

Ticker Symbol: 8213



**TAIWAN PRINTED CIRCUIT
BOARD TECHVEST CO., LTD.**

2021 Annual Report

Printed on May 6, 2022

Company's website: <http://www.tpt-pcb.com.tw>

For information about the Annual Report, visit <http://mops.twse.com.tw>

I. Spokesperson and Acting Spokesperson

(I) Spokesperson

Name: Hu, Hsiu-Hsing

Title: Vice President of the Finance Department

Telephone: (03) 469-8860 extension 402

Email: ritahu@tpt-pcb.com.tw

(II) Acting Spokesperson

Name: Yu, Hsiu-Chen

Title: Assistant Manager of the Finance Department

Telephone: (03) 469-8860 extension 422

Email: carol@tpt-pcb.com.tw

II. Address and telephone of main office/branch office/plant:

Address of Main Office and Plant: No. 12, Gongye Second Road, Pingzhen Industrial Park,
Pingzhen District, Taoyuan City

Telephone: (03)469-8860 (Main)

III. Stock Registration Agency:

Name: Registrar of KGI

Address: 4F, No. 2, Chongqing South Road Section 2, Taipei City

Telephone: (02)2389-2999

Website: www.kgiworld.com.tw

IV. Name of CPA and name, address, website, and telephone of the accounting firm for the financial statement(s) of the past year:

Name of CPA: Chen, Yi-Chun, Chiang, Chung-Yi

Name of Firm: KPMG

Address: 68F, No. 7, Xinyi Road Section 5, Taipei City

Telephone: (02)8101-6666

Website: www.kpmg.com.tw

V. Name of the trading site for securities listed overseas and how to search for the said overseas securities: Not applicable.

VI. Company website:

www.tpt-pcb.com.tw

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One. Letter to Shareholders

Dear Shareholders and Ladies and Gentlemen,

For the year 2021, the Company's consolidated revenue was NTD27,500,178,000, a 20% increase over the previous year. In 2021, the annual sales turnover was quite good as the strong demand generated from the previous year's epidemic continued.

Since the effectiveness of overall equipment remained at a high level, the consolidated operating income for the year was NTD2,190,358,000, a significant increase of 32% over last year. In addition, our subsidiary, T-Mac's idle factory in Chungli was disposed of in November 2021 and a profit was recognized. The total profit after tax (net of non-controlling interests) for the period was NTD2,258,929,000, an increase of NTD340,068,000 representing 18% as compared to the previous year, and the earnings per share were NT\$8.60.

I. 2021 Business Report

(I) Accomplishments in Implementation of Operation Plan

Unit: NTD thousand

| Items | 2021 | 2020 | Increased (Decreased) value | % |
|--|------------|------------|-----------------------------------|---------|
| Operating revenues | 27,500,178 | 22,847,267 | 4,652,911 | 20.37 |
| Cost of sales | 23,176,187 | 19,501,266 | 3,674,921 | 18.84 |
| Gross operating profit | 4,323,991 | 3,346,001 | 977,990 | 29.23 |
| Operating expenditure | 2,133,633 | 1,688,874 | 444,759 | 26.33 |
| Profit from operations | 2,190,358 | 1,657,127 | 533,231 | 32.18 |
| Net non-operating income (expenditure) | 892,929 | 1,168,858 | (275,929) | (23.61) |
| Pre-tax profit | 3,083,287 | 2,825,985 | 257,302 | 9.10 |
| Profit after tax | 2,324,434 | 1,911,734 | 412,700 | 21.59 |
| Net profit of current term attributable to the owner of the parent company | 2,258,929 | 1,918,861 | 340,068 | 17.72 |

(II) Budget Implementation Status: This is not applicable as the Company does not disclose to the public its financial forecast.

(III) Income and Expenditure and Profitability Analysis

Unit: NTD thousand

| Items | | 2021 | 2020 |
|--|----------------------------------|------------|------------|
| Financial income and expenditure | Operating revenues | 27,500,178 | 22,847,267 |
| | Gross operating profit | 4,323,991 | 3,346,001 |
| | Profit after tax | 2,324,434 | 1,911,734 |
| Profitability | Return on Assets (%) | 7.53 | 6.66 |
| | Return on Shareholder Equity (%) | 16.80 | 15.44 |

| Items | | 2021 | 2020 |
|---------------|--|--------|--------|
| Profitability | Operating Profit to Paid-in Capital Size (%) | 80.75 | 61.09 |
| | Pre-tax Net Profit to Paid-in Capital Size (%) | 113.67 | 104.19 |
| | Net profit rate (%) | 8.45 | 8.37 |
| | Basic earnings per share (\$) | 8.60 | 7.28 |
| | Diluted earnings per share (\$) | 8.26 | 7.00 |

(IV) Research and Development Status

To address customers' needs for mainstream products and technologies being developed to meet the demand on the market, the Company has been sparing no effort in the research and development of new technologies and major accomplishments are provided below:

1. Mini LED PCBs are used in LCD panel backlight applications. To meet customers' requirements for thinner backlight modules, we challenged the development of ultra-thin 0.1mm~0.15mm panel thickness, as well as asymmetric laminates and special stacking structure requirements or laser microvia process.
2. RGB Mini LED products are used in large public information displays (PIDs) at airports and subways and are being developed for super small spacing and high-resolution screens with high layer count HDI. In addition, to meet the needs of RGB display screens installed on non-flat surfaces, such as cylindrical signage in public places, products with bending capability are also one of the development directions.
3. Development of large size high-layer count LCD and thick copper HDI high-resolution monitor.
4. Research on special dielectric materials to develop a coreless process to incorporate very fine embedded lines, with smaller line width spacing EPP (Embedded Pattern Process) process capability into new HDI products.

II. Overview of 2022 Business Plan

In the second half of 2021, as a result of the relaxation of COVID-19 epidemic control in Europe and the U.S.A, the demand for work and online learning will decrease, which may have a depressing effect on the company's revenue growth in 2022. In addition, this year's profitability will be interfered with by inflationary factors and international turmoil such as the Russo-Ukrainian Conflict, and so forth. The company will strive to minimize the negative impact of these factors on its operations.

(1) Operation Policy

1. The threat of the COVID-19 epidemic has not yet been lifted, and the epidemic control in China is still stringent, thus putting pressure on the operation of the supply chain, thus, the company will have to maintain operational flexibility to overcome the challenge.

2. In response to the lower birth rate, the pressure of manpower shortage, and the trend of thin and light products, the company continues to invest in more automated and smart equipment to reduce the demand for manpower, stabilize quality and improve production yield.
3. We are committed to Corporate Social Responsibility. In addition to creating benefits for our shareholders, we are committed to improving the working environment and welfare of our employees, emphasizing our products and services, and striving for long-term business. In addition, we continue to give back to the community and strive to achieve the goals of energy saving, water saving and waste reduction in the context of sustainable environmental development.

(II) Important Production and Distribution Policies

1. In terms of production strategy, we fully keep track of developmental trends of technologies, control the cost, improve the quality, enhance the yield rate, and pursue speed and flexibility to meet the needs of customers.
2. In response to the small volume and diverse nature of automotive use, information and industrial boards, we are strengthening the flexibility of production processes and delivery time to meet customer needs. Taking advantage of technology and the manufacturing process, we are actively developing thin boards, high-grade and fine line products to increase product added value.
3. The first phase of the expansion of the Suining Plant II is scheduled to start in May 2022, which will increase production by 10% if the full capacity is to be carried out.
4. In response to the increasingly stringent environmental requirements for the printed circuit board industry in China, we are continuously investing in manufacturing process improvements to comply with government regulations.

III. Impacts from External Competition, Regulatory Environment, and Overall Operational Setting

After a significant rebound in the global economy in 2021, the outlook for the new year is relatively conservative due to high inflationary factors and the Russo-Ukrainian Conflict, which will have an impact on raw materials prices in 2022, aggravating a complicated situation. The forecasting institutions are also conservative about the economic outlook for the new year. As far as the current situation of the industry supply chain is concerned, the impact of material shortage and logistics has not yet been completely lifted, and the Company is cautiously optimistic about the new year.

Finally, I sincerely thank you for your support and encouragement over the years of the Company. We will continue to fulfill our respective operational goals and render even better results in the future in return for your support and to meet the expectations of all investors and enable them to share the fruits together.

Chairman: Hsu, Cheng-Min

Two. Company Profile

I. Established on April 21, 1998

II. Company History

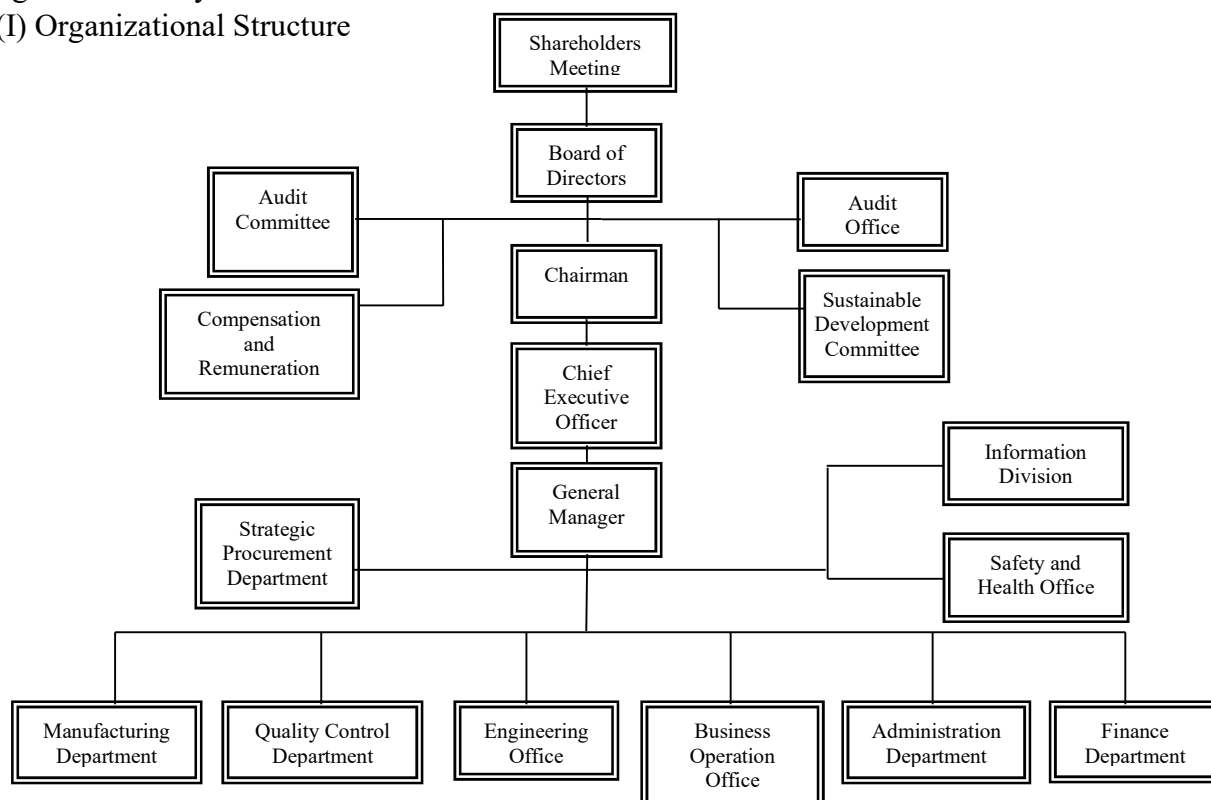
- April 1998 TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. was established, with a capital size of NTD 500,000,000.00, to begin with the production of mainly motherboards.
- June 1998 Acquired the land and premises and machinery/equipment of Zhiqin Electronics Corporation at No. 12, Gongye Second Road, Pingzhen Industrial Park and rebuilt and added machinery/equipment.
- December 1998 Official mass production began.
- April 1999 The nominal capital size was increased to NTD 1,000,000,000.00 and a public offering was additionally embarked on.
- April 1999 ISO-9002 certified.
- September 1999 Public offering was approved by the Securities and Futures Institute.
- October 1999 Organized capital increase in cash; the paid-in capital size was NTD 800,000,000.00.
- April 2000 First mass production of telecommunication mobile phone boards began.
- November 2001 First mass production of TFT- LCD boards began.
- July 2002 ISO-14000 certified.
- October 2002 Organized capital reduction; the capital size was reduced by NTD 150,000,000.00 and the paid-in capital size was changed to NTD 650,000,000.00.
- October 2003 ISO-9001 certified.
- September 2004 Registered as emerging stock and for trading.
- August 2005 Organized earnings transferred capital increase; the paid-in capital size was NTD 682,500,000.00.
- January 2006 Invested indirectly in CHI CHAU PRINTED CIRCUIT BOARD (SUZHOU) CO., LTD. in Mainland China through an invested business in a third region.
- July 2006 Organized earnings transferred capital increase; the paid-in capital size was NTD 757,575,000.00.
- August 2006 QC 080000 IECQ certified.
- September 2006 Organized capital increase in cash; the paid-in capital size was NTD 900,000,000.00.
- September 2007 Organized earnings transferred capital increase; the paid-in capital size was NTD 1,057,500,000.00.
- March 2008 Organized capital increase in cash; the paid-in capital size was increased to NTD 1,157,500,000.00.
- June 2008 Invested in the listed company T-MAC TECHVEST PCB CO., LTD.
- July 2008 New shares were issued on employee share subscription warrants; the paid-in capital size was NTD 1,175,550,000.00.
- September 2008 Organized earnings and capital reserve transferred capital increase; the paid-in capital size was NTD 1,401,175,000.00.
- January 2009 New shares were issued on employee share subscription warrants; the paid-in capital size was NTD 1,409,675,000.00.
- July 2009 New shares were issued on employee share subscription warrants; the

- paid-in capital size was NTD 1,427,225,000.00.
- September 2009 Organized earnings and capital reserve transferred capital increase; the paid-in capital size was NTD 1,662,508,470.00.
- December 2009 The Company's stock was listed and traded on the Taiwan Stock Exchange.
- January 2010 Organized capital increase in cash and issued new shares on employee share subscription warrants; the paid-in capital size was NTD 1,942,548,470.00.
- July 2010 Organized earnings transferred capital increase and after that, the paid-in capital size was NTD 1,136,803,310.00.
- July 2010 Invested indirectly in CATAC ELECTRONIC (ZHONGSHAN) CO., LTD. in Mainland China through an invested business in a third region.
- September 2010 Organized capital increase in cash; the paid-in capital size was NTD 2,316,803,310.00.
- September 2010 Invested in the listed company T-FLEX TECHVEST PCB CO., LTD.
- May 2011 Invested indirectly in CHI CHAU PRINTED CIRCUIT BOARD (SUINING) CO., LTD. in Mainland China through an invested business in a third region.
- December 2011 Organized earnings transferred capital increase; the paid-in capital size was NTD 2,363,139,380.00.
- August 2012 Organized capital increase in cash; the paid-in capital size was NTD 2,513,139,380.00.
- August 2013 Organized capital increase in cash; the paid-in capital size was NTD 2,750,139,380.00.
- January 2015 Organized treasury stock capital reduction; the paid-in capital size was NTD 2,712,429,380.00.
- June 2015 Invested indirectly in SINACT Electronics Co., Ltd. in Mainland China through an invested business in a third region.
- November 2015 Invested in Taiwan Ri Li Chemical Co., Ltd.; the name of the company was changed to tgt Techvest Co., Ltd.
- August 2016 Invested indirectly in SIN SIANG (XIAMEN) TECHNOLOGY CO., LTD. in Mainland China through an invested business in a third region.
- January 2017 Issued unsecured convertible corporate bonds, for the first time, worth NTD 800,000,000.00 in total.
- March 2019 For the sake of integrating resources throughout the Group, using stock swap, 100% shares of T-MAC TECHVEST PCB CO., LTD. were obtained.
- June 2019 For the sake of expanding the presence of the Group, Chi Chau (Thailand) Co., Ltd. was established.

Three. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Major Departments and Their Scope of Business

| Department | Main Duties |
|-----------------------------------|---|
| Audit Office | Regular and irregular audits of respective operations and systems. |
| Sustainable Development Committee | Introduction and implementation of ethical corporate management policies or systems. |
| Information Division | Maintenance and management of computer hardware and software. |
| Safety and Health Office | Stipulation, planning, supervision, and promotion of safety and health management matters and guidance over implementation provided to related departments. |
| Strategic Procurement Department | Centralized planning and procurement of primary raw materials and supplies and equipment throughout the Group and overall planning of premises, construction engineering, and mechanical and electrical engineering. |
| Manufacturing Department | Production and manufacturing management, scheduling and tracking of purchase orders-related production, outsourcing, and inventory management. |
| Quality Control Department | Quality control, after-sales service, handling of abnormal quality, and providing feedback on customers' demand for quality. |
| Engineering Office | Equipment maintenance and care, process improvement, and production of substrates and samples, including CAM, LPG substrates, drilling program, forming program, various production substrates, templates, and samples. |
| Business Operation Office | Marketing and distribution, customer credit checking and development, collections, etc. |
| Administration Department | Procurement of raw materials and supplies and office stationery, public safety and environment, environmental protection, security, logistics, personnel, payroll, educational training, etc. |
| Finance Department | Planning and controlling financial, accounting, and tax administration resources, preparation of financial statements, allocation of funds, arrangement of stock affairs, and implementation of related projects. |

II. Information of Directors, General Manager, Vice General Manager, Assistant Vice General Manager, and Heads of Various Departments and Branches

