics metal stamped components	298,634 (RMB 68,786)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	177,152 (US\$ 6,400)	-	-	177,152 (US\$ 6,400)	272,994 (RMB 62,880)	100.00%	272,994 (RMB 62,880) (Note 3)	1,481,454 (RMB 341,231) (Note 3)	896,502 (RMB 206,496)
Quan Rui (Dong Guan) Industrial Co., Ltd.	Production and sale of IT and optronics metal stamped components	330,427 (RMB 76,109)	Indirect investment in CHIA-RUI HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	145,320 (US\$ 5,250)	-	-	145,320 (US\$ 5,250)	(373) (RMB -86)	100.00%	(373) (RMB -86) (Note 3)	217,995 (RMB 50,212) (Note 3)	55,962 (RMB 12,890)
Nanjing Chia-Chan Precious Electronics Co., Ltd.	Production and sale of IT and optronics metal stamped components	308,138 (RMB 70,975)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	-	-	-	-	85,688 (RMB 19,737)	100.00%	85,688 (RMB 19,737) (Note 3)	619,081 (RMB 142,596) (Note 3)	83,227 (RMB 19,170)
Chia Chang Technology (Chong Qing) Co., Ltd	Production and sale of IT and optronics metal stamped components	130,245 (RMB 30,000)	Through Chia Chang Technology (Suzhou) Co., Ltd. invest operating funds	-	-	-	-	10,359 (RMB 2,386)	100.00%	10,359 (RMB 2,386) (Note 3)	64,732 (RMB 14,910) (Note 3)	-
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	152,803 (RMB 35,196)	Indirect investment in CHIAPEX HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	135,936 (US\$ 4,911)	-	-	135,936 (US\$ 4,911)	(11,818) (RMB -2,722)	49.00%	-	-	310,565 (RMB 71,534)

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 1,292,656 (US\$ 46,700)	\$ 3,658,881 (US\$ 132,185)	\$ 4,780,486 (Note 2)

Note 1: Except Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd., the share of profit or loss and other comprehensive income of the investments were based on the associates' audited financial statements for the same period.

Note 2: The investment limit is 60% of the Corporation's net equity.

Note 3: All intercompany transactions have been eliminated upon consolidation.

**CHIA CHANG CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Hsiang Investment Co., Ltd.	13,438,441	9.43
Hsin Ho Investment Co., Ltd.	11,785,492	8.27

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Chia Chang Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of Chia Chang Co., Ltd. (the "Corporation"), which comprise the balance sheets 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 financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matters of the Corporation's financial statements for the year ended December 31, 2021 are described as follows:

#### Occurrence of Recognized of Sales Revenue

The sales revenue of the Corporation in 2021 was higher than that in 2020, and the sales revenue from certain sales to customers in the current year saw a significant increase from that in the previous year. Since the amount and proportion of sales revenue are significant, we have deemed the occurrence of recognized sales revenue from those certain customers as a key audit matter of the financial statements for the year ended December 31, 2021. Refer to Notes 4 and 17 to the financial statements for the accounting policies on revenue recognition.

The audit procedures we have performed in respect of the above key audit matter included understanding, assessing and testing of the effectiveness of the design and implementation of the internal control related to the sales revenue. We selected sample transactions of those sales to certain customers to verify the occurrence of sales revenue. We selected sample balances of accounts receivable from those certain customers and performed confirmation procedures, and verified the collection after the reporting period. We conducted alternative audit procedures to those who failed to respond to confirmation request immediately and validated the relevant transaction documents to verify the occurrence of sales revenue.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisor, are responsible for overseeing the Corporation's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yao-Lin Huang and Suei-Chin Lee.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 22, 2022

Notice to Readers

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

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

# CHIA CHANG CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 314,483	3	\$ 148,709	2
Notes and accounts receivable, net (Notes 4, 7 and 17)	623,967	7	465,250	5
Current tax assets (Notes 4 and 19)	8,272	-	9,250	-
Inventories (Notes 4 and 8)	161,689	2	80,818	1
Prepayments	35,634	-	19,525	-
Other financial assets - current (Notes 4 and 6)	60,000	1	60,000	1
Other current assets (Notes 4 and 23)	29,914	-	17,670	-
Total current assets	<u>1,233,959</u>	<u>13</u>	<u>801,222</u>	<u>9</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	8,696	-	6,775	-
Investments accounted for using the equity method (Notes 4 and 10)	7,589,321	81	7,250,966	84
Property, plant and equipment (Notes 4, 11 and 24)	490,901	5	491,811	6
Investment properties (Notes 4, 12 and 24)	54,768	1	55,545	1
Deferred tax assets (Notes 4 and 19)	2,365	-	3,953	-
Other non-current assets (Note 4)	7,177	-	7,138	-
Total non-current assets	<u>8,153,228</u>	<u>87</u>	<u>7,816,188</u>	<u>91</u>
<b>TOTAL</b>	<u>\$ 9,387,187</u>	<u>100</u>	<u>\$ 8,617,410</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 13 and 24)	\$ 470,000	5	\$ 458,000	5
Notes payable (Note 14)	190,503	2	100,278	1
Accounts payable (Notes 14 and 23)	290,181	3	206,286	2
Other payables	171,324	2	126,907	2
Current tax liabilities (Notes 4 and 19)	60,989	1	-	-
Other current liabilities (Note 23)	35,561	-	37,358	1
Total current liabilities	<u>1,218,558</u>	<u>13</u>	<u>928,829</u>	<u>11</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 19)	200,322	2	200,308	2
Guarantee deposits	830	-	600	-
Total non-current liabilities	<u>201,152</u>	<u>2</u>	<u>200,908</u>	<u>2</u>
Total liabilities	<u>1,419,710</u>	<u>15</u>	<u>1,129,737</u>	<u>13</u>
<b>EQUITY (Notes 4 and 16)</b>				
Ordinary shares	1,423,676	15	1,423,676	16
Capital surplus	2,820,768	30	2,820,599	33
Retained earnings				
Legal reserve	799,339	8	731,633	9
Special reserve	524,565	6	588,402	7
Unappropriated earnings	2,996,941	32	2,447,928	28
Total retained earnings	4,320,845	46	3,767,963	44
Other equity	(597,812)	(6)	(524,565)	(6)
Total equity	<u>7,967,477</u>	<u>85</u>	<u>7,487,673</u>	<u>87</u>
<b>TOTAL</b>	<u>\$ 9,387,187</u>	<u>100</u>	<u>\$ 8,617,410</u>	<u>100</u>

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

## CHIA CHANG CO., LTD.

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

	2021		2020	
	Amount	%	Amount	%
SALES REVENUE (Notes 4, 17 and 23)	\$ 1,779,283	100	\$ 1,380,641	100
COST OF GOODS SOLD (Notes 4, 8, 18 and 23)	<u>1,447,109</u>	<u>82</u>	<u>1,130,693</u>	<u>82</u>
GROSS PROFIT	<u>332,174</u>	<u>18</u>	<u>249,948</u>	<u>18</u>
OPERATING EXPENSES (Notes 4 and 18)				
Selling and marketing expenses	36,112	2	33,176	2
General and administrative expenses	176,858	10	165,361	12
Research and development expenses	<u>41,268</u>	<u>2</u>	<u>52,392</u>	<u>4</u>
Total operating expenses	<u>254,238</u>	<u>14</u>	<u>250,929</u>	<u>18</u>
PROFIT (LOSS) FROM OPERATIONS	<u>77,936</u>	<u>4</u>	<u>(981)</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (Notes 5 and 10)	998,939	56	735,300	53
Interest income	2,290	-	2,139	-
Finance costs	(4,240)	-	(3,329)	-
Other gains and losses (Notes 18, 23 and 26)	<u>(7,323)</u>	<u>-</u>	<u>23,991</u>	<u>2</u>
Total non-operating income and expenses	<u>989,666</u>	<u>56</u>	<u>758,101</u>	<u>55</u>
PROFIT BEFORE INCOME TAX	1,067,602	60	757,120	55
INCOME TAX EXPENSE (Notes 4 and 19)	<u>(158,801)</u>	<u>(9)</u>	<u>(80,057)</u>	<u>(6)</u>
NET PROFIT FOR THE YEAR	<u>908,801</u>	<u>51</u>	<u>677,063</u>	<u>49</u>

(Continued)

## CHIA CHANG CO., LTD.

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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 1,921	-	\$ (3,568)	-
Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(15,618)	(1)	16,741	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(59,550)</u>	<u>(3)</u>	<u>50,664</u>	<u>4</u>
Other comprehensive income (loss)	<u>(73,247)</u>	<u>(4)</u>	<u>63,837</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 835,554</u>	<u>47</u>	<u>\$ 740,900</u>	<u>54</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 6.38</u>		<u>\$ 4.76</u>	
Diluted	<u>\$ 6.31</u>		<u>\$ 4.73</u>	

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

(Concluded)

**CHIA CHANG CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	<u>Capital Stock - Common Stock</u>		<u>Capital Surplus</u>	<u>Retained Earnings</u>				<u>Exchange Differences on Translating the Financial Statements of Foreign Operations</u>	<u>Other Equity</u>		<u>Total</u>	<u>Total Equity</u>
	<u>Share (In Thousands)</u>	<u>Amount</u>		<u>Legal Reserve</u>	<u>Special Reserve</u>	<u>Unappropriated Earnings</u>	<u>Total</u>		<u>Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</u>			
BALANCE AT JANUARY 1, 2020	142,368	\$ 1,423,676	\$ 2,820,599	\$ 666,638	\$ 394,555	\$ 2,385,626	\$ 3,446,819	\$ (648,459)	\$ 60,057	\$ (588,402)	\$ 7,102,692	
Appropriation of 2019 earnings												
Legal reserve	-	-	-	64,995	-	(64,995)	-	-	-	-	-	
Special reserve	-	-	-	-	193,847	(193,847)	-	-	-	-	-	
Cash dividends distributed	-	-	-	-	-	(355,919)	(355,919)	-	-	-	(355,919)	
Total appropriation of 2019 earnings	-	-	-	64,995	193,847	(614,761)	(355,919)	-	-	-	(355,919)	
Net profit for the year ended December 31, 2020	-	-	-	-	-	677,063	677,063	-	-	-	677,063	
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	-	50,664	13,173	63,837	63,837	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	677,063	677,063	50,664	13,173	63,837	740,900	
BALANCE AT DECEMBER 31, 2020	142,368	1,423,676	2,820,599	731,633	588,402	2,447,928	3,767,963	(597,795)	73,230	(524,565)	7,487,673	
Appropriation of 2020 earnings												
Legal reserve	-	-	-	67,706	-	(67,706)	-	-	-	-	-	
Special reserve	-	-	-	-	(63,837)	63,837	-	-	-	-	-	
Cash dividends distributed	-	-	-	-	-	(355,919)	(355,919)	-	-	-	(355,919)	
Total appropriation of 2020 earnings	-	-	-	67,706	(63,837)	(359,788)	(355,919)	-	-	-	(355,919)	
Changes in percentage of ownership interests in subsidiaries	-	-	169	-	-	-	-	-	-	-	169	
Net profit for the year ended December 31, 2021	-	-	-	-	-	908,801	908,801	-	-	-	908,801	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	(59,550)	(13,697)	(73,247)	(73,247)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	908,801	908,801	(59,550)	(13,697)	(73,247)	835,554	
BALANCE AT DECEMBER 31, 2021	142,368	\$ 1,423,676	\$ 2,820,768	\$ 799,339	\$ 524,565	\$ 2,996,941	\$ 4,320,845	\$ (657,345)	\$ 59,533	\$ (597,812)	\$ 7,967,477	

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

# CHIA CHANG CO., LTD.

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

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,067,602	\$ 757,120
Adjustments for:		
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(998,939)	(735,300)
Depreciation expense	22,273	19,503
Amortization expense	19,802	34,758
Unrealized gain on foreign exchange	(4,693)	(5,976)
Finance costs	4,240	3,329
Interest income	(2,290)	(2,139)
Gain on disposal and retirement of property, plant and equipment	(118)	(7,133)
Impairment losses recognized on non-financial assets	46	1,747
Changes in operating assets and liabilities		
Notes receivable	(514)	(15)
Accounts receivable	(152,449)	122,527
Inventories	(80,917)	2,172
Prepayments	(16,109)	6,207
Other current assets	(31,282)	(21,590)
Notes payable	90,225	(14,136)
Accounts payable	82,834	37,221
Other payables	44,406	(9,712)
Other current liabilities	(1,797)	(34,985)
Cash generated from operations	42,320	153,598
Income tax paid	(95,232)	(73,847)
Interest received	2,558	2,529
Net cash generated from (used in) operating activities	<u>(50,354)</u>	<u>82,280</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	635,585	328,756
Acquisitions of investments accounted for using the equity method	(50,000)	-
Acquisitions of property, plant and equipment	(18,718)	(178,563)
Increase in other non-current assets	(2,939)	(2,470)
Proceeds from disposal of property, plant and equipment	118	7,188
Decrease in other financial assets	-	164,400
Net cash generated from investing activities	<u>564,046</u>	<u>319,311</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends distributed	(355,919)	(355,919)
Increase in short-term borrowings	12,000	93,000
Interest paid	(4,229)	(3,106)
Increase in guarantee deposits	230	-
Net cash used in financing activities	<u>(347,918)</u>	<u>(266,025)</u>