(I) Director Information

April 10, 2022 Unit: Share: %

| Job Title | Nationality or Registered Location | Name | Gender / Age | Date Elected | Tenure | Date First Elected | Shares held upon inauguration | | Shares currently held | | Shares currently held by the spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions served at the Company and other companies | Other supervisors or directors who are the spouse or a relative within the second degree of kinship | | |
|-----------|---|----------------|--------------------|-----------------|--------|-----------------------|----------------------------------|-----------------------|-----------------------|-----------------------|--|-----------------------|---------------------------------------|-----------------------|--|---|---|--|----------|
| | | | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Job Title | Name | Relation |
| Chairman | R.O.C. | Hsu, Cheng-Min | Male 69 | July 1, 2021 | 3 | November 5, 1999 | 1,486,183 | 0.55 | 1,486,183 | 0.55 | 147 | 0.00 | — | — | Department of Mechanical Engineering, Feng Chia University Deputy Manager of Manufacturing Department, Compeq Manufacturing Co., Ltd. General Manager of Pacific Technology Co., Ltd. General Manager of Precision Industry, Vertex Precision Electronics INC. General Manager of tgt Techvest Co., Ltd. Chairman of Sinact (Hong Kong) International Company Limited Chairman of Sinact Electronics Co., Ltd. | CEO of Taiwan Printed Circuit Board Techvest Co., Ltd. Chairman of Chi Yang Investment Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) Chairman of T-Flex Techvest PCB Co., Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) General Manager of T-Flex Techvest PCB Co., Ltd. Chairman of tgt Techvest Co., Ltd. (Representative of T-Flex Techvest PCB Co., Ltd.) CEO of tgt Techvest Co., Ltd. Chairman of T-Mac Techvest PCB Co., Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) CEO of T-Mac Techvest PCB Co., Ltd. Director of Chang Tai International Limited Director of Yang An International (Samoa) Co. Ltd. Chairman of T-Mac Techvest (Wuxi) PCB Co., Ltd. | Director | Hsu, Ming-Chieh / Hsu, Ming-Hung | Son |

| Job Title | Nationality or Registered Location | Name | Gender / Age | Date Elected | Tenure | Date First Elected | Shares held upon inauguration | | Shares currently held | | Shares currently held by the spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions served at the Company and other companies | Other supervisors or directors who are the spouse or a relative within the second degree of kinship | | |
|-----------|------------------------------------|----------------|--------------|--------------|--------|--------------------|-------------------------------|--------------------|-----------------------|--------------------|--|--------------------|------------------------------------|--------------------|---|--|---|----------------------------------|----------|
| | | | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Job Title | Name | Relation |
| Chairman | R.O.C. | Hsu, Cheng-Min | Male 69 | July 1, 2021 | 3 | November 5, 1999 | 1,486,183 | 0.55 | 1,486,183 | 0.55 | 147 | 0.00 | — | — | | Chairman of Chi Chau International Co. Ltd. Chairman of Chi Yao Limited Chairman of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Chairman of Brilliant Star Holdings Limited Chairman of CATAC Electronic (Zhongshan) Co., Ltd. Chairman of Chi Chen Investment Co., Ltd. Chairman of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Chairman of TPT International Co., Ltd. Chairman of Sin Siang (Xiamen) Technology Co., Ltd. Director of Chi Chau (Thailand) Co., Ltd. | Director | Hsu, Ming-Chieh / Hsu, Ming-Hung | Son |
| Director | R.O.C. | Lee, Ming-Hsi | Male 58 | July 1, 2021 | 3 | April 27, 2012 | 1,506,189 | 0.55 | 1,756,189 | 0.65 | — | — | — | — | Department of Chemical Engineering, Tatung Institute of Technology Manager of Pacific Technology Co., Ltd. General Manager of T-Flex Techvest PCB Co., Ltd. General Manager of Chi Chau Printed Circuit Board (Suining) Co., Ltd. General Manager of Sinact Electronics Co., Ltd. | General Manager of Taiwan Printed Circuit Board Techvest Co., Ltd. Director of T-Flex Techvest PCB Co., Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) Director of tgt Techvest Co., Ltd. (Representative of T-Flex Techvest PCB Co., Ltd.) General Manager of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. General Manager of T-Mac Techvest (Wuxi) PCB Co., Ltd. Director of Chi Chau (Thailand) Co., Ltd. | — | — | — |

| Job Title | Nationality or Registered Location | Name | Gender / Age | Date Elected | Tenure | Date First Elected | Shares held upon inauguration | | Shares currently held | | Shares currently held by the spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions served at the Company and other companies | Other supervisors or directors who are the spouse or a relative within the second degree of kinship | | |
|-----------|------------------------------------|------------------|--------------|--------------|--------|--------------------|-------------------------------|--------------------|-----------------------|--------------------|--|--------------------|------------------------------------|--------------------|--|---|---|----------------------------------|---------------|
| | | | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Job Title | Name | Relation |
| Director | R.O.C. | Chen, Chih-Hung | Male 61 | July 1, 2021 | 3 | April 27, 2012 | 1,391,216 | 0.51 | 1,391,216 | 0.51 | — | — | — | — | Department of Applied Mathematics, Feng Chia University Engineer of Compeq Manufacturing Co., Ltd. General Manager of Hong Xun Enterprise Ltd. General Manager of Taiwan Printed Circuit Board Techvest Co., Ltd. General Manager of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. | Chairman of Open Stone Co., Ltd. Chairman of Jiu Geng Biotechnology Agriculture Co., Ltd. | — | — | — |
| Director | R.O.C. | Chiang, Rong-Kuo | Male 67 | July 1, 2021 | 3 | May 29, 2006 | 720,000 | 0.27 | 720,000 | 0.27 | — | — | — | — | Bachelor of Science in Mechanics, Taiwan University of Science and Technology Master's Degree of Business Administration, National Cheng Chi University Chairman of Linkwell Opto-Electronics Corporation | Chairman of Jing Fa Technology Consultant Co., Ltd. Chairman of Minshen (Xiamen) Electronics Technology Inc. | — | — | — |
| Director | R.O.C. | Hsu, Ming-Chieh | Male 40 | July 1, 2021 | 3 | June 8, 2018 | 1,181,226 | 0.44 | 1,191,226 | 0.70 | 130,000 | 0.05 | — | — | Department of Journalism, Shih Hsin University Manager of Sales Department, T-Flex Techvest PCB Co., Ltd. Manager of Manufacturing Department, T-Flex Techvest PCB Co., Ltd. Head of Manufacturing Department, tgt Techvest Co., Ltd. Director of T-Mac Techvest PCB Co., Ltd. | Executive Assistant of the Financial, Taiwan Printed Circuit Board Techvest Co., Ltd. Director of T-Flex Techvest PCB Co., Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | Chairman / Director | Hsu, Cheng-Min / Hsu, Ming-Hung | Son / Brother |
| Director | R.O.C. | Hsu, Ming-Hung | Male 36 | July 1, 2021 | 3 | June 12, 2015 | 1,087,592 | 0.40 | 1,817,592 | 0.67 | — | — | — | — | Master's Degree, Golden Gate University Executive Assistant of the General Manager Office, Taiwan Printed Circuit Board Techvest Co., Ltd. | Director of tgt Techvest Co., Ltd. (Representative of T-Flex Techvest PCB Co., Ltd.) Executive Assistant of the General Manager Office, tgt Techvest Co., Ltd. | Chairman / Director | Hsu, Cheng-Min / Hsu, Ming-Chieh | Son / Brother |

| Job Title | Nationality or Registered Location | Name | Gender / Age | Date Elected | Tenure | Date First Elected | Shares held upon inauguration | | Shares currently held | | Shares currently held by the spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions served at the Company and other companies | Other supervisors or directors who are the spouse or a relative within the second degree of kinship | | |
|-----------|------------------------------------|----------------|--------------|--------------|--------|--------------------|-------------------------------|--------------------|-----------------------|--------------------|--|--------------------|------------------------------------|--------------------|---|--|---|------|----------|
| | | | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Job Title | Name | Relation |
| Director | R.O.C. | Lin, Chen-Min | Male 57 | July 1, 2021 | 3 | September 11, 2007 | 485,550 | 0.18 | 485,550 | 0.18 | 184 | 0.00 | — | — | Department of Accounting, Chinese Culture University Rong Tsong United CPA & Associates Section Manager of Fortune Motors Co., Ltd. Assistant Manager of Fairway Synthetic Fibers Co., Ltd. Financial and Accounting Supervisor of Taiwan Printed Circuit Board Techvest Co., Ltd. Director of T-Flex Techvest PCB Co., Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) Director of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Director of CATAC Electronic (Zhongshan) Co., Ltd. Director of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Director of T-Mac Techvest (Wuxi) PCB Co., Ltd. Director of Chi Yao Limited Director of Sinact (Hong Kong) International Company Limited Director of Sinact Electronics Co., Ltd. | Director of tgt Techvest Co., Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) Director of Sin Siang (Xiamen) Technology Co., Ltd. Director of Chi Chau (Thailand) Co., Ltd. | — | — | — |
| Director | R.O.C. | Lan, ling-ling | Female 59 | July 1, 2021 | 3 | June 10, 2009 | 400,709 | 0.15 | 400,709 | 0.15 | 2,520 | 0.00 | — | — | Sacred Heart Commercial Vocational High School Marketing Executive of KW Co., Ltd. Purchasing Executive of Yi Hsin Computer Co., Ltd. | — | — | — | — |

| Job Title | Nationality or Registered Location | Name | Gender / Age | Date Elected | Tenure | Date First Elected | Shares held upon inauguration | | Shares currently held | | Shares currently held by the spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions served at the Company and other companies | Other supervisors or directors who are the spouse or a relative within the second degree of kinship | | |
|-----------|------------------------------------|-------------------------------|--------------|--------------|--------|--------------------|-------------------------------|--------------------|-----------------------|--------------------|--|--------------------|------------------------------------|--------------------|---|---|---|------|----------|
| | | | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Job Title | Name | Relation |
| Director | R.O.C. | Lee, Jen-Shin | Male 79 | July 1, 2021 | 3 | May 29, 2006 | 518,330 | 0.19 | 383,330 | 0.14 | — | — | — | — | Department of Agricultural Economics, Chung Hsing University Manager of Chang Hwa Commercial Bank, Ltd. | — | — | — | — |
| Director | R.O.C. | Hou, Shang-Wen | Female 62 | July 1, 2021 | 3 | September 11, 2007 | 38,216 | 0.01 | 38,216 | 0.01 | — | — | — | — | Ph.D. in Accounting, Renmin University of China Master of Statistics of Arizona University, USA MBA/Accounting Finance of Northrop University, USA CEO of Hipro Financial Consulting Co., Ltd. Lecturer at Chihlee University of Technology | Director of High Density Lithium Electricity Co., Ltd. | — | — | — |
| Director | R.O.C. | Hocheng Corporation | — | July 1, 2021 | 3 | June 15, 2005 | 6,575,315 | 2.42 | 6,575,315 | 2.42 | — | — | — | — | Not applicable | Not applicable | Not applicable | | |
| | R.O.C. | Representative Chiu, Chi-Hsin | Male 57 | | | June 12, 2015 | — | — | — | — | — | — | — | — | Master of Business Administration, Columbia University (USA) CFO of Premier Capital Management Corp. CFO of HOCHENG Corporation. | Vice-Chairman of HOCHENG Corporation. Director of HOCHENG Corporation. (Representative of Fu Ho Investment Co., Ltd.) Director of Ruby Tech Corporation (Representative of Fu Ho Investment Co., Ltd.) Supervisor of He Hung Investment Co., Ltd. Director of Fu He Investment Co., Ltd. Supervisor of Bearinmind Corporation Director of New Swift Enterprises Co., Ltd. Director of Yuhuang Co., Ltd. (Representative of New Swift Enterprises Co., Ltd.) Supervisor of Ho Long Ceramic Co., Ltd. | — | — | — |
| Director | R.O.C. | YADA Investment Ltd. | — | July 1, 2021 | 3 | April 27, 2012 | 680,936 | 0.25 | 805,936 | 0.30 | — | — | — | — | Not applicable | Not applicable | Not applicable | | |
| | R.O.C. | Representative Chiu, Ting-Wen | Female 52 | | | April 27, 2012 | 133,967 | 0.05 | 133,967 | 0.05 | — | — | — | — | Qiang Shu High School Purchasing Executive of Ocean Glory International Co. Ltd. | Supervisor of T-Flex Techvest PCB Co., Ltd. | — | — | — |

| Job Title | Nationality or Registered Location | Name | Gender / Age | Date Elected | Tenure | Date First Elected | Shares held upon inauguration | | Shares currently held | | Shares currently held by the spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions served at the Company and other companies | Other supervisors or directors who are the spouse or a relative within the second degree of kinship | | |
|----------------------|------------------------------------|-----------------------|--------------|--------------|--------|--------------------|-------------------------------|--------------------|-----------------------|--------------------|--|--------------------|------------------------------------|--------------------|--|---|---|------|----------|
| | | | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Job Title | Name | Relation |
| Independent Director | R.O.C. | Huang, Leei-May | Female 63 | July 1, 2021 | 3 | June 12, 2015 | 124,546 | 0.05 | 124,546 | 0.05 | — | — | — | — | Department of Accounting, Fu Jen Catholic University Assistant Vice General Manager of Financing Department, Chih Lien Industrial Co., Ltd. Assistant Manager of Underwriting Department, Full Long Securities Co., Ltd. Accounting Manager of CMC Magnetics Co., Ltd. Director of T-Mac Techvest PCB Co., Ltd. Director of Linkwell Opto-Electronics Corporation | — | — | — | — |
| Independent Director | R.O.C. | Huang, Kuan-Mo (Note) | Male 56 | June 8, 2018 | 3 | June 8, 2018 | — | — | — | — | — | — | — | — | Master of Business Administration, National National Sun Yat-Sen University Assistant Vice General Manager at the Department of Investment, China Development Industrial Bank General Manager of Premier Capital Management Corporation Independent Director of Adata Technology Co., Ltd. | Independent Director of T-Flex Techvest PCB Co., Ltd. Chairman of Changzhan Asset Management Company | — | — | — |
| Independent Director | R.O.C. | Hsiao, Shyh-Chyi | Male 76 | July 1, 2021 | 3 | June 8, 2018 | — | — | — | — | — | — | — | — | Department of Chemical Engineering, National Chenggong University Vice General Manager of Overseas Investment Department, China Development Industrial Bank Vice President of Overseas Investment Department, Hong Kong HSBC Bank Executive Director of SERES CAPITAL (SINGAPORE) PTE LTD Representative Director of ASEM CAPITAL CO., LTD. KOREA | Independent Director of T-Flex Techvest PCB Co., Ltd. | — | — | — |

| Job Title | Nationality or Registered Location | Name | Gender / Age | Date Elected | Tenure | Date First Elected | Shares held upon inauguration | | Shares currently held | | Shares currently held by the spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions served at the Company and other companies | Other supervisors or directors who are the spouse or a relative within the second degree of kinship | | |
|----------------------|------------------------------------|-----------------------|--------------|--------------|--------|--------------------|-------------------------------|--------------------|-----------------------|--------------------|--|--------------------|------------------------------------|--------------------|---|---|---|------|----------|
| | | | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Job Title | Name | Relation |
| Independent Director | R.O.C. | Lin, Chiu-Lien (Note) | Female 61 | July 1, 2021 | 3 | July 1, 2021 | — | — | — | — | — | — | — | — | Master of Management Science, National Chiao Tung University Independent Director of T-Mac Techvest PCB Co., Ltd. Independent Director of HH Leasing & Financial Corporation Assistant Vice General Manager of Department of Financial Transactions, China Development Industrial Bank Fund Manager of China Securities Investment Trust Corp. Manager of Research Department, Da Shun Consolidated Securities Co., Ltd. | Supervisor of Yu-Song Investment Co, Ltd. | — | — | — |

Note : Re-election on July 1, 2021, Mr. HUANG, KUAN-MO stepped down and Ms. LIN, CHIU-LIEN was newly elected.

1. Professional Qualifications of Directors and Independent Information of Independent Directors

| Title | Name | Professional Qualifications and Work Experience | Independent Facts | Number of independent directors concurrently serving in other public companies | Number of independent directors concurrently serving on Compensation and Remuneration Committees in other public companies | Notes |
|----------|-----------------|---|-------------------|--|--|-------|
| Chairman | Hsu, Cheng-Min | <ol style="list-style-type: none"> Served as General Manager for Pacific Technology Co., Ltd., General Manager of Precision Industry, Vertex Precision Electronics INC. Has more than five years of work experience in management, commercial and corporate business. None of the circumstances in Article 30 of the Company Act. | Not Applicable | 0 | 0 | — |
| Director | Lee, Ming-Hsi | <ol style="list-style-type: none"> Served as Manager for Pacific Technology Co., Ltd. Has more than five years of work experience in management, commercial and corporate business. None of the circumstances in Article 30 of the Company Act. | | 0 | 0 | — |
| Director | Chen, Chih-Hung | <ol style="list-style-type: none"> Served as Engineer for Compeq Manufacturing Co., Ltd. and General Manager of Hong Xun Enterprise Ltd. Has more than five years of work experience in management, commercial and corporate business. None of the circumstances in Article 30 of the Company Act. | | 0 | 0 | — |

| Title | Name | Professional Qualifications and Work Experience | Independent Facts | Number of independent directors concurrently serving in other public companies | Number of independent directors concurrently serving on Compensation and Remuneration Committees in other public companies | Notes |
|----------|------------------|---|-------------------|--|--|-------|
| Director | Chiang, Rong-Kuo | <ol style="list-style-type: none"> Previously served as Chairman of Linkwell Optoelectronics Corporation, with more than five years of work experience in management, commercial and corporate business. None of the circumstances in Article 30 of the Company Act. | Not Applicable | 0 | 0 | — |
| Director | Hsu, Ming-Chieh | <ol style="list-style-type: none"> Served as the Manager of the Sales Department of T-Flex Techvest PCB Co., Ltd and the Head of the Manufacturing Department of tgt Techvest Co., Ltd., with more than five years of work experience in management and corporate business. None of the circumstances in Article 30 of the Company Act. | | 0 | 0 | — |

| Title | Name | Professional Qualifications and Work Experience | Independent Facts | Number of independent directors concurrently serving in other public companies | Number of independent directors concurrently serving on Compensation and Remuneration Committees in other public companies | Notes |
|----------|----------------|---|-------------------|--|--|-------|
| Director | Hsu, Ming-Hung | <ol style="list-style-type: none"> 1. Graduated from Golden Gate University with a Master's degree and served as a special assistant in the General Manager's Office of Taiwan Printed Circuit Board Techvest Co., Ltd. with more than five years of work experience in management, commercial and corporate business. 2. None of the circumstances in Article 30 of the Company Act. | Not Applicable | 0 | 0 | — |
| Director | Lin, Chen-Min | <ol style="list-style-type: none"> 1. Served as Assistant Manager of Rong Tsong United CPA & Associates and Fairway Synthetic Fibers Co., Ltd. with more than five years of work experience in management, finance and accounting. 2. None of the circumstances in Article 30 of the Company Act. | | 0 | 0 | — |
| Director | Lan, ling-ling | <ol style="list-style-type: none"> 1. Served as Marketing Executive at KW Co., Ltd. and Purchasing Executive at Yi Hsin Computer Co., Ltd. and has more than five years of work experience in management, commercial and corporate business. 2. None of the circumstances in Article 30 of the Company Act. | | 0 | 0 | — |

| Title | Name | Professional Qualifications and Work Experience | Independent Facts | Number of independent directors concurrently serving in other public companies | Number of independent directors concurrently serving on Compensation and Remuneration Committees in other public companies | Notes |
|----------|--|--|-------------------|--|--|-------|
| Director | Lee, Jen-Shin | <ol style="list-style-type: none"> 1. Served as Manager of Chang Hwa Commercial Bank and has more than five years of work experience in management and commerce. 2. None of the circumstances in Article 30 of the Company Act. | Not Applicable | 0 | 0 | — |
| Director | Hou, Shang-Wen | <ol style="list-style-type: none"> 1. Served as the CEO of Hipro Financial Consulting Co., Ltd. and has been a lecturer at Chihlee University of Technology. Has more than five years of work experience in management, commerce, finance and accounting. 2. None of the circumstances in Article 30 of the Company Act. | | 0 | 0 | — |
| Director | Hocheng Corporation Representative: Chiu, Chi-Hsin | <ol style="list-style-type: none"> 1. Served as Chief Financial Officer for Premier Capital Management Corp. and Hocheng Corporation, with more than five years of work experience in management and commerce. 2. None of the circumstances in Article 30 of the Company Act. | | 0 | 0 | — |

| Title | Name | Professional Qualifications and Work Experience | Independent Facts | Number of independent directors concurrently serving in other public companies | Number of independent directors concurrently serving on Compensation and Remuneration Committees in other public companies | Notes |
|----------------------|---|---|--|--|--|--------|
| Director | YADA Investment Ltd. Representative: Chiu, Ting-Wen | <ol style="list-style-type: none"> Served as Purchasing Executive at Ocean Glory International Co., Ltd with more than five years of work experience in management and commerce. None of the circumstances in Article 30 of the Company Act. | Not Applicable | 0 | 0 | — |
| Independent Director | Huang, Leei-May | <ol style="list-style-type: none"> Served as Assistant Vice General Manager of Financing Department, Chih Lien Industrial Co., Ltd. and Assistant Manager of Underwriting Department, Full Long Securities Co., Ltd., with more than five years of work experience in finance and commerce. None of the circumstances in Article 30 of the Company Act. | <ol style="list-style-type: none"> There are no cases in which I, my spouse or relatives within the second degree of kinship are directors, supervisors or employees of the Company or the Company's subsidiaries. No shares of the Company are held by me, my spouse, or my relatives within the second degree of kinship, (or in the name of others). Do not hold a position as director, supervisor or employee of a company that has a specific relationship with the Company. During the past two years, there has not been any case where the Company or its subsidiary received compensation for commercial, legal, financial, accounting or related services provided. | 0 | 0 | Note 1 |

| Title | Name | Professional Qualifications and Work Experience | Independent Facts | Number of independent directors concurrently serving in other public companies | Number of independent directors concurrently serving on Compensation and Remuneration Committees in other public companies | Notes |
|----------------------|------------------|--|---|--|--|--------|
| Independent Director | Hsiao, Shyh-Chyi | <ol style="list-style-type: none"> Served as Vice General Manager of the Overseas Investment Departments of China Development Industrial Bank and Vice President of HSBC Bank, with more than five years of work experience in management, finance and commerce. Special examination for Customs Officer. None of the circumstances in Article 30 of the Company Act. | <ol style="list-style-type: none"> There are no cases in which I, my spouse or relatives within the second degree of kinship are directors, supervisors or employees of the Company or the Company's subsidiaries. No shares of the Company are held by me, my spouse, or my relatives within the second degree of kinship, (or in the name of others). Do not hold a position as director, supervisor or employee of a company that has a specific relationship with the Company. | 0 | 0 | Note 2 |
| Independent Director | Lin, Chiu-Lien | <ol style="list-style-type: none"> Served as Assistant Vice General Manager of Department of Financial Transactions, China Development Industrial Bank and Fund Manager at China Securities Investment Trust Corp., with more than five years of work experience in finance and commerce. None of the circumstances in Article 30 of the Company Act. | <ol style="list-style-type: none"> During the past two years, there has not been any case where the Company or its subsidiary received compensation for commercial, legal, financial, accounting or related services provided. | 0 | 0 | Note 2 |

Note 1: Has been the convener of the Audit Committee and the Compensation & Remuneration Committee of the Company.

Note 2: Has been a member of the Audit Committee and the Compensation & Remuneration Committee of the Company.

2. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors

According to Chapter 3 of the Company's "Corporate Governance Best Practice Principles", Directors should generally possess the knowledge, skills and qualities necessary for the execution of their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following competencies:

(A) Ability to make operational judgments.

(B) Ability to perform accounting and financial analysis.

(C) Ability to conduct management administration.

(D) Ability to conduct crisis management.

(E) Knowledge of the industry.

(F) International market perspective.

(G) Ability to lead.

(H) Ability to make policy decisions.

The Company attaches importance to gender equality in the composition of the Board of Directors, and the percentage of female directors is targeted to be over 30%, while the current percentage of female directors is 33%. In addition, the current members of the Board of Directors have extensive experience and expertise in the fields of finance, business and management, and guide the Company's various businesses. The following table shows the implementation of the diversity of the Board of Director

| Title | Name | Nationality | G* | AE* | Age | | | | | Tenure of Service of Independent Directors | | Industry Experience | | | | Professional Competencies | | | |
|----------|------------------|-------------------|----|-----|-------|-------|-------|-------|-------|--|--------------|---------------------|------|------|-----|---------------------------|-----|----|-----|
| | | | | | 31-40 | 41-50 | 51-60 | 61-70 | 71-80 | More than 3 years | 3 to 6 years | Bank, Securities | Man* | Edu* | AS* | FA* | FC* | P* | BM* |
| Director | Hsu, Cheng-Min | Republic of China | M* | ✓ | | | | ✓ | | | | | ✓ | | | | | | ✓ |
| Director | Lee, Ming-Hsi | | M* | ✓ | | | ✓ | | | | | | ✓ | | | | | | ✓ |
| Director | Chen, Chih-Hung | | M* | | | | | ✓ | | | | | ✓ | | | | | | ✓ |
| Director | Chiang, Rong-Kuo | | M* | | | | | ✓ | | | | ✓ | | | | | ✓ | | |
| Director | Hsu, Ming-Chieh | | M* | ✓ | ✓ | | | | | | | | ✓ | | | | | | ✓ |
| Director | Hsu, Ming-Hung | | M* | | ✓ | | | | | | | | ✓ | | | | | | ✓ |

| Title | Name | Nationality | G* | AE* | Age | | | | | Tenure of Service of Independent Directors | | Industry Experience | | | | Professional Competencies | | | |
|----------------------|------------------|-------------------|----|-----|-------|-------|-------|-------|-------|--|--------------|---------------------|------|------|-----|---------------------------|-----|----|-----|
| | | | | | 31-40 | 41-50 | 51-60 | 61-70 | 71-80 | More than 3 years | 3 to 6 years | Bank, Securities | Man* | Edu* | AS* | FA* | FC* | P* | BM* |
| Director | Lin, Chen-Min | Republic of China | M* | | | | ✓ | | | | | | ✓ | | ✓ | ✓ | | | ✓ |
| Director | Lan, Iing-Iing | | F* | | | | ✓ | | | | | | ✓ | | | | | ✓ | |
| Director | Lee, Jen-Shin | | M* | | | | | | ✓ | | | ✓ | | | | | | ✓ | |
| Director | Hou, Shang-Wen | | F* | | | | | ✓ | | | | | | ✓ | | ✓ | | | |
| Director | Chiu, Chi-Hsin | | M* | | | | ✓ | | | | | | ✓ | | | | | | ✓ |
| Director | Chiu, Ting-Wen | | F* | | | | ✓ | | | | | | ✓ | | | | | ✓ | |
| Independent Director | Huang, Leei-May | | F* | | | | | ✓ | | | ✓ | ✓ | ✓ | | | ✓ | ✓ | | |
| Independent Director | Hsiao, Shyh-Chyi | | M* | | | | | | ✓ | | ✓ | ✓ | | | | | ✓ | | |
| Independent Director | Lin, Chiu-Lien | | F* | | | | | ✓ | | ✓ | | ✓ | | | | | ✓ | | |

Abbreviations

G*: Gender

AE*: Adjunct Employee

Man*: Manufacture

Edu*: Education

AS*: Accounting Services

FA*: Financial Accounting

FC*: Financial Control

P*: Purchasing

BM*: Business Management

M*: Male

F*: Female

(2) Independence of the Board of Directors

(A) The Board of Directors of the Company has 15 directors, including three independent directors, and the proportion of independent directors is 20%. Not more than one-half of the directors are adjunct employees, and not more than half of the directors are spouses or relatives within the second degree of kinship. Given the foregoing, the Board of Directors should be independent in exercising its functions and powers.

(B) There is no direct relationship among the directors of the Company as stipulated in Paragraph 3 of Article 26-3 of the Securities and Exchange Act. In addition, the Company has established an Audit Committee in place of the Supervisors, therefore, the provisions of Paragraph 4 of Article 26-3 of the Securities and Exchange Act are not applicable.³

3. Major shareholders of institutional shareholders

| Name of institutional shareholder | Major shareholders of institutional shareholders | Shareholding Ratio |
|-----------------------------------|--|--------------------|
| Hocheng Corporation | Kaipo Corporation | 5.40% |
| | Yuhuang Co., Ltd. | 3.79% |
| | Chiu, Li-Jian | 3.47% |
| | Li, Kai-Ping | 3.07% |
| | Chiu, Lin-Cui | 2.64% |
| | Chiu, Hong-You | 2.45% |
| | Chiu, Jun-Jie | 2.40% |
| | Chiu, Hong-Wen | 2.39% |
| | Chiu-Chen, Hui-Mei | 1.63% |
| | Chiu, Shih-Kai | 1.93% |
| YADA Investment Ltd. | Chiu, Yi-Ning | 90.00% |
| | Chiu, Ting-Wen | 10.00% |
| Hui Min Investment Co., Ltd. | Chen, Hui-Yao | 100.00% |
| Chieh Hung Investment Co., Ltd. | Chen, Hui-Yao | 100.00% |
| Leo Investment Co., Ltd. | Hsu, Shu-Qin | 69.14% |
| | Li, Jia-Yi | 15.43% |
| | Li, Yin-Ru | 15.43% |

4. Primary shareholder of major shareholders of institutions that are legal entities

| Name of legal entity | Major shareholders of the legal entity | Shareholding Ratio |
|----------------------|--|--------------------|
| Kaipo Corporation | Chiu, Shih-Kai | 25.00% |
| | Chiu, Bo-Jiun | 25.00% |
| | Chiu, Ma-Ge | 20.83% |
| | Li, Kai-Ping | 16.67% |
| | Chiu, Hong-Mao | 12.50% |
| Yuhuang Co., Ltd. | New Swift Enterprises Co., Ltd. | 99.57% |
| | Wu, Yue-Fong | 0.07% |
| | Chiu, Chi-Hsin | 0.07% |
| | Chiu, Hong-Mao | 0.07% |
| | Chiu, Jun-Jie | 0.07% |
| | Chiu, Li-Jian | 0.07% |
| | Chiu, Bi-Chuan | 0.07% |

(II) Profile of General Manager, Vice General Manager, Assistant Vice General Manager, and Heads of Various Departments and Branches

April 10, 2021 Unit: Share: %

| Job Title | Nationality | Name | Gender | Date Effective | Shares Held | | Shares held by spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions at other companies | Managerial officer who is the spouse or relative within the second degree of kinship | | |
|-------------------------|-------------|----------------|--------|----------------|-------------|--------------------|--|--------------------|------------------------------------|--------------------|--|--|--|------|----------|
| | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Position | Name | Relation |
| Chief Executive Officer | R.O.C. | Hsu, Cheng-Min | Male | June 8, 2017 | 1,486,183 | 0.55 | 147 | 0.00 | — | — | Department of Mechanical Engineering, Feng Chia University Vice General Manager of Manufacturing Department, Compeq Manufacturing Co., Ltd. General Manager of Pacific Technology Co., Ltd. General Manager of Precision Industry, Vertex Precision Electronics INC. General Manager of tgt Techvest Co., Ltd. Chairman of Sinact (Hong Kong) International Company Limited Chairman of Sinact Electronics Co., Ltd. | Chairman of ChiYang Investment Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) Chairman of T-Flex Techvest PCB Co., Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) General Manager of T-Flex Techvest PCB Co., Ltd. Chairman of tgt Techvest Co., Ltd. (Representative of T-Flex Techvest PCB Co., Ltd.) CEO of tgt Techvest Co., Ltd. Chairman of T-Mac Techvest PCB Co., Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) CEO of T-Mac Techvest PCB Co., Ltd. Director of Chang Tai International Limited Director of Yang An International (Samoa) Co. Ltd. Chairman of T-Mac Techvest (Wuxi) PCB Co., Ltd. Chairman of Chi Chau International Co. Ltd. Chairman of Chi Yao Limited Chairman of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Chairman of Brilliant Star Holdings Limited Chairman of CATAC Electronic (Zhongshan) Co., Ltd. Chairman of Chi Chen Investment Co., Ltd. Chairman of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Chairman of TPT International Co., Ltd. Chairman of Sin Siang (Xiamen) Technology Co., Ltd. Director of Chi Chau (Thailand) Co., Ltd. | — | — | — |

| Job Title | Nationality | Name | Gender | Date Effective | Shares Held | | Shares held by spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions at other companies | Managerial officer who is the spouse or relative within the second degree of kinship | | |
|-----------------|-------------|----------------|--------|-------------------|-------------|--------------------|--|--------------------|------------------------------------|--------------------|---|--|--|------|----------|
| | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Position | Name | Relation |
| General Manager | R.O.C. | Lee, Ming-Hsi | Male | September 1 2007 | 1,756,189 | 0.65 | — | — | — | — | Department of Chemical Engineering, Tatung Institute of Technology Manager of Pacific Technology Co., Ltd. General Manager of T-Flex Techvest PCB Co., Ltd. General Manager of Chi Chau Printed Circuit Board (Suining) Co., Ltd. General Manager of Sinact Electronics Co., Ltd. | Director of T-Flex Techvest PCB Co., Ltd. (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) Director of tgt Techvest Co., Ltd. (Representative of T-Flex Techvest PCB Co., Ltd.) General Manager of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. General Manager of T-Mac Techvest (Wuxi) PCB Co., Ltd. Director of Chi Chau (Thailand) Co., Ltd. | — | — | — |
| General Manager | R.O.C. | Lin, Ching-Yao | Male | November 12, 2014 | 314,000 | 0.12 | — | — | — | — | Department of Mechanical Engineering, Tatung University Assistant Vice General Manager at the Manufacturing Department of Kinsus Interconnect Technology Corporation Vice General Manager of Phoenix Precision Technology Corporation General Manager of T-Flex Techvest PCB Co., Ltd. | General Manager of tgt Techvest Co., Ltd General Manager of CATAC Electronic (Zhongshan) Co., Ltd. | — | — | — |
| General Manager | R.O.C. | Danny, Lin | Male | October 1, 2019 | 350,000 | 0.13 | 538,357 | 0.20 | — | — | Department of Chemical Engineering, Tatung University Section Head of Compeq Manufacturing Co., Ltd. Vice General Manager at the Sales Department of Pacific Technology Corporation General Manager of Kunshan Yuanmao Electronics Technology Co., Ltd. General Manager of HannStar Board Corp. General Manager of T-Mac Techvest (Wuxi) PCB Co., Ltd. | General Manager of Chi Chau Printed Circuit Board (Suining) Co., Ltd. | — | — | — |

| Job Title | Nationality | Name | Gender | Date Effective | Shares Held | | Shares held by spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions at other companies | Managerial officer who is the spouse or relative within the second degree of kinship | | |
|----------------------|-------------|-----------------|--------|------------------|-------------|--------------------|--|--------------------|------------------------------------|--------------------|---|---|--|------|----------|
| | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Position | Name | Relation |
| Vice General Manager | R.O.C. | Chen, Shih-Shin | Male | November 1, 2007 | 100,000 | 0.04 | — | — | — | — | Master of Industrial Design, Dayeh University Manager of Hocheng Corporation Chairman of T-Flex Techvest PCB Co., Ltd. Vice General Manager of tgt Techvest Co., Ltd. Director of Sinact Electronics Co., Ltd. | Director of tgt Techvest Co., Ltd. (Representative of T-Flex Techvest PCB Co., Ltd.) Director of CATAC Electronic (Zhongshan) Co., Ltd. Director of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Director of T-Mac Techvest (Wuxi) PCB Co., Ltd. Director of Sin Siang (Xiamen) Technology Co., Ltd. Director of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Supervisor of TopColor Corporation | — | — | — |
| Vice General Manager | R.O.C. | Song, Pei-Yi | Male | August 1, 2017 | 438,702 | 0.16 | — | — | — | — | Department of Mechanical Engineering, National Taiwan University Section Head of Pacific Technology Corporation | — | — | — | — |
| Vice General Manager | R.O.C. | George, Chao | Male | August 1, 2017 | 105,000 | 0.04 | — | — | — | — | Master of Business Administration, Yuan Ze University Vice General Manager at the Sales Department of T-Mac Techvest PCB Co., Ltd. Vice General Manager at the Sales Department of T-Flex Techvest PCB Co., Ltd. | — | — | — | — |
| Vice General Manager | R.O.C. | Jackson, Chen | Male | October 1, 2019 | 77,354 | 0.03 | 107 | 0.00 | — | — | Department of Aeronautics & Astronautics, National Cheng Kung University Section Head of Guosheng Enterprise Vice General Manager at the Sales Department of HannStar Board Corp. Vice General Manager at the Sales Department of Kunshan Yuanmao Electronics Technology Co., Ltd. | — | — | — | — |

| Job Title | Nationality | Name | Gender | Date Effective | Shares Held | | Shares held by spouse and minor child(ren) | | Shares held in someone else's name | | Main experience/education | Current positions at other companies | Managerial officer who is the spouse or relative within the second degree of kinship | | |
|--------------------------------------|-------------|--------------------|--------|-------------------|-------------|--------------------|--|--------------------|------------------------------------|--------------------|--|---|--|------|----------|
| | | | | | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | | | Position | Name | Relation |
| Vice General Manager | R.O.C. | Hu, Hsiu-Hsing | Female | September 4, 2017 | 300,000 | 0.11 | — | — | — | — | Graduate Institute of Business Administration, National Taiwan University Senior Assistant Vice General Manager at the Department of Direct Investment, China Development Industrial Bank Vice General Manager of Hui Hong Consulting Corporation Vice General Manager of WT Microelectronics Co., Ltd. Supervisor of WT Microelectronics Co., Ltd. Representative of the institutional director of Techmosa International Inc. | Director of T-Flex Techvest PCB Co., Ltd. Director of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Director of CATAAC Electronic (Zhongshan) Co., Ltd. Director of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Director of T-Mac Techvest (Wuxi) PCB Co., Ltd. Director of Chi Yao Limited | — | — | — |
| Head of the Manufacturing Department | R.O.C. | Kao, Mao-Sheng | Male | January 1, 2012 | 250 | 0.001 | — | — | — | — | Department of Chemical Engineering, Tunghai University Section Head of Engineering of Unitech Printed Circuit Board Corporation | Supervisor of Chi Chau Printed Circuit Board (Suining) Co., Ltd. Supervisor of Sin Siang (Xiamen) Technology Co., Ltd. Supervisor of Sinact Electronics Co., Ltd. Supervisor of Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. Supervisor of CATAAC Electronic (Zhongshan) Co., Ltd. | — | — | — |
| Head of the Management Department | R.O.C. | Chiang, Chih-Cheng | Male | October 1, 2014 | 270,560 | 0.10 | — | — | — | — | Specialized Course, Financial Administration School of the Armed Forces Factory Head of Huagu Enterprise | — | — | — | — |
| Head of Audit | R.O.C. | Yu, Ying-Li | Female | August 9, 2013 | 69,440 | 0.03 | — | — | — | — | Department of Business Administration, Chihlee University of Technology | — | — | — | — |

III .Remuneration for Directors, General Manager, and Vice General Manager
(I) Remuneration for the Director and Independent Director