(Continued)



## CHIA CHANG CO., LTD.

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

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	2021	2020
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 165,774	\$ 135,566
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>148,709</u>	<u>13,143</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 314,483</u>	<u>\$ 148,709</u>

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

(Concluded)

# HCHIA CHANG CO., LTD.

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

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### 1. GENERAL INFORMATION

Chia Chang Co., Ltd. (the “Corporation”) was incorporated in September 1985, and engages mainly in manufacturing, processing and trading of various precision machinery, related mechanical mold components, mechanical steel mold accessories and computer peripheral equipment.

The Corporation’s shares have been listed on the Taiwan Stock Exchange (“TWSE”) since June 2011.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on March 22, 2022.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

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

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

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

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

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

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

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of above standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Corporation in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these financial statements.

##### c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, and
- Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of the equity of associates attributable to the Corporation.

When the Corporation's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

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

The Corporation uses the equity method to account for its investments in associates.

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

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Corporation discontinues the use of the equity method from the date on which its investment ceases

to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

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

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

k. Impairment of property, plant and equipment and intangible assets other than goodwill

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investment in equity instruments at FVTOCI.

i. Financial assets at amortized cost

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

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



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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 150 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

m. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of metal stamped products. Sales of metal stamped products are recognized as revenue according to the terms of the sale agreed with the customer, such as when the goods have been delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leases

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

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation as lessee

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

o. Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

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

1) Current tax

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Checking accounts and demand deposits	\$ 84,733	\$ 148,708
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	229,744	-
Cash on hand	<u>6</u>	<u>1</u>
	<u>\$ 314,483</u>	<u>\$ 148,709</u>

As of December 31, 2021 and 2020, time deposits with original maturities of more than 3 months were both \$60,000 thousand, which were classified as other financial assets - current. As of December 31, 2021 and 2020, the interest rates of the time deposits with original maturities of more than 3 months were 0.76% and 0.76%-1.01%, respectively.

## 7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>	\$ 578	\$ 64
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	623,389	465,186
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>623,389</u>	<u>465,186</u>
	<u>\$ 623,967</u>	<u>\$ 465,250</u>

The average credit period of sales of goods was 60-180 days. No interest was charged on accounts receivable.

In order to mitigate credit risk, the management of the Corporation has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

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

The following table details the loss allowance of notes receivable and accounts receivable based on the Corporation's provision matrix.

### December 31, 2021

	<u>Not Past Due</u>	<u>Past Due</u>				<u>Total</u>
		<u>Less than 90 Days</u>	<u>91 to 120 Days</u>	<u>121 to 150 Days</u>	<u>Over 150 Days</u>	
Expected credit loss rate	-	5%	20%	50%	0%-100%	
Gross carrying amount	\$ 623,967	\$ -	\$ -	\$ -	\$ -	\$ 623,967
Allowance for impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 623,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,967</u>

December 31, 2020

	Not Past Due	Past Due			Total	
		Less than 90 Days	91 to 120 Days	121 to 150 Days		Over 150 Days
Expected credit loss rate	-	5%	20%	50%	0%-100%	
Gross carrying amount	\$ 465,021	\$ -	\$ -	\$ -	\$ 229	\$ 465,250
Allowance for impairment loss (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 465,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229</u>	<u>\$ 465,250</u>

**8. INVENTORIES**

	December 31	
	2021	2020
Finished goods	\$ 56,228	\$ 21,266
Work in progress	49,080	49,415
Raw materials	<u>56,381</u>	<u>10,137</u>
	<u>\$ 161,689</u>	<u>\$ 80,818</u>

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	\$ 1,447,063	\$ 1,128,946
Inventory write-downs	<u>46</u>	<u>1,747</u>
	<u>\$ 1,447,109</u>	<u>\$ 1,130,693</u>

**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	December 31	
	2021	2020
<u>Non-current</u>		
Domestic investments		
Unlisted ordinary shares	<u>\$ 8,696</u>	<u>\$ 6,775</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

## 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Investments in subsidiaries	\$ 7,539,712	\$ 7,250,966
Investments in associates	<u>49,609</u>	<u>-</u>
	<u>\$ 7,589,321</u>	<u>\$ 7,250,966</u>

### a. Investments in subsidiaries

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
CHIA CORPORATION	\$ 6,405,548	\$ 6,117,170
GOLDSKY ENTERPRISE LIMITED	716,559	803,465
Chia Development Co., Ltd.	<u>417,605</u>	<u>330,331</u>
	<u>\$ 7,539,712</u>	<u>\$ 7,250,966</u>

<b>Name of Subsidiary</b>	<b>% of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
CHIA CORPORATION	100.00%	100.00%
GOLDSKY ENTERPRISE LIMITED	100.00%	100.00%
Chia Development Co., Ltd.	100.00%	100.00%

As of December 31, 2021 and 2020, the share of the profits or losses and the share of the other comprehensive income or loss of subsidiaries accounted for using equity method were recognized based on the audited financial statements of each subsidiary for the same period.

### b. Investments in associates

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Associates that are not individually material	<u>\$ 49,609</u>	<u>\$ -</u>

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
The Corporation's share of:		
Net loss	\$ (560)	\$ -
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	<u>\$ (560)</u>	<u>\$ -</u>

The Corporation is able to exercise significant influence over Top Taiwan VIII Venture Capital Co., Ltd ("Top Taiwan") even if it holds less than 20% of the voting rights. This is because the Corporation is a director of the Company and able to exercise significant influence over Top Taiwan's policies and operations. The investment is accounted for by using equity method.