Unit: NTD 000's ; %

| Position | Name | Remuneration for directors | | | | | | | | Total and Ratio of the sum of A, B, C, and D to after-tax net profit (Note 9) | | Related remuneration to those who are also employees | | | | | | | | Total and Ratio of the sum of A, B, C, D, E, F, and G to after-tax earnings (Note 9) | | Claim of remuneration from re-invested businesses other than subsidiaries (Note 10) |
|----------------------|---|----------------------------|--------------------|---------------------------------|--------------------|---|--------------------|--------------------------------------|--------------------|---|--------------------|--|--------------------|---------------------------------|--------------------|---|-------------|--------------------|-------------|--|--------------------|---|
| | | Reward (A) (Note 1) | | Retirement and pension fund (B) | | Remuneration for directors (C) (Note 2) | | Operational expenditure (D) (Note 3) | | | | Salary, bonus, and special expenditure (E) (Note 4) | | Retirement and pension fund (F) | | Remuneration for employees (G) (Note 5) | | | | | | |
| | | The Company | The Group (Note 6) | The Company | The Group (Note 6) | The Company | The Group (Note 6) | The Company | The Group (Note 6) | The Company | The Group (Note 6) | The Company | The Group (Note 6) | The Company | The Group (Note 6) | The Company | | The Group (Note 6) | | The Company | The Group (Note 6) | |
| | | | | | | | | | | | | | | | | Cash value | Stock value | Cash value | Stock value | | | |
| Chairman | Hsu, Cheng-Min | — | — | — | — | 19,876 | 19,876 | 110 | 153 | 19,986 /0.88 | 20,029 /0.89 | 69,758 | 73,365 | — | — | 62,473 | — | 67,344 | — | 152,217 /6.74 | 160,738 /7.12 | — |
| Director | Lee, Ming-Hsi | — | — | — | — | 56,475 | 56,475 | 1,128 | 1,225 | 57,603 /2.55 | 57,700 /2.55 | 52,833 | 54,297 | 203 | 239 | 70,000 | — | 70,000 | — | 180,639 /8.00 | 182,236 /8.07 | — |
| Director | Chen, Chih-Hung | | | | | | | | | | | | | | | | | | | | | |
| Director | Chiang, Rong-Kuo | | | | | | | | | | | | | | | | | | | | | |
| Director | Hsu, Ming-Chieh | | | | | | | | | | | | | | | | | | | | | |
| Director | Hsu, Ming-Hung | | | | | | | | | | | | | | | | | | | | | |
| Director | Lin, Chen-Min | | | | | | | | | | | | | | | | | | | | | |
| Director | Lan, Iing-ling | | | | | | | | | | | | | | | | | | | | | |
| Director | Lee, Jen-Shin | | | | | | | | | | | | | | | | | | | | | |
| Director | Hou, Shang-Wen | | | | | | | | | | | | | | | | | | | | | |
| Director | Hocheng Corporation Representative: Chiu, Chi-Hsin | | | | | | | | | | | | | | | | | | | | | |
| Director | YADA Investment Ltd. Representative: Chiu, Ting-Wen | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Huang, Leei-May | — | — | — | — | 15,403 | 15,624 | 403 | 512 | 15,806 /0.70 | 16,136 /0.71 | — | — | — | — | — | — | — | — | 15,806 /0.70 | 16,136 /0.71 | — |
| Independent Director | Huang, Kuan-Mo | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Hsiao, Shyh-Chyi | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Lin, Chiu-Lien | | | | | | | | | | | | | | | | | | | | | |

1. The compensation paid to the directors follows the requirements of the Director Compensation and Remuneration Distribution Guidelines. In cases of earnings, it is to be set aside as required by the Articles of Incorporation and reviewed by the Compensation and Remuneration Committee and approved by the Board of Directors before it is brought forth during the shareholders meeting.
2. Except as disclosed in the table above, did the Directors of the Company provide services to all companies in the financial statement for the most recent year: None.

| Bracket by which remuneration is paid to individual directors of the Company | Name of Directors | | | |
|--|---|---|---|---|
| | Sum of the first four types of remunerations (A+B+C+D) | | Sum of the first seven types of remunerations (A+B+C+D+E+F+G) | |
| | The Company (Note 7) | The Group (Note 8) (H) | The Company (Note 7) | The Group (Note 8) (I) |
| \$2,000,000 (inclusive) ~ \$3,500,000 (exclusive) | Huang, Kuan-Mo Lin, Chiu-Lien | Huang, Kuan-Mo Lin, Chiu-Lien | Huang, Kuan-Mo Lin, Chiu-Lien | Huang, Kuan-Mo Lin, Chiu-Lien |
| \$3,500,000 (inclusive) ~ \$5,000,000 (exclusive) | — | — | — | — |
| \$5,000,000 (inclusive) ~ \$10,000,000 (exclusive) | Lee, Ming-Hsi Chen, Chih-Hung Lin, Chen-Min Chiang, Rong-Kuo Hsu, Ming-Chieh Hsu, Ming-Hung Lan, Iing-Iing Lee, Jen-Shin Hou, Shang-Wen Hocheng Corporation YADA Investment Ltd. Huang, Leei-May Hsiao, Shyh-Chyi | Lee, Ming-Hsi Chen, Chih-Hung Lin, Chen-Min Chiang, Rong-Kuo Hsu, Ming-Chieh Hsu, Ming-Hung Lan, Iing-Iing Lee, Jen-Shin Hou, Shang-Wen Hocheng Corporation YADA Investment Ltd. Huang, Leei-May Hsiao, Shyh-Chyi | Chen, Chih-Hung Lin, Chen-Min Chiang, Rong-Kuo Lan, Iing-Iing Lee, Jen-Shin Hou, Shang-Wen Hocheng Corporation YADA Investment Ltd. Huang, Leei-May Hsiao, Shyh-Chyi | Chen, Chih-Hung Lin, Chen-Min Chiang, Rong-Kuo Lan, Iing-Iing Lee, Jen-Shin Hou, Shang-Wen Hocheng Corporation YADA Investment Ltd. Huang, Leei-May Hsiao, Shyh-Chyi |
| \$10,000,000 (inclusive) ~ \$15,000,000 (exclusive) | — | — | — | — |
| \$15,000,000 (inclusive) ~ \$30,000,000 (exclusive) | Hsu, Cheng-Min | Hsu, Cheng-Min | — | — |
| \$30,000,000 (inclusive) ~ \$50,000,000 (exclusive) | — | — | Hsu, Ming-Chieh Hsu, Ming-Hung | Hsu, Ming-Chieh Hsu, Ming-Hung |
| \$50,000,000 (inclusive) ~ \$100,000,000 (exclusive) | — | — | Lee, Ming-Hsi | Lee, Ming-Hsi |
| \$100,000,000 and above | — | — | Hsu, Cheng-Min | Hsu, Cheng-Min |
| Total | 16 | 16 | 16 | 16 |

- Note 1: Remuneration to directors for the past year (including salaries for directors, differential pays, severance pays, various types of bonuses, and rewards, etc.)
- Note 2: The remuneration to directors approved by the Board of Directors and distributed in the past year.
- Note 3: Related operational expenditure incurred by directors in the most recent year (including transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in-kind)
- Note 4: The salaries for directors, differential pays, severance pays, various types of bonuses, rewards, transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind, among others to directors who are also employees in the most recent year (including the General Manager, Vice General Managers, other managerial officers, and employees).
- Note 5: For directors who were also employees in the past year (including the General Manager, Vice General Managers, other managerial officers, and employees) and received the remuneration to employees (including stock and cash), it is the amount of remuneration approved by the Board of Directors and distributed in the past year.
- Note 6: The total value of various types of remunerations paid to the Company's directors by all companies (including the Company) in the consolidated statement.
- Note 7: The total value of various remunerations paid to each director by the Company; disclose the name of the director in the respective bracket.
- Note 8: The total value of various types of remunerations paid to each of the Company's directors by all companies (including the Company) in the consolidated statement; disclose the name of the director in the respective bracket.
- Note 9: After-tax net profit refers to that shown in the individual financial statement of the past year.
- Note 10: a. The value of related remunerations from re-invested businesses other than the subsidiaries that the Company's directors received.
- b. If the Company's directors received related remunerations from re-invested businesses other than the subsidiaries, such remunerations shall be consolidated in Field J of the bracket table.
- c. Remuneration is the compensation, rewards, employee remuneration, and payments from performing tasks received by the Company's directors for serving as director, supervisor, or managerial officer in a re-invested business other than the subsidiaries.

(II) Remuneration for the General Manager and Vice General Managers

Unit: NTD 000's ; %

| Job Title (Note 10) | Name | Salary (A) (Note 1) | | Retirement and pension fund (B) | | Prize and special expenditure (C) (Note 2) | | Employee remuneration (D)(Note 3) | | | | Total and Ratio of the sum of A, B, C, and D to after-tax earnings (%) (Note 6) | | Claim of remuneration from re-invested businesses other than subsidiaries (Note 7) |
|-------------------------|-----------------|---------------------|--------------------|---------------------------------|--------------------|--|--------------------|-----------------------------------|-------------|--------------------|-------------|---|--------------------|--|
| | | The Company | The Group (Note 4) | The Company | The Group (Note 4) | The Company | The Group (Note 4) | The Company | | The Group (Note 4) | | The Company | The Group (Note 4) | |
| | | | | | | | | Cash value | Stock value | Cash value | Stock value | | | |
| Chief Executive Officer | Hsu, Cheng-Min | 19,492 | 23,821 | 859 | 859 | 152,682 | 152,692 | 178,473 | — | 183,344 | — | 351,506 /15.56 | 360,716 /15.97 | — |
| General Manager | Lee, Ming-Hsi | | | | | | | | | | | | | |
| General Manager | Lin, Ching-Yao | | | | | | | | | | | | | |
| General Manager | Danny, Lin | | | | | | | | | | | | | |
| Vice General Manager | Chen, Shih-Shin | | | | | | | | | | | | | |
| Vice General Manager | Song, Pei-Yi | | | | | | | | | | | | | |
| Vice General Manager | George, Chao | | | | | | | | | | | | | |
| Vice General Manager | Jackson, Chen | | | | | | | | | | | | | |
| Vice General Manager | Hu, Hsiu-Hsing | | | | | | | | | | | | | |

| Bracket by which remuneration is paid to individual General Manager and Vice General Managers of the Company | Name of General Manager and Vice General Managers | |
|--|---|---|
| | The Company (Note 5) | The Group(E) (Note 5) |
| \$10,000,000 (inclusive) ~ \$15,000,000 (exclusive) | Chen, Shih-Shin | Chen, Shih-Shin |
| \$15,000,000 (inclusive) ~ \$30,000,000 (exclusive) | Song, Pei-Yi George, Chao Jackson, Chen Hu, Hsiu-Hsing | Song, Pei-Yi George, Chao Jackson, Chen Hu, Hsiu-Hsing |
| \$30,000,000 (inclusive) ~ \$50,000,000 (exclusive) | Lin, Ching-Yao Danny, Lin | Lin, Ching-Yao Danny, Lin |
| \$50,000,000 (inclusive) ~ \$100,000,000 (exclusive) | Lee, Ming-Hsi | Lee, Ming-Hsi |
| \$100,000,000 and above | Hsu, Cheng-Min | Hsu, Cheng-Min |
| Total | 9 | 9 |

Note 1: The salaries, differential pays, and severance pays of the General Manager and Vice General Managers in the past year.

Note 2: The various types of bonuses, rewards, transportation, special expenditure, various allowances, dormitory, and company cars, among other supplies in kind paid to the General Manager and Vice General Managers in the past year and other remunerations.

Note 3: The remuneration to the General Manager and Vice General Managers approved by the Board of Directors and distributed in the past year (including stock and cash).

Note 4: The total value of various types of remunerations paid to the Company's General Manager and Vice General Managers by all companies (including the Company) in the consolidated statement.

Note 5: Total value of various remunerations paid to each General Manager and Vice General Manager by the Company; disclose the name of the General Manager and Vice General Managers in the respective bracket.

Note 6: The total value of various types of remunerations paid to each of the Company's president and vice president by all companies (including the Company) in the consolidated statement; disclose the name of the president and vice president in the respective bracket.

Note 7: After-tax hand net profit refers to that shown in the individual financial statement of the past year.

Note 8: a. The value of related remunerations from re-invested businesses other than the subsidiaries that the Company's General Manager and Vice General Managers.

b. If the Company's General Manager and Vice General Managers received related remunerations from re-invested businesses other than the subsidiaries, such remunerations shall be consolidated in Field E of the bracket table.

c. Remuneration is the compensation, rewards, employee remunerations, and payments from performing tasks received by the Company's General Manager and Vice General Managers for serving as directors, supervisors, or managerial officers in a re-invested business other than the subsidiaries.

(III) Names of managerial officers assigned with employee remuneration and the distribution

Unit: NTD 000's; %

| | Job Title | Name | Stock value | Cash value | Total | Ratio of sum to after-tax net profit |
|---------|---|--------------------|-------------|------------|---------|--------------------------------------|
| Manager | Chief Executive Officer | Hsu, Cheng-Min | — | 189,973 | 189,973 | 8.41 |
| | General Manager | Lee, Ming-Hsi | | | | |
| | General Manager | Lin, Ching-Yao | | | | |
| | General Manager | Danny, Lin | | | | |
| | Vice General Manager | Chen, Shih-Shin | | | | |
| | Vice General Manager | Song, Pei-Yi | | | | |
| | Vice General Manager | George, Chao | | | | |
| | Vice General Manager | Jackson, Chen | | | | |
| | Vice General Manager | Hu, Hsiu-Hsing | | | | |
| | Manager of the Manufacturing Department | Kao, Mao-Sheng | | | | |
| | Manager of the Finance Department | Lin, Chen-Min | | | | |
| | Manager of the Management Department | Chiang, Chih-Cheng | | | | |

Note 1: Employee remuneration (including stock bonus and cash bonus) distributed to managerial officers through the Board of Directors in the past year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax net profit refers to that shown in the individual financial statement of the past year.

Note 2: The scope of application for managerial officers is based on the Taiwan Finance Certificate III No. 0920001301 letter dated March 27, 2003. It is as follows:

- (1) General Manager and equivalent;
- (2) Vice General Manager and equivalent;
- (3) Assistant Vice General Manager and equivalent;
- (4) Head of Finance;
- (5) Head of Accounting;
- (6) Other people taking care of the management and with the right to give a signature.

3. Analysis of ratios of total remunerations paid to Directors, the General Manager, and the Vice General Managers of the Company for the past two years to the after-tax net profit and information on the policy, criteria, and combination of remunerations paid, the procedure to define the remuneration, and the correlation with business performance

(1) Analysis of ratios of total remunerations paid to directors, the General Manager, and the Vice General Managers of the Company for the past two years to the after-tax net profit

| Payee \ Year | 2021 | | 2020 | |
|---|-------------|-----------|-------------|-----------|
| | The Company | The Group | The Company | The Group |
| Director (Including Independent Director) | 15.44 | 15.90 | 14.28 | 14.53 |
| General Manager and Vice General Manager | 15.56 | 15.97 | 14.61 | 14.94 |

(2) Correlation between the remuneration payment policy, criteria, and combination, remuneration establishment procedures and management efficacy

The remuneration to directors of the Company is appropriated as required by Article 32 of the Company's Articles of Incorporation. For the pre-tax net profit before the remuneration for directors and that for employees are subtracted from the annual profit of the Company, no more than 3% shall be set aside as the remuneration for directors. The distribution of remuneration for directors is based on the Director Compensation and Remuneration Distribution Guidelines. Distribution may only take place after it is approved by the Board of Directors and the Compensation and Remuneration Committee and it shall be presented during the shareholders meeting. The procedure for deciding the remuneration to directors is based on the Company's Board of Directors Performance Evaluation Guidelines. After a year is completed, the unit in charge of arranging meetings under the Board of Directors shall evaluate the performance of each Board member according to the Board of Directors Performance Evaluation Form and the Board Member Evaluation Form. Those with a mean total score above 80% are assigned with the remuneration for directors as required by the Company's Articles of Incorporation. For those falling short of the criterion, the remuneration will be pro-rated after it has been submitted by the Compensation and Remuneration Committee to and reviewed by the Board of Directors. Meeting the criterion or not, individual Board members shall be evaluated by the Compensation and Remuneration Committee and their personal remuneration ratio will be adjusted according to the Board Member Self Evaluation Questionnaire. Salaries for the General Manager and the Vice General Managers consist of the basic salary, differential pays reflective of seniority and position and also function. Education, experience, performance, and seniority are considered and the industrial standards and the Guidelines for Payment Criteria, Year-end Bonus for Managerial Officers and Compensation for Employees are referred to. They are paid monthly. The Compensation and Remuneration Committee shall evaluate the payment criteria and year-end bonus for managerial officers and

compensation for employees and provide advice for approval by the Board of Directors. Performance rating for the compensation and remuneration of directors and managerial officers and its legitimacy are both subject to review by the Compensation and Remuneration Committee and the Board of Directors and the remuneration system may be adequately reflected upon reflective of the actual operational condition and applicable laws and regulations to reach a balance between sustainable corporate management and risk control.

IV. Implementation of Corporate Governance

(I) Operational Status of the Board of Directors

Seating and attendance of directors in the 13 meetings of the Board of Directors in the past year up to the date the Annual Report was printed are as follows:

| Job Title | Name | Attendance in person | Attendance through proxy | Ratio of attendance in person | Remarks |
|----------------------|---|----------------------|--------------------------|-------------------------------|---------|
| Chairman | Hsu, Cheng-Min | 13 | 0 | 100.00 | — |
| Director | Lee, Ming-Hsi | 13 | 0 | 100.00 | — |
| Director | Chen, Chih-Hung | 11 | 2 | 84.62 | — |
| Director | Lin, Chen-Min | 12 | 1 | 92.31 | — |
| Director | Chiang, Rong-Kuo | 13 | 0 | 100.00 | — |
| Director | Hsu, Ming-Chieh | 13 | 0 | 100.00 | — |
| Director | Hsu, Ming-Hung | 13 | 0 | 100.00 | — |
| Director | Lan, Ing-Ing | 13 | 0 | 100.00 | — |
| Director | Lee, Jen-Shin | 13 | 0 | 100.00 | — |
| Director | Hou, Shang-Wen | 8 | 5 | 61.54 | — |
| Director | Hocheng Corporation Representative: Chiu, Chi-Hsin | 13 | 0 | 100.00 | — |
| Director | YADA Investment Ltd. Representative: Chiu, Ting-Wen | 13 | 0 | 100.00 | — |
| Independent Director | Huang, Leei-May | 13 | 0 | 100.00 | — |
| Independent Director | Huang, Kuan-Mo | 5 | 0 | 100.00 | Note |
| Independent Director | Hsiao, Shyh-Chyi | 13 | 0 | 100.00 | — |
| Independent Director | Lin, Chiu-Lien | 8 | 0 | 100.00 | Note |

Note : Re-election on July 1, 2021, Mr. HUANG, KUAN-MO stepped down and Ms. LIN, CHIU-LIEN was newly elected.

Other details to be documented:

1. Matters listed in Article 14-3 of the Securities and Exchange Act: Pages 75 through 80.
2. Besides the foregoing, other resolutions reached in Board of Directors' meetings objected to or with reservations expressed by independent directors that are recorded or documented in written statements: None.
3. Recusal of directors/independent directors upon conflicts of interest in proposals being discussed:
 - (1) Twenty-fourth meeting of the 9th Session of the Board of Directors on January 7, 2021
Proposal: Expected release criteria for the 2020 year-end bonus for Managerial Officers.
Directors who recused themselves from the discussion and voting: Hsu, Cheng-Min, Lee, Ming-Hsi, Lin, Chen-Min, Hsu, Ming-Chieh, and Hsu, Ming-Hung.
Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Acting Chairman after consultation with the other directors present, except for five directors, namely, Hsu, Cheng-Min, Lee, Ming-Hsi, Lin, Chen-Min, Hsu, Ming-Chieh, and Hsu, Ming-Hung, who recused themselves and did not participate in the voting.
 - (2) Twenty-sixth meeting of the 9th Session of the Board of Directors on May 11, 2021
Proposal: Distribution of the remuneration to employees for 2020.
Directors who recused themselves from the discussion and voting: Hsu, Cheng-Min, Lee, Ming-Hsi, Hsu, Ming-Chieh, and Hsu, Ming-Hung.
Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Acting Chairman after consultation with the other directors present, except for four directors, namely, Hsu, Cheng-Min, Lee, Ming-Hsi, Hsu, Ming-Chieh, and Hsu, Ming-Hung, who recused themselves and did not participate in the voting.
 - (3) Twenty-sixth meeting of the 9th Session of the Board of Directors on May 11, 2021
Proposal: Review of the subscription of treasury stocks by Managerial Officers in the sixth buyback.
Directors who recused themselves from the discussion and voting: Lee, Ming-Hsi.
Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Chairman after consultation with the other directors present, except for Director Lee, Ming-Hsi, who recused himself and did not participate in the voting.
 - (4) First meeting of the 10th Session of the Board of Directors on July 1, 2021
Proposal: Election and appointment of the 5th Compensation and Remuneration Committee.
Directors who recused themselves from the discussion and voting: Huang,

Leei-May, Hsiao, Shyh-Chyi and Lin, Chiu-Lien.

Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Chairman after consultation with the other directors present, except for three directors, namely, Huang, Leei-May, Hsiao, Shyh-Chyi and Lin, Chiu-Lien, who recused themselves and did not participate in the voting.

(5) First meeting of the 10th Session of the Board of Directors on July 1, 2021

Proposal: Election and appointment of the 2nd Audit Committee.

Directors who recused themselves from the discussion and voting: Huang, Leei-May, Hsiao, Shyh-Chyi and Lin, Chiu-Lien.

Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Chairman after consultation with the other directors present, except for three directors, namely, Huang, Leei-May, Hsiao, Shyh-Chyi and Lin, Chiu-Lien, who recused themselves and did not participate in the voting.

(6) Fifth meeting of the 10th Session of the Board of Directors on December 29, 2021

Proposal: 2021 Managerial Officer's Year-End Bonus Payment Criteria.

Directors who recused themselves from the discussion and voting: Hsu, Cheng-Min, Lee, Ming-Hsi, Hsu, Ming-Chieh and Hsu, Ming-Hung.

Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Acting Chairman after consultation with the other directors present, except for four directors, namely, Hsu, Cheng-Min, Lee, Ming-Hsi, Hsu, Ming-Chieh and Hsu, Ming-Hung, who recused themselves and did not participate in the voting.

(7) Fifth Meeting of the 10th Session of the Board of Directors on December 29, 2021

Proposal: Review of the Subscription of Treasury Stocks by Managerial Officers in the Sixth Buyback.

Directors who recused themselves from the discussion and voting: Lee, Ming-Hsi.

Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Chairman after consultation with the other directors present, except for Director Lee, Ming-Hsi, who recused himself and did not participate in the voting.

(8) Sixth Meeting of the 10th Session of the Board of Directors on March 18, 2022

Proposal: Lifting of the Non-Competition Restriction on Directors.

Directors who recused themselves from the discussion and voting: Hsu, Cheng-Min, Hsu, Ming-Chieh, and Hsu, Ming-Hung.

Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Acting Chairman after consultation with the other directors present, except for three directors, namely, Hsu, Cheng-Min, Hsu, Ming-Chieh and Hsu, Ming-Hung, who recused themselves and did not participate in the voting.

(9) Sixth Meeting of the 10th Session of the Board of Directors on March 18, 2022

Proposal: Lifting of the Non-Competition Restriction on Managerial Officers.

Directors who recused themselves from the discussion and voting: Hsu, Cheng-Min, Hsu, Ming-Chieh, and Hsu, Ming-Hung.

Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Acting Chairman after consultation with the other directors present, except for three directors, namely, Hsu, Cheng-Min, Hsu, Ming-Chieh and Hsu, Ming-Hung, who recused themselves and did not participate in the voting.

(10) Eighth Meeting of the 10th Session of the Board of Directors on May 6, 2022

Proposal: 2021 Employee Remuneration Distribution Plan.

Directors who recused themselves from the discussion and voting: Hsu, Cheng-Min, Lee, Ming-Hsi, Hsu, Ming-Chieh and Hsu, Ming-Hung.

Reasons for recusal and participation in voting: Following Article 206 of the Company Act, the resolution was approved unanimously by the Acting Chairman after consultation with the other directors present, except for four directors, namely, Hsu, Cheng-Min, Lee, Ming-Hsi, Hsu, Ming-Chieh and Hsu, Ming-Hung, who recused themselves and did not participate in the voting.

4. Board of Directors' evaluation

| Evaluation cycle | Evaluated period | Scope of evaluation | Evaluation method | Highlights of evaluation |
|------------------|-------------------------------------|---|---|--|
| Once a year | January 1, 2021 ~ December 31, 2021 | Board of Directors Performance Evaluation | The internal assessment "Board of Directors Self Evaluation Form" of the Board of Directors | Refer to the 2021 Board of Directors Performance Self Evaluation Questionnaire on Pages 37 through 39. |

5. Goals to reinforce the functionality of the Board of Directors and their implementation evaluation in the past year:

| TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. 2021 Board of Directors Performance Self Evaluation Questionnaire | | | |
|--|---|--------|---------|
| Item | | Result | Remarks |
| A. | Involvement in Corporate Operation | | |
| 1. | Mean ratio of attendance (being seated) in person (excluding attendance through a proxy) of all directors (4 points for 90% and above, 3 points for 80~89%, 2 points for 70~79%, and 1 point for less than 70%) | 4 | — |
| 2. | Directors' attendance in shareholders meetings (4 points for 60% and above, 3 points for 50~59%, 2 points for 40~49%, and 1 point for less than 40%) | 4 | — |

| TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. 2021 Board of Directors Performance Self Evaluation Questionnaire | | | |
|--|---|--------|---------|
| Item | | Result | Remarks |
| 3. | The Board of Directors and the management are interacting with each other optimally. | 4 | — |
| 4. | The Board of Directors continues to promote and define applicable guidelines for corporate governance, support the Company to take part in corporate evaluations, and sufficiently protect shareholders' equity, among others, for enhanced corporate governance. | 3 | — |
| 5. | The Board of Directors can precisely evaluate and monitor various existing or potential risks and discusses the implementation of the internal control system and follow up on the status. | 3 | — |
| B. | Improved Decision-Making Quality of the Board of Directors | | |
| 6. | The Company adequately discusses and defines strategies and plans and the annual budget procedure. | 3 | — |
| 7. | The Board of Directors meets at an adequate frequency (4 points for more than 6 times, 3 points for 6 times, 2 points for 5 times, and 1 point for less than 5 times) | 4 | — |
| 8. | What is discussed as well as qualified opinions or concerns of individuals or groups are adequately recorded in the meeting minutes of the Board of Directors. | 4 | — |
| 9. | In the agenda arranged by the Board of Directors, each proposal is given adequate time to be sufficiently discussed by the directors. | 3 | — |
| 10. | For matters that shall be brought forth for discussion as required by law, the meeting is attended by all independent directors. | 4 | — |
| 11. | Respective resolutions reached in the Board meeting are adequately followed up later. | 3 | — |
| C. | Composition and Structure of Board of Directors | | |
| 12. | Independent directors of the Company shall have expected expertise and shall remain independent throughout their tenure. | 3 | — |
| 13. | The Board of Directors has adequate functional committees in place. | 3 | — |
| 14. | Each of the existing functional committees is capable of fulfilling duties assigned by the Board of Directors. | 3 | — |
| 15. | The Company prepares and enforces the policy to diversify the Board of Directors' membership as needed for the development of the Company. | 3 | — |
| 16. | The Board of Directors is adequately composed and possesses the expertise needed for decision-making. | 3 | — |
| D. | Election of Directors and Continuing Education for Them | | |
| 17. | The Company has a rigid and transparent procedure for electing directors in place. | 3 | — |

| TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. 2021 Board of Directors Performance Self Evaluation Questionnaire | | | |
|--|---|--------|---------|
| Item | | Result | Remarks |
| 18. | For the procedure to elect members of the Board of Directors, to meet the actual demand of the Company, the respective skills, knowledge, and scope of experience of each member is fully considered. For independent directors who have served three terms in a row, compromised independence shall be considered. | 3 | — |
| 19. | The Board of Directors provides new directors with an adequate pre-service briefing so that they know their duties and get familiar with the Company's operation and environment. | 4 | — |
| 20. | Directors have attended diversified courses besides their professional capabilities, with adequate hours completed on continuing education each year. (4 points for more than 6 hours, 3 points for 6 hours, 2 points for 3 hours, and 1 point for less than 3 hours) | 3 | — |
| E. | Internal Control | | |
| 21. | The Board of Directors precisely includes management risk assessment and control as part of its corporate decision-making process. | 3 | — |
| 22. | The Board of Directors can effectively evaluate and monitor each internal control system and the effectiveness of risk management. | 3 | — |
| 23. | Internal control systems approved by the Board of Directors need to include five major elements/principles and cover the control of overall business activities and transactional cycles. | 3 | — |
| 24. | The Company's Head of Audit/Chief Auditor is seated in the Board Meeting and presents the internal audit report and delivers the audit report (and the follow-up report) to or notify the Audit Committee and independent directors of the said report as required. | 3 | — |
| 25. | Board directors understand and monitor the Company's accounting system, financial standing, and financial statements, audit report, and follow-up. | 4 | — |
| Total | | 83 | |

(II) Operation of the Audit Committee

Seating of members in the 10 meetings held by the Audit Committee in the past year up to the date the Annual Report was printed is as follows:

| Job Title | Name | Attendance in person | Attendance through proxy | Ratio of attendance in person | Remarks |
|-----------|-----------------|----------------------|--------------------------|-------------------------------|---------|
| Convener | Huang, Leei-May | 10 | 0 | 100.00 | — |
| Member | Huang, Kuan-Mo | 4 | 0 | 100.00 | Note |

| Job Title | Name | Attendance in person | Attendance through proxy | Ratio of attendance in person | Remarks |
|-----------|------------------|----------------------|--------------------------|-------------------------------|---------|
| Member | Hsiao, Shyh-Chyi | 10 | 0 | 100.00 | — |
| Member | Lin, Chiu-Lien | 6 | 0 | 100.00 | Note |

Note : Re-election on July 1, 2021, Mr. HUANG, KUAN-MO stepped down and Ms. LIN, CHIU-LIEN was newly elected.

Other details to be documented:

1. Matters listed in Article 14-5 of the Securities and Exchange Act: Refer to Pages 41 through 44 for details.
2. Besides those mentioned in the foregoing, other resolutions with approval by two-thirds and more of all directors despite the failure to be approved by the Audit Committee: None.
3. Recusal of independent directors upon conflicts of interest in proposals being discussed: This did not happen.
4. The Company's Audit Committee of the First Session was established on June 8, 2018 to replace the function of existing supervisors. The three independent directors are the natural members of the Committee and Ms. Huang, Leei-May was elected to be the convener and chairperson of its meetings.
5. The Company's Board of Directors approved on March 16, 2018 the Organic Rules of the Audit Committee to be followed. The Audit Committee shall, as defined in the Organic Rules, aim primarily to supervise adequate expressions in the Company's financial statements, the selection (dismissal) of CPAs and their independence and performance, effective implementation of internal control, compliance with applicable laws and regulations, control with existing or potential risks.

The Company's Audit Committee met a total of 10 times in the past year up to the Date the Annual Report was printed primarily to deliberate on:

- (1) Audit of financial statements
- (2) Internal control system and related policies and procedures
- (3) Major asset transactions

6. Important decisions of the Audit Committee:

| Date | Meeting Session | Summary of Contents | Opinions from audit members and how the Company addresses them | Matters specified under Article 14-5 of the Securities and Exchange Act |
|-----------------|--|---|--|---|
| January 7, 2021 | 1 st Session 19 th meeting | 1. Review of revision to some provisions of the Board of Directors Performance Evaluation Guidelines | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 2. Review of revision to some provisions of the Regulations Governing Proxy at Work | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| March 16, 2021 | 1 st Session 20 th meeting | 1. Review of the Company's 2020 Financial Statements and Business Report | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 2. Review of how the remuneration for employees and that for directors are distributed for 2020 | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| | | 3. Review of the 2020 Internal Control System Declaration | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 4. Review of revision to some provisions of the Company's Operational Procedures and Behavioral Guide of Ethical Corporate Management Best Practice, Corporate Social Responsibility Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Ethical Code of Conduct | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 5. Review of revision to some provisions of the Company's Guidelines for the Management of Seals and Licenses | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |

| Date | Meeting Session | Summary of Contents | Opinions from audit members and how the Company addresses them | Matters specified under Article 14-5 of the Securities and Exchange Act |
|----------------|--|--|---|---|
| March 16, 2021 | 1 st Session 20 th meeting | 6. Review of revision to the Company's internal control system and enforcement rules of internal audits for the short-term borrowing procedure, mid-to-long-term borrowing procedure, and hiring procedure | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 7. Review of change in the Company's heads of finance and accounting | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| April 20, 2021 | 1 st Session 21 st meeting | 1. Review of the distribution of earnings for 2020. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| May 11, 2021 | 1 st Session 22 nd meeting | 1. Review of the Company's Consolidated Financial Statement for the first quarter of 2021. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| | | 2. Review of borrowings of Chi Chau Printed Circuit Board (Suining) Co., Ltd. from CATAC Electronic (Zhongshan) Co., Ltd. for purpose of financing. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 3. Review of capital reduction in cash of Chi Chau International Co., Ltd. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 4. Review of the distribution of earnings of Chi Chau International Co., Ltd. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| July 1, 2021 | 2 nd Session 1 st meeting | 1. To elect the convener of the second Audit Committee. | With no dissenting vote, all members of the Committee approved to nominate Huang, Leei-May as the convener and Chairperson of this Committee. | No |

| Date | Meeting Session | Summary of Contents | Opinions from audit members and how the Company addresses them | Matters specified under Article 14-5 of the Securities and Exchange Act |
|-------------------|---|---|--|---|
| July 1, 2021 | 2 nd Session 1 st meeting | 2. Review participating in the first 2021 cash capital increase of tgt Techvest Co. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| August 10, 2021 | 2 nd Session 2 nd meeting | 1. Review of the Company's Consolidated Financial Statement for the second quarter of 2021. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| | | 2. Review of borrowings of Chi Chau Printed Circuit Board (Suining) Co., Ltd. from CATAC Electronic (Zhongshan) Co., Ltd. for purpose of financing. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| November 11, 2021 | 2 nd Session 3 rd meeting | 1. Review of the Company's Consolidated Financial Statement for the third quarter of 2021. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| | | 2. Review the proposal to write off Sinact (Hong Kong) International Co., Ltd. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 3. Review of the 2022 Audit Plan. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| March 18, 2022 | 2 nd Session 4 th meeting | 1. Review of the remuneration for employees and that for directors are distributed for 2021 | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| | | 2. Review of the Company's 2021 Financial Statements and Business Report | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 3. Review of borrowings of T-Mac Techvest (Wuxi) PCB Co., Ltd. from Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. for purpose of financing. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |

| Date | Meeting Session | Summary of Contents | Opinions from audit members and how the Company addresses them | Matters specified under Article 14-5 of the Securities and Exchange Act |
|----------------|--|--|--|---|
| March 18, 2022 | 2 nd Session 4 th meeting | 4. Review of the 2021 Internal Control System Declaration | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 5. Review of amendments to some provisions of the "Company's Articles of Incorporation". | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 6. Review of some amendments to the Company's "Procedures for Acquisition or Disposal of Assets" of the Company. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 7. Review of lifting the non-competition restriction on Directors. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| | | 8. Review of lifting the non-competition restriction on Managerial Officers. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| April 25, 2022 | 2 nd Session 5 th meeting | 1. The Company's 2021 disposition of net earnings and distribution of cash dividends from the capital reserve. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| | | 2. Amendments to some provisions of the "Rules of Procedure for the Shareholders Meeting" of the Company. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |
| | | 3. The Company's investment in private equity funds. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | Yes |
| May 6, 2022 | 2 nd Session 6 th meeting | 1. Review of the Company's Consolidated Financial Statement for the first quarter of 2022. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. | No |

7. Communication between independent directors and internal audit heads and CPAs:

- (1) The head of internal audit, after the audit report and the follow-up report have been submitted for approval, delivers them to each independent director by the end of the month following completion of the audits for the latter's review. If independent directors need further information about how the audit is implemented and the follow-up outcome, they may contact the head of the audit at any time. The head of internal audit is also seated in the Board of Directors' meeting to report the audit operation and answer questions and take part in discussions.
- (2) The independent directors communicated with the head of the audit regarding the implementation status of the audit plan for each quarter of 2021 and some of the implementation details on May 11, 2021, August 10, 2021, November 11, 2021, and March 18, 2022, respectively. While performing the audits in 2021, the audit unit did not find major anomalies or violations and matters that should be reported to the independent directors immediately.
- (3) The independent directors communicated and discussed the update of important laws and regulations (including the TIFRS) and key matters being inspected with the CPA(s) on March 10, 2022.

(III) Corporate Governance Implementation Status and Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons:

| Evaluation item | Operation | | | Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|--|-----------|----|--|---|
| | Yes | No | Summary | |
| I. Does the Company establish and disclose its corporate governance principles following the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies? | ✓ | | The Company has established the Corporate Governance Best Practice Principles to govern the protection of shareholder equity, reinforcement of the Board of Directors' function, respect of the rights of the stakeholders, and improvement of information transparency. For the Company's Corporate Governance Best Practice Principles, visit the Company's website. | No difference |

| Evaluation item | Operation | | | Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|--|-----------|----|---|---|
| | Yes | No | Summary | |
| <p>III. Composition and Responsibilities of the Board of Directors</p> <p>1. Has the Board of Directors developed and implemented a diversification policy for the composition of its members?</p> | ✓ | | <p>1. The diversification policy is defined under Chapter 3 “Reinforced Function of Board of Directors” of the Company’s Corporate Governance Best Practice Principles. The nomination of the Board of Directors members and their screening is based on the requirements of the Company’s Articles of Incorporation. The candidate nomination system is adopted. Besides the education and experience of each candidate, opinions from stakeholders are taken into consideration and the Directors' Election Regulations and the Corporate Governance Best Practice Principles are followed to ensure the diversification and independence of members of the Board of Directors.</p> <p>The tenth Session of the Board of Directors of the Company included three independent directors and five of the directors were females. Those specializing in leadership, making operational decisions, operational management, crisis management, and industrial knowledge and decision-making power include Chen, Chih-Hung, Lee, Ming-Hsi, Hsu, Cheng-Min, Chiang, Rong-Kuo, and Chiu, Chi-Hsin. Those with accounting and financial analysis capabilities include Lin, Chen-Min, Hou, Shang-Wen, and Huang, Leei-May. Hsu, Ming-Chieh and Hsu, Ming-Hung, on the other hand, specialize in administration and marketing. Lan, Iing-Iing and Chiu, Ting-Wen used to deal with procurement management. Lee, Jen-Shin, Hsiao, Shyh-Chyi, and Lin, Chiu-Lien are familiar with investment and financial affairs.</p> | No difference |

| Evaluation item | Operation | | | Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|--|-----------|----|---|---|
| | Yes | No | Summary | |
| 1. Has the Board of Directors developed and implemented a diversification policy for the composition of its members? | ✓ | | Independent directors account for 20% of all directors and females for 33% in the Company. Directors who are also the Company's employees account for 20%. One independent director have served the Company for less than 1 years and two between 3 and 6 years. Two directors aged 70 and above. Six are 61 to 70 years old. Five are 51 to 60 years old. and two are 31 to 40 years old. The Company values gender equality in the composition of its Board of Directors. The targeted ratio of female directors is 25% and above. The diversification policy for the composition of the Board of Directors has been disclosed on the Company's website. | No difference |
| 2. Does the Company voluntarily establish other functional committees in addition to the Compensation and Remuneration Committee and the Audit Committee that are established as required by laws? | ✓ | | 2. Besides the Compensation and Remuneration Committee that has been established as required by law, the Company set up the Sustainable Development Committee in 2018. The Committee is run by respective departments reflective of their function. | |