The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the associates' audited financial statements for the same period except Zen Material Technology Inc. and Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd. The Corporation considered that there would be no significant adjustments if such financial statements were audited.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further loss, if any. The amounts of unrecognized share of losses of the associates extracted from the relevant financial statements of the associates, both for the year and cumulatively, were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Unrecognized share of losses of the associates for the year	<u>\$ (4,475)</u>	<u>\$ (2,075)</u>
Accumulated unrecognized share of losses of the associates	<u>\$ (7,067)</u>	<u>\$ (2,592)</u>

## 11. PROPERTY, PLANT AND EQUIPMENT

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Miscellaneous Equipment</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2020	\$ 185,000	\$ 155,081	\$ 296,110	\$ 36,374	\$ 672,565
Additions	141,047	700	35,816	1,000	178,563
Disposals	-	(88)	(18,761)	(173)	(19,022)
Reclassification	-	-	550	-	550
Balance at December 31, 2020	<u>\$ 326,047</u>	<u>\$ 155,693</u>	<u>\$ 313,715</u>	<u>\$ 37,201</u>	<u>\$ 832,656</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2020	\$ -	\$ 55,916	\$ 251,431	\$ 33,739	\$ 341,086
Disposals	-	(88)	(18,706)	(173)	(18,967)
Depreciation expense	-	4,234	13,576	916	18,726
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 60,062</u>	<u>\$ 246,301</u>	<u>\$ 34,482</u>	<u>\$ 340,845</u>
Carrying amount at December 31, 2020	<u>\$ 326,047</u>	<u>\$ 95,631</u>	<u>\$ 67,414</u>	<u>\$ 2,719</u>	<u>\$ 491,811</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 326,047	\$ 155,693	\$ 313,715	\$ 37,201	\$ 832,656
Additions	-	975	13,963	3,780	18,718
Disposals	-	(631)	(1,953)	(3,970)	(6,554)
Reclassification	-	-	1,868	-	1,868
Balance at December 31, 2021	<u>\$ 326,047</u>	<u>\$ 156,037</u>	<u>\$ 327,593</u>	<u>\$ 37,011</u>	<u>\$ 846,688</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2021	\$ -	\$ 60,062	\$ 246,301	\$ 34,482	\$ 340,845
Disposals	-	(631)	(1,953)	(3,970)	(6,554)
Depreciation expense	-	4,058	15,881	1,557	21,496
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 63,489</u>	<u>\$ 260,229</u>	<u>\$ 32,069</u>	<u>\$ 355,787</u>
Carrying amount at December 31, 2021	<u>\$ 326,047</u>	<u>\$ 92,548</u>	<u>\$ 67,364</u>	<u>\$ 4,942</u>	<u>\$ 490,901</u>

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

Buildings	
Main buildings	20-45 years
Elevators	15-20 years
Others	5-8 years
Machinery and equipment	2-10 years
Office equipment	2-5 years
Miscellaneous equipment	2-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 24.

## 12. INVESTMENT PROPERTIES

Except for depreciation recognized during the year, the Corporation did not have significant addition, disposal, or impairment of investment properties for the years ended December 31, 2021 and 2020. Investment properties are depreciated on a straight-line basis over the estimated useful life of 45 years.

Management was unable to reliably measure the fair value of investment properties located at Dafeng St., Luzhu District, Taoyuan City 338028, Taiwan (ROC) because of the remote location. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The investment properties of the Corporation were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 24.

## 13. SHORT-TERM BORROWINGS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Secured borrowings</u>		
Bank loans	\$ 190,000	\$ 190,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>280,000</u>	<u>268,000</u>
	<u>\$ 470,000</u>	<u>\$ 458,000</u>
Interest rates	0.86%	0.86%-0.88%

The secured borrowings were secured by the Corporation's land, buildings and investment properties. Refer to Note 24 for details.

## 14. NOTES PAYABLE AND ACCOUNTS PAYABLE

Accounts payable are not bearing interest. The Corporation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 15. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, The Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, The Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”) The Corporation has no right to influence the investment policy and strategy.

All the employees of the Corporation who are under the defined benefit plan have been converted to defined contribution plan in 2014. The Corporation no longer recognized cost of defined benefit since 2015.

For the years ended December 31, 2021 and 2020, the Corporation contributed \$66 thousand and \$64 thousand, respectively, to the retirement fund deposited in the Bank of Taiwan. The fair value of plan assets increased by \$91 thousand and \$196 thousand, respectively, because of the interest on the deposits.

## 16. EQUITY

### a. Share capital

Ordinary shares

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Number of shares authorized (in thousands)	<u>180,000</u>	<u>180,000</u>
Shares authorized	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Number of shares issued and fully paid (in thousands)	<u>142,368</u>	<u>142,368</u>
Shares issued	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>

The issued ordinary shares, with a par value of NT\$10, carry one voting right per share and carry a right to dividends.

The authorized shares include 600 thousand shares reserved for the exercise of employee stock options.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 2,784,898	\$ 2,784,898
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	21,559	21,390
<u>May not be used for any purpose</u>		
Employee share options	<u>14,311</u>	<u>14,311</u>
	<u>\$ 2,820,768</u>	<u>\$ 2,820,599</u>

- 1) Such capital surplus may be used to offset a deficit; when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 18-(d).

The Corporation distributes dividends after taking into consideration its future capital needs and long-term financial plans. Where the Corporation made a profit in a fiscal year, the Corporation could propose cash dividends between 10% and 100% of distributable earnings. The shareholders may adjust the ratio of dividends to reflect the profit and the adequacy of capital.

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

The appropriations of earnings for 2020 and 2019 were approved in the shareholders' meetings on July 30, 2021 and June 15, 2020, respectively, as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Legal reserve	<u>\$ 67,706</u>	<u>\$ 64,995</u>
Special reserve (reversal)	<u>\$ (63,837)</u>	<u>\$ 193,847</u>
Cash dividends	<u>\$ 355,919</u>	<u>\$ 355,919</u>
Cash dividends per share (NT\$)	<u>\$ 2.5</u>	<u>\$ 2.5</u>

The appropriations of earnings for 2021, which were proposed by the Corporation's board of directors on March 22, 2022, were as follows:

	<b>For the Year Ended December 31, 2021</b>
Legal reserve	<u>\$ 90,881</u>
Special reserve	<u>\$ 73,247</u>
Cash dividends	<u>\$ 427,103</u>
Cash dividends per share (NT\$)	<u>\$ 3.0</u>

The appropriations of earnings for 2021 are subject to the resolution in the shareholders' meeting to be held on June 22, 2022.

d. Special reserve

On the initial application of IFRSs, the Corporation appropriated to special reserve the amount of \$343,684 thousand which is the same amount as the cumulative translation adjustment, and transferred it to retained earnings.