| Evaluation item | Operation | | | Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|--|-----------|----|---|---|
| | Yes | No | Summary | |
| 3. Has the Company established standards and methods for evaluating the performance of the Board of Directors, and does the Company implement the performance evaluation periodically and submit results of the performance evaluation to the Board of Directors, and use them for reference while deciding compensation and rewards for individual directors and nominating them for a second term in office? | ✓ | | 3. The Company periodically reflects upon the efficacy of the Board of Directors and is gradually enhancing corporate governance and has established the Board of Directors Performance Evaluation Guidelines and its evaluation method that is being reviewed and revised every year. | No difference |
| 4. Does the Company regularly evaluate the independence of CPAs? | ✓ | | 4. The Accounting Department of the Company evaluates the independence of the CPAs once a year on its own and reports the findings to the Board of Directors. The assessment performed by the Company's Accounting Department reveals that CPA Chen, Yi-Chun and CPA Chiang, Chung-Yi of KPMG both meet the Company's independence evaluation criteria and can serve as the CPAs of the Company. For the evaluation criteria, refer to Page 58 for details. | |

| Evaluation item | Operation | | | Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|--|-----------|----|---|---|
| | Yes | No | Summary | |
| IV. Has the Company appointed a competent and appropriate number of personnel responsible for corporate governance matters, and delegated the company's corporate governance supervisors to be in charge of such matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors in complying with laws and regulations, handling matters related to Board meetings and shareholders meetings according to the law, and producing minutes of the Board meetings and shareholders meetings) | ✓ | | <p>1. The Company set up its head of corporate governance on May 11, 2021 to be the highest-ranking official and to take charge of corporate governance-related affairs and competent people are configured to handle corporate governance-related affairs.</p> <p>2. The head of corporate governance is responsible for the supervision. The stock affairs unit is responsible for performing tasks concerning corporate governance, including matters related to each Board of Directors' meeting and general shareholders meeting, producing the minutes of the Board of Directors' meeting and shareholders meeting, applying for change of registration, providing directors with materials required for them to perform duties, and periodically providing directors with information on continuing education, among others, as required by law.</p> <p>3. At present, the head of corporate governance is Hu, Hsiu-Hsing, who is also the Vice Manager of the Finance Department and is known for her abundant financial background and prior practical experience working as a professional manager.</p> <p>4. Continuing education for the head of corporate governance, please refer to page 57.</p> | No difference |

| Evaluation item | Operation | | | Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|--|------------|----|--|---|
| | Yes | No | Summary | |
| V. Has the Company established a communication channel and set up a designated section on its website for stakeholders (including, without limitation, shareholders, employees, customers, suppliers, etc.) and properly respond to corporate social responsibility issues that stakeholders are concerned about? | ✓ | | For corresponding financial institutions and creditors of the Company, there are related departments and staff to be responsible for providing sufficient information. There are also smooth communications with employees so that stakeholders have sufficient information to make a judgment and protect their rights. | No difference |
| VI. Does the Company designate a professional shareholder service agency to deal with affairs relating to shareholders meetings? | ✓ | | The Company authorizes the Registrar of KGI Securities Corporation to deal with shareholders meetings-related affairs. | No difference |
| VII. Disclosure of Information 1. Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance status? 2. Does the Company adopt other ways of disclosing information (e.g., maintaining an English website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conferences on the company website)? | ✓ ✓ | | Information about the financial operation and corporate governance have been disclosed on the Company's website (http://www.tpt-pcb.com.tw). There is a specialist to take charge of collecting and disclosing corporate information and the spokesperson system has been enforced as required. | No difference |

| Evaluation item | Operation | | | Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|---|-----------|----|---|---|
| | Yes | No | Summary | |
| 3. Does the Company announce and declare its Annual Financial Statement within two months after a fiscal year ends and announce and declare the financial statements for the first, second, and third quarters and operational status of each month earlier than the required deadline? | ✓ | | The Company announces and declares its financial statements by the given deadline for each quarter now and announces the operational status of each month on time. | No difference |
| VIII. Is there any other important information available to facilitate a better understanding of the Company's corporate governance operational status (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? | ✓ | | <p>1. Employee benefits and employee care: The Employee Welfare Committee is established. The members are elected among the employees. The Committee takes care of various welfare matters. Meanwhile, the pension fund is allocated and set aside as required by the Labor Standards Act and the Labor Pension Act.</p> <p>2. Investor relations: The Company holds the shareholders meeting according to the Company Act and applicable laws and regulations yearly and shareholders are given sufficient opportunities to ask questions and introduce proposals. There are also spokespersons to address suggestions from, concerns of, and disputes involving shareholders. The Company also takes care of announcing and declaring related information as required by the competent authority and provides various on-time information that may impact investors' decisions.</p> | No difference |

| Evaluation item | Operation | | | Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|---|-----------|----|---|---|
| | Yes | No | Summary | |
| VIII. Is there any other important information available to facilitate a better understanding of the Company's corporate governance operational status (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? | ✓ | | <p>3. Supplier relations: Attention is paid to the legitimacy of pricing. Unit prices, specifications, payment terms, lead time, product and service quality, or other data are sufficiently compared before a decision is made. The Company also forms a long-term close relationship with suppliers, coordinates and works with them, and trust and benefit each other while jointly pursuing sustainability, a win-win situation, and mutual growth.</p> <p>4. Rights of stakeholders: The Company keeps smooth communications with corresponding banks, employees, customers, and suppliers and respect and protects the legal rights they are entitled to. There are also spokespersons to answer questions from investors to that investors and stakeholders are provided with highly transparent information about the financial standing of the Company.</p> <p>5. Continuing Education of Directors: The Company provides directors with information on suitable continuing education courses from time to time.</p> <p>6. Implementation of the Risk Management Policy and Risk Evaluation Criteria: The Company has established the Procedure for the Acquisition or Disposal of Assets, the Operational Procedures for Endorsements and Guarantees and Guarantees, and the Operational Procedures for Loaning of Company Funds, among others, to serve as the criteria for risk control and risk evaluation while the implementation unit and the audit unit of the Company performs the above-mentioned tasks.</p> | No difference |

| Evaluation item | Operation | | | Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons |
|---|-----------|----|--|---|
| | Yes | No | Summary | |
| VIII. Is there any other important information available to facilitate a better understanding of the Company's corporate governance operational status (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? | ✓ | | <p>7. Implementation of Customer Policy: To provide customers with comprehensive service and protection, the Company communicates in real-time with customers and sufficiently on their complaints to know what they need and to boost the interaction between the Company and the customers and their complaints are reflected upon in production and distribution meetings from time to time to seek improvements.</p> <p>8. The Company has had directors covered by liability insurance.</p> | No difference |

IX. Improvements already made by the Company according to the governance evaluation results released in the past year by the corporate governance center of Taiwan Stock Exchange and matters and measures to be prioritized are as follows.

| Evaluation item | Actual improvements in 2021 | Priorities in 2022 |
|---|--|--|
| Protection of shareholder equity and fair treatment of shareholders | The English version of the Meeting Handbook and the supplementary information of the meeting were uploaded 30 days before the Shareholders Meeting while the English version of the annual report was uploaded 7 days before the meeting so that the foreign institutions could obtain equal information and participate in the annual Shareholders Meeting. | — |
| Enhanced Information Transparency | <ol style="list-style-type: none"> 1. The English version of the financial report was uploaded 7 days before the Shareholders Meeting to facilitate foreign investors to obtain relevant information about the Company. 2. The financial report has been approved by the Board of Directors 7 days before the deadline for financial report announcement and published within 1 day after the approval date so that investors can obtain the information at the earliest. 3. The related information about non-audited business has been disclosed to the accounting firm in the company's annual report. | — |
| Reinforce Board of Directors' Structure and Operation | — | Establish an information and communication security risk management framework and policies to comprehensively protect the company's and customers' asset security. |

Continuing education for directors of the Company:

| Job Title | Name | Date of inauguration | Date | | Organizer | Course title | Hours involved | Remarks |
|----------------------|----------------|----------------------|-------------------|-------------------|---|--|----------------|---------------|
| | | | Start | End | | | | |
| Director | Chiu, Ting-Wen | July 1, 2021 | August 24, 2021 | August 24, 2021 | Taiwan Corporate Governance Association | Perspective on Board Directors and Supervisors' Responsibilities - Corporate Governance from KY Cases | 3 | — |
| Director | Chiu, Ting-Wen | July 1, 2021 | September 7, 2021 | September 7, 2021 | Taiwan Corporate Governance Association | Comprehensive Infiltration: Discussing Practical Strategies on Both the Offensive and Defensive Sides of Trade Secrets | 3 | — |
| Director | Chiu, Chi-Hsin | July 1, 2021 | October 1, 2021 | October 1, 2021 | Taiwan Corporate Governance Association | Legal Liability of Directors and Supervisors of Public Companies | 3 | — |
| Director | Lan, ling-ling | July 1, 2021 | August 24, 2021 | August 24, 2021 | Taiwan Corporate Governance Association | Perspective on Board Directors and Supervisors' Responsibilities - Corporate Governance from KY Cases | 3 | — |
| Director | Lan, ling-ling | July 1, 2021 | September 7, 2021 | September 7, 2021 | Taiwan Corporate Governance Association | Comprehensive Infiltration: Discussing Practical Strategies on Both the Offensive and Defensive Sides of Trade Secrets | 3 | — |
| Independent Director | Lin, Chiu-Lien | July 1, 2021 | August 3, 2021 | August 3, 2021 | Taiwan Corporate Governance Association | Cyberattacks are frequent, Directors and Supervisors should address the information security issues | 3 | Newly elected |
| Independent Director | Lin, Chiu-Lien | July 1, 2021 | August 24, 2021 | August 24, 2021 | Taiwan Corporate Governance Association | Perspective on Board Directors and Supervisors' Responsibilities - Corporate Governance from KY Cases | 3 | Newly elected |
| Independent Director | Lin, Chiu-Lien | July 1, 2021 | September 1, 2021 | September 1, 2021 | Financial Supervisory Commission | 13th Taipei Corporate Governance Forum "Afternoon Session" | 3 | Newly elected |

| Job Title | Name | Date of inauguration | Date | | Organizer | Course title | Hours involved | Remarks |
|----------------------|------------------|----------------------|--------------------|--------------------|---|--|----------------|---------------|
| | | | Start | End | | | | |
| Independent Director | Lin, Chiu-Lien | July 1, 2021 | September 14, 2021 | September 14, 2021 | Taiwan Corporate Governance Association | Changes in the 5G Era: Industry Upgrades, Future Business Applications and the New Normal in the Post-Pandemic Period | 3 | Newly elected |
| Independent Director | Huang, Leei-May | July 1, 2021 | August 24, 2021 | August 24, 2021 | Taiwan Corporate Governance Association | Perspective on Board Directors and Supervisors' Responsibilities - Corporate Governance from KY Cases | 3 | — |
| Independent Director | Huang, Leei-May | July 1, 2021 | September 7, 2021 | September 7, 2021 | Taiwan Corporate Governance Association | Comprehensive Infiltration: Discussing Practical Strategies on Both the Offensive and Defensive Sides of Trade Secrets | 3 | — |
| Independent Director | Hsiao, Shyh-Chyi | July 1, 2021 | September 1, 2021 | September 1, 2021 | Financial Supervisory Commission | 13th Taipei Corporate Governance Forum | 6 | — |

Continuing education for the head of corporate governance:

| Name | Date | | Organizer | Course title | Hours involved | Remarks |
|----------------|----------------|----------------|--|--|----------------|---------|
| | Start | End | | | | |
| Hu, Hsiu-Hsing | June 24, 2021 | June 24, 2021 | Accounting Research And Development Foundation | IFRS policy updates and analysis of financial reporting/regulatory legal compliance issues | 3 | — |
| Hu, Hsiu-Hsing | June 25, 2021 | June 25, 2021 | Accounting Research And Development Foundation | Financial Risks and Case Analysis of Taiwanese Enterprises Selling Real Estate Equity | 3 | — |
| Hu, Hsiu-Hsing | June 25, 2021 | June 25, 2021 | Accounting Research And Development Foundation | Reasonable Analysis of the Legal Responsibilities and Practices of Enterprises Applying the Law on the Protection of Taxpayers' Rights and Interests | 3 | — |
| Hu, Hsiu-Hsing | July 23, 2021 | July 23, 2021 | Accounting Research And Development Foundation | Up-to-date corporate tax laws and verification services | 3 | — |
| Hu, Hsiu-Hsing | August 9, 2021 | August 9, 2021 | Accounting Research And Development Foundation | Analysis of fake foreign investment in illegal securities cases and discussion on legal liability | 3 | — |

CPA Independence Evaluation Criteria and Evaluation Findings:

| Evaluation item | Assessment outcome | Fulfillment of independence |
|---|--------------------|-----------------------------|
| Direct or significant indirect financial interests in the Company | No | Yes |
| Financing or guarantee with the Company or the directors of the Company | No | Yes |
| Close business relationship and potential employer-employee relationship with the Company | No | Yes |
| Working as director, managerial officer, or holding any position in the Company with significant impacts on the auditing assignment of the CPA(s) and members of their audit group now or over the past two years | No | Yes |
| Non-auditing service provided to the Company that is likely to have a direct impact on the auditing assignment | No | Yes |
| Brokerage of shares or other securities issued by the Company | No | Yes |
| Working as the defender of the Company or negotiating on behalf of the Company conflicts with a third party | No | Yes |
| A relative of any director, managerial officer, or person holding a position with significant impacts on the audit in the Company | No | Yes |

(IV) Compensation and Remuneration Committee

1. Membership of Compensation and Remuneration Committee : Please refer to page 18~19 for information on the professional qualifications of directors and the independence of independent directors
2. Information on the Operational Status of the Compensation and Remuneration Committee
 - (1) The Company's Compensation and Remuneration Committee consists of 3 members in total; each of them serves a term in office from July 1, 2021 to June 30, 2024.
 - (2) Attendance of members in the 6 meetings held by the Compensation and Remuneration Committee in the past year up to the date the Annual Report was printed is as follows:

| Job Title | Name | Attendance in person | Attendance through proxy | Attendance in person (%) | Remarks |
|-----------|------------------|----------------------|--------------------------|--------------------------|---------|
| Convener | Huang, Leei-May | 6 | 0 | 100.00 | — |
| Member | Huang, Kuan-Mo | 3 | 0 | 100.00 | Note |
| Member | Hsiao, Shyh-Chyi | 6 | 0 | 100.00 | — |
| Member | Lin, Chiu-Lien | 3 | 0 | 100.00 | Note |

Note : Re-election on July 1, 2021, Mr. HUANG, KUANG-MO stepped down and Ms. LIN, CHIU-LIEN was newly elected.

Other details to be documented:

- ① The Board of Directors does not adopt or modify the advice provided by the Compensation and Remuneration Committee: This did not happen.

② For decisions made by the Compensation and Remuneration Committee, as long as members are objecting or having their reservations that are recorded or stated in writing, the date of the Compensation and Remuneration Committee meeting, the session number, contents of the proposal, and how opinions from all members and opposing members are handled should be described: This did not happen.

③ Meeting minutes of the Compensation and Remuneration Committee Meeting:

| Date | Meeting Session | Summary of Contents | Opinions from the compensation members and how the Company addresses them |
|-------------------|--|--|---|
| January 7, 2021 | 4 th Session 11 th meeting | 1. Expected release criteria for the year-end bonus for managerial officers of 2020. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |
| | | 2. Revision of some of the provisions of the Board of Directors Performance Evaluation Guidelines. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |
| March 16, 2021 | 4 th Session 12 th meeting | 1. How the remuneration to the employees and that to the directors shall be distributed for 2020. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |
| May 11, 2021 | 4 th Session 13 th meeting | 1. Distribution of the remuneration to directors for 2020. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |
| | | 2. Distribution of the remuneration to employees for 2020. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |
| | | 3. Review of the subscription of treasury stocks in the sixth buyback. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |
| December 29, 2021 | 5 th Session 1 st meeting | 1. To elect the convener of the 5th Compensation and Remuneration Committee. | With no dissenting vote, all members of the committee elected Huang, Leei-May as the convener and Chairperson of the Committee. |
| | | 2. Expected release criteria for the year-end bonus for Managerial Officers of 2021. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |
| | | 3. Review of the subscription of treasury stocks in the sixth buyback. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |

| Date | Meeting Session | Summary of Contents | Opinions from the compensation members and how the Company addresses them |
|----------------|---|---|--|
| March 18, 2022 | 5 th Session 2 nd meeting | 1. How the remuneration to the employees and that to the directors shall be distributed for 2021. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |
| May 6, 2022 | 5 th Session 3 rd meeting | 1. Distribution of the remuneration to directors for 2021. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |
| | | 2. Distribution of the remuneration to employees for 2021. | The proposal was approved as is by all members and was submitted to the Board of Directors for a decision. |