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 588,402	\$ 394,555
Appropriations (reversal)		
Appropriations (reversal) other equity items	<u>(63,837)</u>	<u>193,847</u>
Balance at December 31	<u>\$ 524,565</u>	<u>\$ 588,402</u>

**17. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 1,779,283</u>	<u>\$ 1,380,641</u>

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Corporation eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of goods.

b. Contract balances

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>January 1, 2020</b>
Notes receivable and accounts receivable (Note 7)	<u>\$ 623,967</u>	<u>\$ 465,250</u>	<u>\$ 581,832</u>

c. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Metal stamped server parts	\$ 865,048	\$ 553,861
Metal stamped display front frame parts	349,566	336,753
Metal stamped display back cover parts	152,667	176,448
Metal stamped syringe	122,161	69,288
Others	<u>289,841</u>	<u>244,291</u>
	<u>\$ 1,779,283</u>	<u>\$ 1,380,641</u>

## 18. INCOME BEFORE INCOME TAX

a. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Net foreign exchange income (loss)	\$ (12,496)	\$ 12,150
Rental income	2,022	2,022
Gain on disposal and retirement of property, plant and equipment	118	7,133
Others	<u>3,033</u>	<u>2,686</u>
	<u>\$ (7,323)</u>	<u>\$ 23,991</u>

b. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 21,496	\$ 18,726
Other intangible assets	19,802	34,758
Investment properties	<u>777</u>	<u>777</u>
	<u>\$ 42,075</u>	<u>\$ 54,261</u>
 An analysis of depreciation by function		
Operating costs	\$ 16,581	\$ 14,633
Operating expenses	4,915	4,093
Non-operating expenses	<u>777</u>	<u>777</u>
	<u>\$ 22,273</u>	<u>\$ 19,503</u>
 An analysis of amortization by function		
Operating costs	\$ 18,770	\$ 33,533
Operating expenses	<u>1,032</u>	<u>1,225</u>
	<u>\$ 19,802</u>	<u>\$ 34,758</u>

c. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Payroll expense	\$ 295,866	\$ 274,065
Labor and health insurance expense	19,219	18,751
Post-employment benefits		
Defined contribution plans	8,186	8,554
Other employee benefits	<u>10,678</u>	<u>8,873</u>
Total employee benefits expense	<u>\$ 333,949</u>	<u>\$ 310,243</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 129,558	\$ 119,690
Operating expenses	<u>204,391</u>	<u>190,553</u>
	<u>\$ 333,949</u>	<u>\$ 310,243</u>

d. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees at rates of no less than 1% and no higher than 15%, and remuneration of directors and supervisors at rates of no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which were approved by the Corporation's board of directors on March 22, 2022 and March 23, 2021, respectively, are as follows:

Accrual rates

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees	3.11%	3.29%
Remuneration of directors and supervisors	1.34%	1.88%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees	<u>\$ 34,694</u>	<u>\$ 26,251</u>
Remuneration of directors and supervisors	<u>\$ 15,000</u>	<u>\$ 15,000</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

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

## 19. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Current tax		
In respect of the current year	\$ 140,745	\$ 78,404
Income tax on unappropriated earnings	14,845	-
Adjustments for prior years	<u>1,609</u>	<u>627</u>
	<u>157,199</u>	<u>79,031</u>
Deferred tax		
In respect of the current year	<u>1,602</u>	<u>1,026</u>
Income tax expense recognized in profit or loss	<u>\$ 158,801</u>	<u>\$ 80,057</u>



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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Income before income tax	<u>\$ 1,067,602</u>	<u>\$ 757,120</u>
Income tax expense calculated at the statutory rate	\$ 213,520	\$ 151,424
Deferred tax effect of earnings of subsidiaries	(52,196)	(71,125)
Tax-exempt income	(24,266)	(6,395)
Nondeductible expenses in determining taxable income	5,289	5,526
Adjustments for prior years' tax	1,609	627
Income tax on unappropriated earnings	<u>14,845</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 158,801</u>	<u>\$ 80,057</u>

b. Current tax assets and liabilities

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax assets		
Tax refund receivable	<u>\$ 8,272</u>	<u>\$ 9,250</u>
Current tax liabilities		
Income tax payable	<u>\$ 60,989</u>	<u>\$ -</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

<b>Temporary differences</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
Deferred tax assets			
Unrealized amortization expense	\$ 2,256	\$ (825)	\$ 1,431
Unrealized inventory write-down	807	9	816
Unrealized exchange loss	<u>890</u>	<u>(772)</u>	<u>118</u>
	<u>\$ 3,953</u>	<u>\$ (1,588)</u>	<u>\$ 2,365</u>
<b>Temporary differences</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
Deferred tax liabilities			
Unappropriated earnings of subsidiaries	\$ (200,000)	\$ -	\$ (200,000)
Defined benefit obligations	<u>(308)</u>	<u>(14)</u>	<u>(322)</u>
	<u>\$ (200,308)</u>	<u>\$ (14)</u>	<u>\$ (200,322)</u>

For the year ended December 31, 2020

Temporary differences	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Unrealized amortization expense	\$ 2,253	\$ 3	\$ 2,256
Unrealized inventory write-down	458	349	807
Unrealized exchange loss	<u>2,256</u>	<u>(1,366)</u>	<u>890</u>
	<u>\$ 4,967</u>	<u>\$ (1,014)</u>	<u>\$ 3,953</u>

Temporary differences	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax liabilities			
Unappropriated earnings of subsidiaries	\$ (200,000)	\$ -	\$ (200,000)
Defined benefit obligations	<u>(296)</u>	<u>(12)</u>	<u>(308)</u>
	<u>\$ (200,296)</u>	<u>\$ (12)</u>	<u>\$ (200,308)</u>

d. Income tax assessments

The income tax returns through 2019 have been assessed by the tax authorities.

**20. EARNINGS PER SHARE**

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2021	2020
Basic earnings per share	<u>\$ 6.38</u>	<u>\$ 4.76</u>
Diluted earnings per share	<u>\$ 6.31</u>	<u>\$ 4.73</u>

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

**Net Income for the Year**

	<u>For the Year Ended December 31</u>	
	2021	2020
Earnings used in the computation of basic earnings per share	\$ 908,801	\$ 677,063
Effect of potentially dilutive ordinary shares		
Employee shares options	-	-
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 908,801</u>	<u>\$ 677,063</u>

## Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	142,368	142,368
Effect of potentially dilutive ordinary shares:		
Employee share options	1,635	894
Compensation of employees	<u>          -</u>	<u>          -</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>144,003</u>	<u>143,262</u>

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

## 21. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Corporation's overall strategy remains unchanged.

The capital structure of the Corporation consists of net debt (borrowing offset by cash and cash equivalents) and equity of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Corporation review the capital structure on an annual basis. In order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, or the number of new shares issued or repurchased.

## 22. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The disclosures of fair value are not required for financial instruments that are not measured at fair value but with carrying value approximating fair value such as cash and cash equivalents, notes and accounts receivable, other financial asset-current, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits.

### b. Fair value of financial instruments that are measured at fair value on recurring basis

#### 1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,696</u>	<u>\$ 8,696</u>

December 31, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ _____-	\$ _____-	\$ <u>6,775</u>	\$ <u>6,775</u>

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>
Balance at January 1, 2021	\$ 6,775
Recognized in other comprehensive income or loss	<u>1,921</u>
Balance at December 31, 2021	<u>\$ 8,696</u>

For the year ended December 31, 2020

	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>
Balance at January 1, 2020	\$ 10,343
Recognized in other comprehensive income or loss	<u>(3,568)</u>
Balance at December 31, 2020	<u>\$ 6,775</u>

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

For the domestic non-listed stocks held by the Corporation and measured at fair value, such fair value is determined by referring to the observable market price or to the comparable company.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,006,554	\$ 681,949
Financial assets at fair value through other comprehensive income or loss	8,696	6,775

Financial liabilities

Financial liabilities at amortized cost (2)	1,146,573	921,079
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- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other financial assets - current, other receivables (recognized as other current assets) and refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, receipts under custody (recognized as other current liabilities) and guarantee deposits received.

d. Financial risk management objectives and policies

The Corporation's major financial instruments include equity investments, accounts receivable, accounts payable and borrowings. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporation's treasury function reports quarterly to the Corporation's board of directors.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rate (see (b) below).

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

a) Foreign currency risk

The Corporation has foreign currency denominated sales and purchases, which expose the Corporation to foreign currency risk. Approximately 85% of sales and almost 48% of costs are denominated in currencies other than the functional currency of the Corporation.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities are set out in Note 26.

The Corporation is mainly exposed to the U.S. dollar.

The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the U.S. dollar. For a 1% weakening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit or loss*	\$ 5,639	\$ 3,701

\* The result was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar that were not hedged at the end of the reporting period.

b) Interest rate risk

The Corporation is exposed to interest rate risk because the Corporation borrow funds at fixed interest rates.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value interest rate risk		
Financial assets	\$ 289,744	\$ 139,439
Financial liabilities	470,000	458,000
Cash flow interest rate risk		
Financial assets	84,733	69,269

The sensitivity analysis below was determined based on the Corporation's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$193 thousand and \$103 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes. The Corporation does not actively trade these investments.

The sensitivity analysis based on the exposure to equity price risks at the end of the reporting period: If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$87 thousand and \$68 thousand, respectively, as a result of the changes in financial assets at fair value through other comprehensive income.

## 2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. At the end of the reporting period, the Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risk, the management of the Corporation has delegated qualified personnel in accordance with the segregation of duties principle to be responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation's credit risk was significantly reduced.

Since the counterparty of current funds is a financial institution with a good credit rating, the Corporation does not expect any material credit risk.

The Corporation's concentration of credit risk of 63% and 72% of total accounts receivable as of December 31, 2021 and 2020, respectively, was attributable to the Corporation's three largest customers.

## 3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Unsecured bank loan facilities*		
Amount used	\$ 280,000	\$ 268,000
Amount unused	<u>670,000</u>	<u>682,000</u>
	<u>\$ 950,000</u>	<u>\$ 950,000</u>
Secured bank loan facilities*		
Amount used	\$ 190,000	\$ 190,000
Amount unused	<u>150,000</u>	<u>150,000</u>
	<u>\$ 340,000</u>	<u>\$ 340,000</u>

\* Including the amount signed by the Corporation and its subsidiaries and the bank.

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows.

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
Non-interest bearing	\$ 171,324	\$ 504,419	\$ -	\$ 830
Fixed interest rate borrowings	<u>470,243</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 641,567</u>	<u>\$ 504,419</u>	<u>\$ -</u>	<u>\$ 830</u>

December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
Non-interest bearing	\$ 126,907	\$ 335,572	\$ -	\$ 600
Fixed interest rate borrowings	<u>458,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 585,139</u>	<u>\$ 335,572</u>	<u>\$ -</u>	<u>\$ 600</u>

### 23. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Chia Chang Technology (Suzhou) Co., Ltd.	Subsidiary
Ningbo Chia Chang Electronics Hardware Co., Ltd.	Subsidiary
Quan Rui (Dong Guan) Industrial Co., Ltd.	Subsidiary
Chia Development Co., Ltd.	Subsidiary
CHIA CORPORATION	Subsidiary
GOLDSKY ENTERPRISE LIMITED	Subsidiary
Energy Magic Co., Ltd.	Subsidiary

b. Operating revenue

<b>Line Item</b>	<b>Related Party Category</b>	<b><u>For the Year Ended December 31</u></b>	
		<b>2021</b>	<b>2020</b>
Sales revenue	Subsidiary	<u>\$ -</u>	<u>\$ 898</u>

Sales to related parties were made at prices similar to those of general transactions. The collection terms for related parties are 60-180 days from the end of the month. The collection terms for non-related parties are 150-180 days from the end of the month. Other requirements of trading are equivalent to the general non-related party transaction.



c. Purchases

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Subsidiary	\$ <u>33,943</u>	\$ <u>608</u>

The transaction terms for related parties are equivalent to the general non-related party.

d. Accounts payable

<b>Line Item</b>	<b>Related Party Category</b>	<b>December 31</b>	
		<b>2021</b>	<b>2020</b>
Accounts payable	Subsidiary	\$ <u>25,514</u>	\$ <u>320</u>

The outstanding accounts payable to related parties are unsecured.

e. Other transactions

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Other receivables (recognized as other current assets)</u>		
GOLDSKY ENTERPRISE LIMITED	\$ <u>-</u>	\$ <u>12</u>
<u>Receipts under custody (recognized as other current liabilities)</u>		
GOLDSKY ENTERPRISE LIMITED	\$ <u>23,735</u>	\$ <u>29,008</u>

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Rental receipts</u>		
Subsidiary	\$ <u>96</u>	\$ <u>96</u>
<u>Other income</u>		
Subsidiary	\$ <u>708</u>	\$ <u>910</u>

f. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 76,131	\$ 65,394
Post-employment benefits	<u>940</u>	<u>944</u>
	\$ <u>77,071</u>	\$ <u>66,338</u>