(V) The state of the Company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for any such variance

| Implementation Items | Implementation Status | | | The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance |
|---|-----------------------|---|---|---|
| | Y | N | Summary Description | |
| 1. Whether the company has established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, which is delegated by the Board of Directors to senior management, and supervised by the Board of Directors | ✓ | | <p>1. The Company established the Sustainability Committee in August 2017 through the enactment of the "Organizational Regulations of the Sustainability Committee" by the Board of Directors. The Committee comprises four groups, namely the Corporate Governance Group, the Social Good Group, the Environmental Sustainability Group and the Management and Promotion of Integrity Group.</p> <p>2. The Sustainable Development Committee is a push unit delegated by the Board of Directors to the General Manager's Office and is required to report annually to the Board of Directors on economic, environmental and social issues arising from its operations.</p> | No significant difference |

| Implementation Items | Implementation Status | | | The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance | | | | | | |
|---|--|--|--|---|-----------------------|------------------------------------|-------------|--|--|---------------------------|
| | Y | N | Summary Description | | | | | | | |
| 1. Whether the company has established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, which is delegated by the Board of Directors to senior management, and supervised by the Board of Directors | ✓ | | 3. Currently, the Sustainable Development Committee is responsible for the planning and implementation of the Sustainable Development policy, systems and management guidelines, as well as their implementation by the General Manager, who convenes the relevant Department Heads or designated staff. 4. The Sustainable Development Committee has reported to the Board on 18 March 2022 on the performance for the fiscal year 2021 and the Board has a firm understanding of the results of the performance but reminded that the greenhouse gas inventory and verification should be planned and implemented as soon as possible. | No significant difference | | | | | | |
| 2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to its operations under the materiality principle, and formulates relevant risk management policies or strategies? | ✓ | | <div>1. In 2016, the Company established a system and conducted a risk assessment of important issues using the materiality principle, and established a risk management policy based on the assessed risks:</div> <table><tr><th>Important Issues</th><th>Risk Assessment Items</th><th>Risk Management Policy or Strategy</th></tr><tr><td>Environment</td><td>Environmental Protection and Ecological Conservation</td><td>To fulfill its corporate responsibility, the Company obtained the ISO14001 Environmental Management System Certification in 2002. The Environmental Management System has effectively reduced the emission of pollution and the impact on the environment, and it has set up plans and programs for implementation every year, and regularly tracks and reviews the progress of each goal to ensure the achievement of the goal.</td></tr></table> | Important Issues | Risk Assessment Items | Risk Management Policy or Strategy | Environment | Environmental Protection and Ecological Conservation | To fulfill its corporate responsibility, the Company obtained the ISO14001 Environmental Management System Certification in 2002. The Environmental Management System has effectively reduced the emission of pollution and the impact on the environment, and it has set up plans and programs for implementation every year, and regularly tracks and reviews the progress of each goal to ensure the achievement of the goal. | No significant difference |
| Important Issues | Risk Assessment Items | Risk Management Policy or Strategy | | | | | | | | |
| Environment | Environmental Protection and Ecological Conservation | To fulfill its corporate responsibility, the Company obtained the ISO14001 Environmental Management System Certification in 2002. The Environmental Management System has effectively reduced the emission of pollution and the impact on the environment, and it has set up plans and programs for implementation every year, and regularly tracks and reviews the progress of each goal to ensure the achievement of the goal. | | | | | | | | |

| Implementation Items | Implementation Status | | | | The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance | |
|---|--|---|----------------------|-------------------------------------|---|---------------------------|
| | Y | N | Summary Description | | | |
| 2.Does the Company conduct risk assessments on environmental, social and corporate governance issues related to its operations under the materiality principle, and formulates relevant risk management policies or strategies? | ✓ | | | | | No significant difference |
| | | | Important Issues | Risk Assessment Items | Risk Management Policy or Strategy | |
| | | | Corporate Governance | Socio-Economic and Legal Compliance | Through the implementation of internal control mechanisms, we ensure that all of our employees and operations comply with the relevant statutory requirements. | |
| | | | Society | 1.Occupational Safety | In 2009, our company obtained the OHSAS18001 Occupational Health and Safety Management System Certification. The safety and environment/production/engineering departments of each plant conduct various workplace safety inspections daily, and affiliated companies supervise each other and exchange experiences to further implement the Occupational Safety and Health Management Systems. Secondly, fire drills, occupational safety and health education training are held regularly every year to develop the staff's ability to take emergency measures and manage their safety. | |
| 2.Product Safety | All our products comply with the government regulations on products and services, and conform to the European Union RoHS regulations, without any hazardous substances. To ensure the quality of customer service and enhance customer satisfaction, we have set up a business contact and communication website, and regularly take the | | | | | |

| Implementation Items | Implementation Status | | | The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance | | | | | | |
|---|-----------------------|---|--|---|-----------------------|------------------------------------|---------|------------------|---|---------------------------|
| | Y | N | Summary Description | | | | | | | |
| 2.Does the Company conduct risk assessments on environmental, social and corporate governance issues related to its operations under the materiality principle, and formulates relevant risk management policies or strategies? | ✓ | | <table><tr><th>Important Issues</th><th>Risk Assessment Items</th><th>Risk Management Policy or Strategy</th></tr><tr><td>Society</td><td>2.Product Safety</td><td>initiative to conduct customer service satisfaction surveys every six months to strengthen the cooperative relationship with customers and become the cornerstone of our sustainable development through a mutually beneficial relationship with our customers.</td></tr></table> <p>2. The Company is included in the consolidated financial statements as a parent company. If the nature of its business is that of a manufacturer or seller of Printed circuit boards, this is included in the risk assessment.</p> | Important Issues | Risk Assessment Items | Risk Management Policy or Strategy | Society | 2.Product Safety | initiative to conduct customer service satisfaction surveys every six months to strengthen the cooperative relationship with customers and become the cornerstone of our sustainable development through a mutually beneficial relationship with our customers. | No significant difference |
| Important Issues | Risk Assessment Items | Risk Management Policy or Strategy | | | | | | | | |
| Society | 2.Product Safety | initiative to conduct customer service satisfaction surveys every six months to strengthen the cooperative relationship with customers and become the cornerstone of our sustainable development through a mutually beneficial relationship with our customers. | | | | | | | | |
| 3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries? | ✓ | | <p>1. The Company adheres to the principle of "industrial development and environmental protection both" and considers the best technology for all production processes and environmental protection equipment. It insists on the use of RoHS and Halogen Free materials to comply with environmental protection and to protect the earth's ecological resources. In addition, the Company has implemented an effective environmental management system by setting the air conditioning at a suitable temperature and introducing an electronic signature.</p> <p>2. The company has obtained ISO14001 certification (deadline July 23,2023) and will continue to implement environmental protection and fulfill its corporate responsibility.</p> | No significant difference | | | | | | |

| Implementation Items | Implementation Status | | | The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance | | | | | | | | | | | |
|--|-----------------------|------------|---|---|------|------|------|------------------|---------|-----------|--------------------|------------|------------|--------------------------|---|
| | Y | N | Summary Description | | | | | | | | | | | | |
| (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment? | ✓ | | The Company's waste is disposed of per the Waste Disposal Act and the flow direction is declared online following the regulations. Hazardous industrial waste like acid etching solution, which is generated during the production process, is an important recycled material for other industries through comprehensive recycling operations. In addition, most of the raw materials used in the company's production - copper foil is also 100% recycled low-carbon environmentally friendly raw materials. | No significant difference | | | | | | | | | | | |
| (3) Does the company assess the potential risks and opportunities of climate change in its present and future operations, and take measures to respond to climate-related issues? | ✓ | | With the gradual expansion of the production scale, the consumption of water and electricity and air pollutants will inevitably increase, which will indirectly affect global climate change. Therefore, when purchasing new equipment, our company will take into account whether it is produced in an environmentally friendly production process. Although the final result cannot completely avoid harm to the environment, we still look forward to doing our best for the planet. | | | | | | | | | | | | |
| (4) Has the company conducted an assessment on greenhouse gas, water consumption and waste for the last two years, and established company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water-saving and waste management? | ✓ | | 1. Greenhouse gas emission (carbon dioxide equivalent (tCO2e)) <table><tr><th>Item</th><th>2019</th><th>2020</th></tr><tr><td>Direct emissions</td><td>818.605</td><td>1,184.218</td></tr><tr><td>Indirect emissions</td><td>1,7641.874</td><td>18,723.463</td></tr><tr><td>Other indirect emissions</td><td>—</td><td>—</td></tr></table> <p>Note 1: The above-mentioned greenhouse gas emissions have been verified by TUV RHEINLAND TAIWAN LTD.</p> <p>Note 2: As of the printing date of the annual report, the 2021 survey has not been completed.</p> | | Item | 2019 | 2020 | Direct emissions | 818.605 | 1,184.218 | Indirect emissions | 1,7641.874 | 18,723.463 | Other indirect emissions | — |
| Item | 2019 | 2020 | | | | | | | | | | | | | |
| Direct emissions | 818.605 | 1,184.218 | | | | | | | | | | | | | |
| Indirect emissions | 1,7641.874 | 18,723.463 | | | | | | | | | | | | | |
| Other indirect emissions | — | — | | | | | | | | | | | | | |

| Implementation Items | Implementation Status | | | The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------------|----------|--|---|------|------|----------------|-----|-----|-------------------------------------|---------|---------|---|----------|----------|------|------|------|------------------|----------|----------|----------------------|--------|--------|--------------------|----------|----------|---------------------------|
| | Y | N | Summary Description | | | | | | | | | | | | | | | | | | | | | | | | | |
| (4)Has the company conducted an assessment on greenhouse gas, water consumption and waste for the last two years, and established company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water-saving and waste management? | ✓ | | <div>2. Water consumption<table><tr><th>Item</th><th>2020</th><th>2021</th></tr><tr><td>No. of persons</td><td>416</td><td>396</td></tr><tr><td>Use of water resources (units/year)</td><td>822,417</td><td>722,756</td></tr><tr><td>Density of water resources (units/person)</td><td>1,976.96</td><td>1,825.14</td></tr></table></div> <div>3. Wastes<table><tr><th>Item</th><th>2020</th><th>2021</th></tr><tr><td>Hazardous wastes</td><td>1,755.06</td><td>2,178.48</td></tr><tr><td>Non-hazardous wastes</td><td>641.53</td><td>378.20</td></tr><tr><td>Recycled materials</td><td>2,778.13</td><td>2,312.39</td></tr></table></div> <div>4. The production process of printed circuit boards requires a large amount of water, so our company has taken the following measures to save water: <div>(1) The equipment is equipped with a water and power-saving device that automatically turns off the power and water supply when there is no production.</div><div>(2) Control the water consumption of the on-site unit and notify the unit immediately when the standard is exceeded.</div></div> | Item | 2020 | 2021 | No. of persons | 416 | 396 | Use of water resources (units/year) | 822,417 | 722,756 | Density of water resources (units/person) | 1,976.96 | 1,825.14 | Item | 2020 | 2021 | Hazardous wastes | 1,755.06 | 2,178.48 | Non-hazardous wastes | 641.53 | 378.20 | Recycled materials | 2,778.13 | 2,312.39 | No significant difference |
| Item | 2020 | 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No. of persons | 416 | 396 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Use of water resources (units/year) | 822,417 | 722,756 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Density of water resources (units/person) | 1,976.96 | 1,825.14 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Item | 2020 | 2021 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hazardous wastes | 1,755.06 | 2,178.48 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-hazardous wastes | 641.53 | 378.20 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recycled materials | 2,778.13 | 2,312.39 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Social Issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | ✓ | | <div>The Company agrees to and voluntarily follows the internationally recognized human rights standards of the "UN Universal Declaration of Human Rights", "UN Global Compact", "United Nations Guiding Principles on Business and Human Rights" and "United Nations International Labor Organization". We have formulated and implemented a Human Rights Policy, which includes workplace diversity, reasonable working hours, a healthy workplace, labor-management communication, privacy protection, and human rights education and training.</div> | No significant difference | | | | | | | | | | | | | | | | | | | | | | | | |

| Implementation Items | Implementation Status | | | The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance |
|--|-----------------------|---|---|---|
| | Y | N | Summary Description | |
| (2) Does the company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation? | ✓ | | <ol style="list-style-type: none"> 1. Please refer to the Labor Relations chapter for details of our employee welfare measures. 2. The Company has been a Top 100 high-wage company for many years, providing market-competitive salaries and employee welfare measures, and its operating performance or results are appropriately reflected in employee compensation. 3. Depending on the operation and talent retention situation, the Company will provide treasury stocks to transfer employee benefits so that the interests of employees can be aligned with the long-term development of the Company. | No significant difference |
| (3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees regularly? | ✓ | | <ol style="list-style-type: none"> 1. Please refer to the Labor Relations chapter for details of our workplace safety and health measures and the relevant certification. 2. The Company has an Occupational Safety and Health Committee with 14 members who are appointed for a two-year term and meet every three months to review safety and health matters at the plant. The meetings are chaired by a representative of the management, with the capital side being the Chairman of the Committee, and manages the Committee's affairs in an integrated manner. The Committee is assisted by a secretary appointed by the Chairman who is responsible for the overall management of the Committee's affairs. The representatives from the labor side of the Occupational Safety and Health Committee are six in total, representing 42.86% of the total number of representatives according to the regulations. 3. The Company's 2021 Occupational Safety and Health Education and Training totaled 150 visits and 459 total man-hours. | |

| Implementation Items | Implementation Status | | | The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance |
|--|-----------------------|---|--|---|
| | Y | N | Summary Description | |
| (3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees regularly? | ✓ | | 4. The company keeps monthly statistics of occupational accident cases and reports them following the regulations to the competent authorities. In 2021, there were two cases of occupational accidents, both of which were crushed while carrying materials. To prevent occupational accidents, the company continues to review the working environment and strengthen occupational safety promotion to ensure the safety of employees. | No significant difference |
| (4) Does the company provide its employees with career development and training sessions? | ✓ | | The Company has established the "Regulations for Seniority and Position Inception" to encourage employees to learn in various aspects. In the fiscal year 2021, there were 1,110 internal and external training sessions (including courses related to Ethical Corporate Management, Environmental Safety and Health Management, Accounting systems and Internal Control systems), totaling 1,110 persons and 2,381.5 man-hours. | |
| (5) Does the company comply with relevant regulations and international standards on the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulate relevant policies and procedures to protect consumer rights and handling complaints? | ✓ | | <ol style="list-style-type: none"> 1. Our company has obtained ISO9001, QC080000 and TS16949 certifications to ensure the safety of our customers and to provide them with a full range of product quality. In addition, our company has established an Ethical Corporate Management Best Practice Principles, which requires that the process of developing, purchasing, manufacturing, providing or selling products and services should follow relevant regulations and international standards to ensure the transparency and safety of information about products and services. 2. The Company has set up a stakeholder area on its website so that customers can contact the Company at any time if they have a complaint. | |

| Implementation Items | Implementation Status | | | The Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance |
|--|-----------------------|---|--|---|
| | Y | N | Summary Description | |
| (6) Does the company formulate and implement supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? | ✓ | | <p>The Company's suppliers must pass the ISO 9001 Quality Management System third-party certification and provide a certificate within the validity period; if they are unable to obtain verification of the quality management system, they must be audited annually by the Company's management department.</p> <p>In addition, our company also conducts audits on suppliers from time to time, including risk evaluation, surveillance for the supplier, development of supplier quality management system, audit, manufacturing process audit, etc.</p> | No significant difference |
| 5. Does the company prepare non-financial disclosure reports such as sustainability reports in accordance with international reporting standards or guidelines? Has the report obtained validation or assurance from a third-party verification unit? | ✓ | | <p>Although the Company has not yet obtained the accreditation or assurance statement of a third-party verification organization taking into account the interests of stakeholders. However, we have established and implemented the "Code of Practice for Sustainable Development" to consider the interests of our stakeholders, treat our customers fairly and reasonably, and require our suppliers to comply with the norms of the Social Environment Responsibility agreement, etc.</p> | No significant difference |
| 6. If the Company makes its own corporate social responsibilities principles according to the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies, please state the differences: No difference. | | | | |
| 7. Any other important information that helps to understand the implementation of sustainable development: (1) Provide sponsorship: Provide auxiliary teaching facilities for junior high schools and elementary schools in the Taoyuan area and provide funding for baseball training at Ping Jen Senior High School and Taoyuan Agricultural & Industrial Senior High School. | | | | |

(2) Community participation: We continue to maintain the public space and street trees outside the factory and provide assistance to vulnerable groups such as the Tinfun Nursing Institution through donations from time to time.

The results of the company's investment in public welfare undertakings in recent years are as follows:

Unit: NTD 000's

| Item | 2021 | 2020 |
|----------------------------|-------|-------|
| Care for vulnerable groups | 6,200 | 4,200 |
| Educate | 2,020 | 2,416 |
| Art | 0 | 2,900 |
| Physical education | 1,300 | 1,900 |

(VI) Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons

| Assessed Item | Operation | | | Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|--|-----------|----|--|---|
| | Yes | No | Summary | |
| I. Establishment of Ethical Corporate Management Policy and Proposal | | | | No difference |
| 1. Has the Company defined ethical corporate management policies approved by the Board of Directors and declared its ethical corporate management policies and procedures as well as the commitment of its Board of Directors and high-ranking management to implementing the management policies in its rules and external documents? | ✓ | | 1. The Company's Board of Directors has defined the ethical corporate management principle and related operating procedures and included related ethical corporate management policies in explicit words and as part of its system. Related operating procedures are released on the Company's website for the investors' information. | |
| 2. Has the Company established an evaluation mechanism for unethical behavioral risks that helps periodically analyze and evaluate business activities of relatively high unethical behavioral risks within the scope of operation and defined a solution to prevent unethical behaviors accordingly that covers at least the preventive measures against respective acts under Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? | ✓ | | 2. The Company has established the "Operating Procedure for Ethical Corporate Management" to help periodically analyze and evaluate business activities at relatively high risk of unethical behaviors within the scope of its operation to prevent each of the said unethical behaviors. | |

| Assessed Item | Operation | | | Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|---|-----------|----|--|---|
| | Yes | No | Summary | |
| 3. Has the Company specified the operating procedures, behavioral guide, punishment for violators, and the disciplinary and complaint-filing system in case of violation in the proposal to prevent unethical behaviors, enforced them, and periodically reflected upon and amended the foregoing solution? | ✓ | | 3. The Company has defined the guidelines for reporting illegal and immoral or unethical behaviors and provides new hires with educational training to remind them of precisely following the ethical behavioral guide. In case of any violation of the ethical behavioral guide, the employee will be subject to punishment that varies in extent reflective of the severity of the circumstance according to the disciplinary measure and will be discussed internally. | No difference |
| II. Consolidation of Ethical Corporate Management | | | | No difference |
| 1. Has the Company evaluated the ethical records of parties it does business with and specified terms about ethical behavior in business contracts? | ✓ | | 1. The Company fulfills contracts on business activities fairly and ethically and in compliance with applicable regulatory requirements and contract provisions. In case of unethical behavior, contract provisions may be terminated or dismissed at any time. | |
| 2. Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report its ethical management policy and solution to prevent unethical behaviors and the status of implementation to the Board of Directors periodically (at least once a year)? | ✓ | | 2. It is specified in the Company's Operational Procedures and Behavioral Guide of Ethical Corporate Management Best Practice that the Sustainable Development Committee belongs to the Board of Directors and the Company as established the Organic Rules of the Sustainable Development Committee. The Committee is configured with one chairman, one Vice-Chairman, and at least three additional members. The chairmanship is served by the Chairman of the Company and the Vice-Chairman (General Manager) and other members (Vice General Manager of Administration, Head of the Manufacturing Department, and Vice General Manager of the Finance Department) are to be assigned by the Chairman of the Company. | |

| Assessed Item | Operation | | | Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|---|-----------|----|---|---|
| | Yes | No | Summary | |
| 2. Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report its ethical management policy and solution to prevent unethical behaviors and the status of implementation to the Board of Directors periodically (at least once a year)? | ✓ | | <p>The Committee meets at least once a year and is to take charge of establishing and supervising the implementation of the ethical corporate management policy and preventive solutions and to report the compliance to the Board of Directors once a year. It met on March 18, 2022 and reported the implementation of ethical corporate management of 2021 to the tenth Session of the Board of Directors when the latter met for the 6th time on March 18, 2022.</p> <p>Related implementation in 2021 of the ethical corporate management policy enforced by the Company:</p> <p>A. To help combine honesty and moral values as part of the Company's operational strategy and to prepare related preventive measures to ensure honest operations as required by law. B. To establish solutions to prevent unethical behaviors and to thereof establish task-related standard operating procedures and behavioral guides within respective solutions. C. To plan internal organization, configuration, and job responsibilities and to have mutual check and balance mechanisms in place for operational activities at relatively high risks of dishonest acts within the scope of operation. D. To promote and coordinate communication and training on the integrity policy. E. To plan a reporting system that helps ensure effective implementation. F. To help the Board of Directors and the management inspect and evaluate whether preventive measures were established to ensure honest operations have been working effectively and to evaluate related operating procedures periodically for compliance, with a report produced.</p> | No difference |

| Assessed Item | Operation | | | Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|---|-----------|----|---|---|
| | Yes | No | Summary | |
| 2. Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report its ethical management policy and solution to prevent unethical behaviors and the status of implementation to the Board of Directors periodically (at least once a year)? | ✓ | | Discipline for violations of the ethical corporate management principles in 2021 of the Company: Cases filed: 0; cases through the reporting box: 0; corruption and fraud: 0. The Company organized internal and external educational training on ethical corporate management throughout 2021 (including courses on compliance with ethical corporate management laws and regulations, environmental safety and health management, accounting system, and internal control system), which were attended by a headcount of 1,110 people in total and consisted of 2,381.5 hours in total. | No difference |
| 3. Has the Company established policies to prevent conflicts of interest, provided appropriate channels for filing related complaints and implemented the policies accordingly? | ✓ | | 3. Spontaneous recusal is expected for matters involving conflicting interests that require a recusal. This is specified in Article 28 of the Corporate Governance Best Practice Principles, the Ethical Code of Conduct, and Article 15 of the Rules of Procedure for Board of Directors' Meetings. In the event that any director or managerial officer violates the Ethical Code of Conduct, the Company shall address it according to the disciplinary measures specified in the Ethical Code of Conduct and disclose in real-time the title and name of the violator, date of violation, cause of the violation, the guidelines involved in the violation, and management in the Market Observation Post System. | |