## 24. PLEDGED AND MORTGAGED ASSETS

The following assets were provided to financial institution as collateral for bank borrowings, endorsements/guarantees and short-term bills payable:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment		
Land	\$ 185,000	\$ 185,000
Buildings	92,548	95,631
Investment properties	<u>54,768</u>	<u>55,545</u>
	<u>\$ 332,316</u>	<u>\$ 336,176</u>

## 25. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Corporation at the ceiling amounts of guarantees to subsidiaries were as follows:

<b>Subsidiary</b>	<b>Line of Credit</b>	<b>Drawdown</b>
GOLDSKY ENTERPRISE LIMITED	\$ 498,240 (US\$ 18,000)	\$ _____ -
CHIA CORPORATION	\$ 1,384,000 (US\$ 50,000)	\$ _____ -

## 26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	US\$ 27,410	27.680 (USD:NTD)	\$ 758,701
RMB	RMB 1	4.3415 (RMB:NTD)	4
Non-monetary items			
Investment accounted by using equity method			
USD	US\$ 25,887	27.680 (USD:NTD)	716,559
RMB	RMB1,475,423	4.3415 (RMB:NTD)	6,405,548
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 7,037	27.680 (USD:NTD)	194,771

December 31, 2020

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	US\$ 17,260	28.480 (USD:NTD)	\$ 491,573
RMB	RMB 18,259	4.3648 (RMB:NTD)	79,700
Non-monetary items			
Investment accounted by using equity method			
USD	US\$ 28,212	28.480 (USD:NTD)	803,465
RMB	RMB1,401,478	4.3648 (RMB:NTD)	6,117,170
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 4,265	28.480 (USD:NTD)	121,471

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currency	<b>For the Year Ended December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Exchange Rate (Functional Currency: Functional Currency)</b>	<b>Net Foreign Exchange Gains (Losses)</b>	<b>Exchange Rate (Functional Currency: Functional Currency)</b>	<b>Net Foreign Exchange Gains (Losses)</b>
USD	28.009 (USD:NTD)	\$ (12,209)	29.516 (USD:NTD)	\$ 8,827
RMB	4.3415 (RMB:NTD)	<u>(287)</u>	4.2776 (RMB:NTD)	<u>3,323</u>
		<u>\$ (12,496)</u>		<u>\$ 12,150</u>

## 27. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: Table 2
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
  - 9) Trading in derivative instruments: None
- b. Information of investees: Table 4
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None
    - c) The amount of property transactions and the amount of the resultant gains or losses: None
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: Table 2
    - e) The highest balance, the end balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (Foreign Currencies in Thousands)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd.	Other receivables	Yes	\$ 60,000	\$ 60,000	\$ -	-	Short-term financing	Not applicable	Operating capital	\$ -	-	-	\$ 143,299 (US\$ 5,177)	\$ 286,599 (US\$ 10,354)
2	CHIA CORPORATION	Chia Chang Co., Ltd.	Other receivables	Yes	600,000	600,000	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,281,107 (RMB 295,084)	2,562,219 (RMB 590,169)
		Nanjing Chia-Chan Precious Electronics Co., Ltd.	Other receivables	Yes	55,360 (US\$ 2,000)	55,360 (US\$ 2,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,281,107 (RMB 295,084)	2,562,219 (RMB 590,169)
		Chia Chang Technology (Chong Qing) Co., Ltd	Other receivables	Yes	193,760 (US\$ 7,000)	193,760 (US\$ 7,000)	21,708 (US\$ 5,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	1,281,107 (RMB 295,084)	2,562,219 (RMB 590,169)
3	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd	Other receivables	Yes	260,490 (RMB 60,000)	260,490 (RMB 60,000)	86,830 (RMB 20,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	633,694 (RMB 145,962)	1,267,392 (RMB 291,925)
4	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd	Other receivables	Yes	86,830 (RMB 20,000)	86,830 (RMB 20,000)	65,123 (RMB 15,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	148,145 (RMB 34,123)	592,580 (RMB 136,492)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	86,830 (RMB 20,000)	86,830 (RMB 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	148,145 (RMB 34,123)	592,580 (RMB 136,492)
5	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd	Other receivables	Yes	43,415 (RMB 10,000)	43,415 (RMB 10,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	61,905 (RMB 14,259)	247,630 (RMB 57,038)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	43,415 (RMB 10,000)	43,415 (RMB 10,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	61,905 (RMB 14,259)	247,630 (RMB 57,038)

Note 1: The limit for lending to each borrower is as follows:

- For companies with transactions and short-term funding needs, the amount for lending to a company shall not exceed 2% of the net equity of the Corporation based on its latest financial statements. The total amount for lending shall not exceed 5% of the net equity of the Corporation based on its latest financial statements.
- For associates with short-term funding needs, in which the Corporation holds less than 100% of the voting shares of each associate, the amount for lending shall not exceed 10% of the net equity of the associate. For associates with short-term funding needs, in which the Corporation holds 100% of the voting shares of each associate, the amount for lending shall not exceed 20% of the net equity of the associate.

Note 2: The total amount for lending shall not exceed 40% of the net equity of the Corporation based on its latest financial statements.

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	Chia Chang Co., Ltd.	GOLDSKY ENTERPRISES LIMITED	Note 1	\$ 3,983,738	\$ 498,240 (US\$ 18,000)	\$ 498,240 (US\$ 18,000)	\$ -	\$ -	6.25%	\$ 3,983,738	Yes	No	No
		CHIA CORPORATION	Note 1	3,983,738	1,384,000 (US\$ 50,000)	1,384,000 (US\$ 50,000)	-	692,000 (US\$ 25,000)	17.37%		Yes	No	No
1	Chia Chang Technology (Suzhou) Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Note 1	3,983,738	86,830 (RMB 20,000)	86,830 (RMB 20,000)	-	-	1.09%	3,983,738	No	No	Yes
		Chia Chang Technology (Chong Qing) Co., Ltd	Note 1	3,983,738	260,490 (RMB 60,000)	260,490 (RMB 60,000)	-	-	3.27%		No	No	Yes
2	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Note 1	3,983,738	86,830 (RMB 20,000)	86,830 (RMB 20,000)	-	-	1.09%	3,983,738	No	No	Yes
		Chia Chang Technology (Chong Qing) Co., Ltd	Note 1	3,983,738	86,830 (RMB 20,000)	86,830 (RMB 20,000)	-	-	1.09%		No	No	Yes

Note 1: Subsidiary in which the Corporation directly or indirectly owns more than 50% of its voting shares.

Note 2: According to the Corporation's endorsement/guarantee operating procedures, the total amount of guarantee provided by the Corporation to any individual entity shall not exceed 2% of the Corporation's net equity based on its latest financial statements, except for the guarantee provided to any entity whose voting shares are 100% owned. The total balance of guarantee shall not exceed 50% of the Corporation's net equity based on its latest financial statements.

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares (Units in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Chang Co., Ltd.	<u>Ordinary share(s)</u> Chimei Motor Electronics Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non current	1,372	\$ 8,696	7.22	\$ 8,696	Notes 1 and 2
TARCOOLA TRADING LIMITED	<u>Mutual fund(s)</u> FSITC RMB Money Market Fund-RMB	None	Financial assets at fair value through profit or loss - current	1	45	-	45	Notes 1 and 2
Chia Development Co., Ltd.	<u>Ordinary share(s)</u> WK Technology Fund IX Ltd.	One of the Corporation's key management personnel is one of its supervisors	Financial assets at fair value through other comprehensive income - non current	7,690	155,386	7.69	155,386	Notes 1 and 2

Note 1: The unlisted stocks mentioned above are calculated using a valuation method at fair value, and the mutual fund is calculated at net value on December 31, 2021.

Note 2: The securities held at end of period have not been provided as collateral or pledged for loans.

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Chia Chang Co., Ltd.	CHIA CORPORATION	Samoa	Investment holdings	\$ 1,513,766	\$ 1,513,766	46,740	100.00	\$ 6,405,548	RMB 202,300	\$ 878,288	Subsidiary
	GOLDSKY ENTERPRISES LIMITED	Samoa	International trade	33,892	33,892	15	100.00	716,559	US\$ (24)	(681)	Subsidiary
	Chia Development Co., Ltd.	Taoyuan, Taiwan	New business development and investment	263,564	263,564	19,784	100.00	417,605	121,892	121,892	Subsidiary
	Zen Material Technology Inc.	Kaohsiung, Taiwan	Electronic components production	92,950	92,950	1,334	46.01	-	(1,336)	(55)	Associate
	Top Taiwan VIII Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	50,000	-	5,000	6.17	49,609	(6,326)	(505)	Associate
CHIA CORPORATION	TARCOOLA TRADING LIMITED	British Virgin Islands	Investment holdings	US\$ 30,589	US\$ 30,589	37,100	100.00	RMB 730,275	RMB 115,370	Not applicable	Subsidiary
	HUGE LINE INTERNATIONAL LIMITED	Samoa	Investment holdings	US\$ 11,400	US\$ 11,400	11,601	100.00	RMB 483,982	RMB 82,613	Not applicable	Subsidiary
	CHIAPEX HOLDING LIMITED	Samoa	Investment holdings	US\$ 4,911	US\$ 4,911	4,851	100.00	RMB 9,589	RMB 53	Not applicable	Subsidiary
	CHIA-RUI HOLDING LIMITED	Samoa	Investment holdings	US\$ 23,807	US\$ 23,807	23,659	100.00	RMB 53,633	RMB (165)	Not applicable	Subsidiary
Chia Development Co., Ltd	Energy Magic Co., Ltd.	Taoyuan, Taiwan	Electronic components production	15,496	15,496	1,500	50.00	6,064	(1,414)	Not applicable	Subsidiary
	Top Taiwan IX Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	100,000	100,000	10,000	12.50	253,199	882,490	Not applicable	Associate

Note: Information on investments in mainland China is referred to Table 5.



## CHIA CHANG CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (Note 1)	Carrying Amount as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outward	Inward						
Chia Chang Technology (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	\$ 1,247,482 (RMB 287,339)	Indirect investment in TARCOOLA TRADING LIMITED through CHIA CORPORATION, with the former investing operating funds	\$ 834,248 (US\$ 30,139)	\$ -	\$ -	\$ 834,248 (US\$ 30,139)	\$ 480,218 (RMB 110,611)	100.00%	\$ 480,218 (RMB 110,611)	\$ 3,168,487 (RMB 729,814)	\$ 734,070 (RMB 169,082)
Ningbo Chia Chang Electronics Hardware Co., Ltd.	Production and sale of IT and optronics metal stamped components	298,634 (RMB 68,786)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	177,152 (US\$ 6,400)	-	-	177,152 (US\$ 6,400)	272,994 (RMB 62,880)	100.00%	272,994 (RMB 62,880)	1,481,454 (RMB 341,231)	896,502 (RMB 206,496)
Quan Rui (Dong Guan) Industrial Co., Ltd.	Production and sale of IT and optronics metal stamped components	330,427 (RMB 76,109)	Indirect investment in CHIA-RUI HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	145,320 (US\$ 5,250)	-	-	145,320 (US\$ 5,250)	(373) (RMB -86)	100.00%	(373) (RMB -86)	217,995 (RMB 50,212)	55,962 (RMB 12,890)
Nanjing Chia-Chan Precious Electronics Co., Ltd.	Production and sale of IT and optronics metal stamped components	308,138 (RMB 70,975)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	-	-	-	-	85,688 (RMB 19,737)	100.00%	85,688 (RMB 19,737)	619,081 (RMB 142,596)	83,227 (RMB 19,170)
Chia Chang Technology (Chong Qing) Co., Ltd.	Production and sale of IT and optronics metal stamped components	130,245 (RMB 30,000)	Through Chia Chang Technology (Suzhou) Co., Ltd. invest operating funds	-	-	-	-	10,359 (RMB 2,386)	100.00%	10,359 (RMB 2,386)	64,732 (RMB 14,910)	-
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	152,803 (RMB 35,196)	Indirect investment in CHIAPEX HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	135,936 (US\$ 4,911)	-	-	135,936 (US\$ 4,911)	(11,818) (RMB -2,722)	49.00%	-	-	310,565 (RMB 71,534)

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 1,292,656 (US\$ 46,700)	\$ 3,658,881 (US\$ 132,185)	\$ 4,780,486 (Note 2)

Note 1: Except Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd., the share of profit or loss and other comprehensive income of the investments were based on the associates' audited financial statements for the same period.

Note 2: The investment limit is 60% of the Corporation's net equity.

**TABLE 6****CHIA CHANG CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Hsiang Investment CO., LTD.	13,438,441	9.43
Hsin Ho Investment CO., LTD.	11,785,492	8.27

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.