| Assessed Item | Operation | | | Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|---|-------------------|----|---|---|
| | Yes | No | Summary | |
| <p>4. Has the Company created effective accounting and internal control systems to consolidate ethical corporate management and does the internal audit unit stipulates related audit plans according to the evaluation results of unethical behavioral risks and inspect compliance with the solution to prevent unethical behaviors or authorize the CPAs to perform inspections?</p> <p>5. Does the Company hold internal and external educational training on ethical corporate management regularly?</p> | <p>✓</p> <p>✓</p> | | <p>4. The Company has set up the Audit Office to take charge of investigating and evaluating the deficiencies of the internal control system and evaluating the operating efficiency and adequately providing improvement advice to ensure that the internal control system gets to be effectively enforced continuously and to help the Board of Directors and the management precisely fulfill their duties. No incidents of corruption have occurred in the Company.</p> <p>5. The implementation is defined in the employee Ethical Code of Conduct and related disciplinary measures are defined in the Work Rules, too. They are communicated to new hires during educational training as well.</p> | No difference |
| <p>III. Whistle-blowing System of the Company</p> <p>1. Does the Company have substantial reporting and incentive systems in place, provide convenient whistle-blowing channels, and assign appropriate specialists to investigate reported matters?</p> <p>2. Has the company established any standard operating procedures, subsequent measures to be adopted after the investigation is completed, or confidentiality mechanisms for handling reported matters?</p> | <p>✓</p> <p>✓</p> | | <p>1. The Company has established the “Guidelines for Reporting Illegal and Immoral or Unethical Behaviors”. Stakeholders can report such behaviors “in person”, “by phone”, or “by sending a letter”, based on the cause to the spokesperson, the General Manager’s Office or the head of the audit. Employees are encouraged to report illegal behaviors. The Company will offer incentives according to the Work Rules reflective of the severity involved in the violation and will protect the safety of the whistle-blower against retaliation.</p> <p>2. The Company has an employee complaint system in place. There is a supervisor to take charge of addressing complaints and someone is assigned to be responsible for the investigation. All cases are treated confidentially.</p> | No difference |

| Assessed Item | Operation | | | Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|--|-----------|----|---|---|
| | Yes | No | Summary | |
| 3. Does the Company assure employees who reported on malpractices that they will not be improperly treated for making such reports? | ✓ | | 3. It is strictly prohibited to disclose information to irrelevant parties. Even if it is required to discuss the case with related parties for the sake of investigation, such discussions are limited to the portion where the specific party is involved. Those disclosing information to irrelevant parties and failing to keep the case confidential as required will be turned in for discipline. | No difference |
| IV. Reinforced Information Disclosure Has the company disclosed information regarding its ethical corporate management principles and implementation status on its website and the MOPS.? | ✓ | | The Company has not adopted other ways to disclose information on ethical corporate management. In the future, such information will be disclosed as practically needed to reinforce the disclosure of information on the promotion of ethical corporate management. | No difference |
| V. If the company has its own ethical corporate management principles established according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the defined principles: no significant differences were found. | | | | |
| VI. Other important information that will help understand ethical corporate management in the Company: The Company negotiates with customers and fulfills contract requirements in honor of integrity and honesty and seeks, negotiates, and fulfills all contracts fairly and morally. | | | | |

(VII) Under “Disclosure of Information” on the Company’s website is the section devoted to “corporate governance” where investors can search for and download related regulations on corporate governance, important matters for which decisions are made by the Board of Directors and important information, among others. The website is <http://www.tpt-pcb.com.tw/governan.htm>.

(VIII) Other important information that is sufficient to boost knowledge of corporate governance

1. The Company continues to devote resources to boosting corporate governance. Members of the Board of Directors were originally exclusively members of the management and now are gradually replaced by external representatives. Currently, there are a total of three independent directors and the independent directors form the Compensation and Remuneration Committee.
2. Staff of the Company shall follow laws and regulations and the internal requirements of the Company and prevent unethical behaviors.
3. On the Company’s website is also a devoted section where corporate governance is detailed and regulations on corporate governance are provided for download and review by internal and external people.

(IX) Implementation of Internal Control System

1. Internal Control System Declaration: Refer to Appendix I for details.
2. The Company did not authorize the CPAs to exceptionally review the internal audit system so there is no CPA Review Report available.

(X) Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its personnel for violating internal control requirements in the past year and up to the date the Annual Report was printed: None.

(XI) Important decisions reached in shareholders meetings and made by the Board of Directors in the past year up to the date the Annual Report was printed

1. General shareholders meeting

| Date | Type of meeting | Important matters for a decision | Decision and implementation status |
|--------------|------------------------------|--|---|
| July 1, 2021 | General Shareholders meeting | Ratification of 2020 Business Report and Financial Statements. | The case was put up for a vote. Affirmative votes accounted for 82.34% of all votes of attending shareholders. This proposal was approved as is. |
| | | Ratification of Distribution of 2020 Earnings. | The case was put up for a vote. Affirmative votes accounted for 82.52% of all votes of attending shareholders. This proposal was approved as is. The distribution reference date was set on July 5, 2021, and was fully paid on July 19, 2021 (NTD3.50 cash dividend per share). |
| | | 10th Election and Appointment of Directors / Independent Directors | The elected Directors are Hsu, Cheng-Min, Lee, Ming-Hsi, Chen, Chih-Hung, Lin, Chen-Min, Chiang, Rung-Kuo, Hsu, Ming-Chieh, Hsu, Ming-Hung, Lan, Ying-Ying, Lee, Jen-Shin, Hou, Shang-Wen, Chiu, Chih-Hsin (Representative of Hocheng Corporation) and Chiu, Ting-Wen (Representative of YADA Investment Ltd.). List of elected Independent Directors: Huang, Leei-May, Hsiao, Shyh-Chyi and Lin, Chiu-Lien. The change of registration was granted by the Ministry of Economic Affairs on July 19, 2021. |

| Date | Type of meeting | Important matters for a decision | Decision and implementation status |
|--------------|------------------------------|--|--|
| July 1, 2021 | General Shareholders meeting | Lifting of the Non-Competition Restriction on newly-elected and appointed Independent Directors, Directors and their representatives | The case was put up for a vote. Affirmative votes accounted for 82.82% of all votes of attending shareholders. This proposal was approved as is. |

2. Board of Directors

| Date | Session Meeting | Important matters for a decision | Matters specified under Article 14-3 of the Securities and Exchange Act | Opinions from independent directors | How the Company addressed opinions from independent directors |
|-----------------|--|--|---|-------------------------------------|---|
| January 7, 2021 | 9 th Session 24 th meeting | 1. Approval of the limits of loans applied for with financial institutions such as Taiwan Business Bank and Cathay United Bank. | No | None | None |
| | | 2. Approval of expected release criteria for the year-end bonus for managerial officers of 2020. | Yes | None | None |
| | | 3. Approval of revision to some provisions of the Board of Directors Performance Evaluation Guidelines. | No | None | None |
| | | 4. Approval of revision to some provisions of the Regulations Governing Proxy at Work. | No | None | None |
| March 16, 2021 | 9 th Session 25 th meeting | 1. Approval of wiring back of undistributed earnings to the parent company from offshore subsidiaries re-invested in by the Company. | Yes | None | None |
| | | 2. Approval of the Company's 2020 Financial Statements and Business Report. | Yes | None | None |
| | | 3. Approved of how the remuneration to the employees and that to the directors shall be distributed for 2020. | No | None | None |
| | | 4. Approval of the limits of loans applied for with financial institutions such as First Commercial Bank, Citibank Taiwan, Taishin International Bank, KGI Bank, E.Sun Bank, Yuanta Bank, and Land Bank of Taiwan. | No | None | None |
| | | 5. Approval of 2020 Internal Control System Declaration. | Yes | None | None |

| Date | Session Meeting | Important matters for a decision | Matters specified under Article 14-3 of the Securities and Exchange Act | Opinions from independent directors | How the Company addressed opinions from independent directors |
|----------------|--|--|---|-------------------------------------|---|
| March 16, 2021 | 9 th Session 25 th meeting | 6. Approval of revision to some provisions of the Company's Operational Procedures and Behavioral Guide of Ethical Corporate Management Best Practice, Corporate Social Responsibility Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Ethical Code of Conduct. | Yes | None | None |
| | | 7. Approval of revision to some provisions of the Company's Guidelines for the Management of Seals and Licenses. | Yes | None | None |
| | | 8. Approval of revision to the Company's internal control system and enforcement rules of internal audits for the short-term borrowing procedure, mid-to-long-term borrowing procedure, and hiring procedure. | Yes | None | None |
| | | 9. Approval of change in the Company's heads of finance and accounting. | Yes | None | None |
| | | 10. Approval of lifting of the non-competition pledge obligations upon the managerial officers | No | None | None |
| | | 11. Approval of change of acting spokesperson of the Company. | No | None | None |
| | | 12. Approval of 2021 Operational Budget. | No | None | None |
| | | 13. Approval of related matters such as the date, location, and cause of the 2021 general shareholders meeting, and book closure duration, etc. | No | None | None |
| | | 14. Approval of the election of directors and independent directors. | No | None | None |
| | | 15. Approval of the Company's acceptance of proposals for the 2021 general shareholders meeting and nominations of director candidates (including independent directors). | No | None | None |
| April 20, 2021 | 9 th Session 26 th meeting | 1. Approval of the line of credit for loans/financial instruments applied for with financial institutions such as Shanghai Commercial and Saving Bank, Jih Sun International Bank, Mega International Commercial Bank, and Dah Chung Bills Finance Corp. | No | None | None |

| Date | Session Meeting | Important matters for a decision | Matters specified under Article 14-3 of the Securities and Exchange Act | Opinions from independent directors | How the Company addressed opinions from independent directors |
|----------------|--|--|---|-------------------------------------|---|
| April 20, 2021 | 9 th Session 26 th meeting | 2. Approval of the Company's Distribution of 2020 Earnings. | No | None | None |
| | | 3. Approval of the Company's acceptance of proposals for the 2021 general shareholders meeting and nominations of director candidates (including independent directors). | No | None | None |
| | | 4. Approval of the Board of Directors nominations for directors (including independent directors) of the tenth Session. | Yes | None | None |
| | | 5. Approval of transfer of treasury stock to employees for the sixth time and establishment of the base date for subscription. | No | None | None |
| | | 6. Approval of lifting of the non-competition pledge obligations upon the managerial officers. | No | None | None |
| | | | | | |
| May 11, 2021 | 9 th Session 27 th meeting | 1. Approval of the Company's Consolidated Financial Statement for the first quarter of 2021. | No | None | None |
| | | 2. Approval of distribution of remuneration to directors for 2020. | Yes | None | None |
| | | 3. Approval of distribution of remuneration to employees for 2020. | Yes | None | None |
| | | 4. Approval of the subscription of treasury stocks by Managerial Officers in the sixth buyback. | Yes | None | None |
| | | 5. Approval of the establishment of the "head of corporate governance". | No | None | None |
| | | 6. Approval of the lifting of the Business Strife Limitation Clause for newly elected directors (including independent directors) and their representatives. | Yes | None | None |
| | | 7. Approval of borrowings of Chi Chau Printed Circuit Board (Suining) Co., Ltd. from CATAC Electronic (Zhongshan) Co., Ltd. for purpose of financing. | Yes | None | None |
| | | 8. Approval of capital reduction in cash of Chi Chau International Co. Ltd. | Yes | None | None |
| | | 9. Approval of distribution of earnings of Chi Chau International Co. Ltd. | No | None | None |

| Date | Session Meeting | | Important matters for a decision | Matters specified under Article 14-3 of the Securities and Exchange Act | Opinions from independent directors | How the Company addressed opinions from independent directors |
|-------------------|--|----|---|---|-------------------------------------|---|
| June 3, 2021 | 9 th Session 28 th meeting | 1. | Approved the proposed date change for the 2021 Annual General Meeting. | No | None | None |
| July 1, 2021 | 10 th Session 1 st meeting | 1. | Election and appointment of the Chairman of the Board of Directors. | No | None | None |
| | | 2. | Election and appointment of the 5th Remuneration and Compensation Committee | No | None | None |
| | | 3. | Election and appointment of the 2nd Audit Committee. | No | None | None |
| | 10 th Session 2 nd meeting | 1. | Approved the proposal to apply for credit lines from financial institutions such as Chang Hwa Commercial Bank, China Trust Commercial Bank, Taipei Fubon Bank, Far Eastern International Bank, and Hua Nan Commercial Bank. | No | None | None |
| | | 2. | Approved the proposal to participate in the first cash capital increase of subsidiary, tgt Techvest Co. of 2021 | Yes | None | None |
| August 10, 2021 | 10 th Session 3 rd meeting | 1. | Approval of the Company's Consolidated Financial Statement for the second quarter of 2021. | No | None | None |
| | | 2. | Approved the proposal to apply for credit lines from financial institutions such as First Commercial Bank and Shanghai Commercial and Saving Bank. | No | None | None |
| | | 3. | Approval of borrowings of Chi Chau Printed Circuit Board (Suining) Co., Ltd. from CATAC Electronic (Zhongshan) Co., Ltd. for purpose of financing. | Yes | None | None |
| November 11, 2021 | 10 th Session 4 th meeting | 1. | Approval of the Company's Consolidated Financial Statement for the third quarter of 2021. | No | None | None |
| | | 2. | Approved the proposal to apply for credit lines from financial institutions such as Taiwan Cooperative Bank, Yuanta Commercial Bank, Bank of Taiwan and China Bills Finance Bills Corporation. | No | None | None |
| | | 3. | Approved the proposal to write off Sinact (Hong Kong) International Co., Ltd. | Yes | None | None |
| | | 4. | Approval of the 2022 Audit Plan. | Yes | None | None |

| Date | Session Meeting | Important matters for a decision | | Matters specified under Article 14-3 of the Securities and Exchange Act | Opinions from independent directors | How the Company addressed opinions from independent directors |
|-------------------|--|----------------------------------|---|---|-------------------------------------|---|
| December 29, 2021 | 10 th Session 5 th meeting | 1. | Approved the proposal to apply for credit lines from financial institutions such as Cathay United Bank and Taishin Commercial Bank. | No | None | None |
| | | 2. | Approval of expected release criteria for the year-end bonus for managerial officers of 2021. | Yes | None | None |
| | | 3. | Approval of transfer of treasury stock to employees for the sixth time and establishment of the base date for subscription. | No | None | None |
| | | 4. | Approval of the subscription of treasury stocks by Managerial Officers in the sixth buyback. | Yes | None | None |
| March 18, 2022 | 10 th Session 6 th meeting | 1. | Approval of wiring back of undistributed earnings to the parent company from offshore subsidiaries re-invested in by the Company. | Yes | None | None |
| | | 2. | Approved of how the remuneration to the employees and that to the directors shall be distributed for 2021. | No | None | None |
| | | 3. | Approval of the Company's 2021 Financial Statements and Business Report. | Yes | None | None |
| | | 4. | Approved the proposal to apply for credit lines from financial institutions such as Citibank Taiwan, Ltd., E.SUN Commercial Bank, Mega International Commercial Bank, Taiwan Business Bank and Dah Chung Bills Finance. | No | None | None |
| | | 5. | Approval of borrowings of T-Mac Techvest (Wuxi) PCB Co., Ltd. from Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. for purpose of financing. | Yes | None | None |
| | | 6. | Approval of 2021 Internal Control System Declaration. | Yes | None | None |
| | | 7. | Approval of amendments to some provisions of the "Company's Articles of Incorporation". | Yes | None | None |
| | | 8. | Approval of some amendments to the Company's "Procedures for Acquisition or Disposal of Assets" of the Company. | Yes | None | None |

| Date | Session Meeting | Important matters for a decision | | Matters specified under Article 14-3 of the Securities and Exchange Act | Opinions from independent directors | How the Company addressed opinions from independent directors |
|----------------|--|----------------------------------|--|---|-------------------------------------|---|
| March 18, 2022 | 10 th Session 6 th meeting | 9. | Approval of amendments to some articles of the Company's "Sustainable Development Best Practice Principles". | Yes | None | None |
| | | 10. | Approval of related matters such as the date, location, and cause of the 2022 general shareholders meeting, and book closure duration, etc. | No | None | None |
| | | 11. | Approval of the proposal for the Company's 2022 Annual General Meeting. | No | None | None |
| | | 12. | Approval for the proposal of lifting the non-competition restriction on Directors. | No | None | None |
| | | 13. | Approval for the proposal of lifting the non-competition restriction on Managerial Officers. | No | None | None |
| April 25, 2022 | 10 th Session 7 th meeting | 1. | Approved the proposal to apply for credit lines from financial institutions such as KGI Commercial Bank, Shanghai Commercial and Savings Bank and Land Bank. | No | None | None |
| | | 2. | Approved the Company's 2021 disposition of net earnings and distribution of cash dividends from the capital reserve. | No | None | None |
| | | 3. | Approval of amendments to some provisions of the "Rules of Procedure for the Shareholders Meeting" of the Company. | No | None | None |
| | | 4. | Approved the report on the status of the Company's proposals to shareholders at the 2022 Annual General Meeting. | No | None | None |
| | | 5. | Approved the addition of the motions to the Company's 2022 Annual General Meeting. | No | None | None |
| | | 6. | Approval of 2022 Operational Budget. | No | None | None |
| | | 7. | Approval of the Company's investment in private equity funds. | Yes | None | None |
| May 6, 2022 | 10 th Session 8 th meeting | 1. | Approval of the Company's Consolidated Financial Statement for the first quarter of 2022. | No | None | None |
| | | 2. | Approval of distribution of remuneration to directors for 2021. | Yes | None | None |
| | | 3. | Approval of distribution of remuneration to employees for 2021. | Yes | None | None |

(XII) Different opinions of directors that are recorded and stated in writing on important decisions made by the Board of Directors in the past year up to the date the Annual Report was printed: None.

(XIII) Summary of resignations and dismissals of parties involved in financial statements (including the Chairman, General Manager, head of accounting, and head of internal control, etc.) in the past year up to the date the Annual Report was printed:

| Job Title | Name | Appointment date | Resignation date | Reasons for resignation or dismissal |
|--------------------------------|---------------|------------------|------------------|--------------------------------------|
| Head of Accounting and Finance | Lin, Chen-Min | July 1, 2000 | January 31, 2021 | Personal career planning |

V. Certified Public Accountant (CPA) Fee Information

Unit: NTD thousands

| Name of Accounting Firm | Name of CPA | | Duration of Inspection | Audit-oriented public expenditure | Non-audit-oriented public expenditure | Total |
|-------------------------|---------------|------------------|------------------------------------|-----------------------------------|---------------------------------------|-------|
| KPMG | Chen, Yi-Chun | Chiang, Chung-Yi | January 1, 2021~ December 31, 2021 | 6,710 | 400 | 7,110 |

(I) When the accounting firm is changed and the audit public expenditure in the year of replacement is reduced compared to that in the preceding year, the audit public expenditures before and after the replacement and the reasons shall be disclosed: Not applicable.

(II) When the audit public expenditure is reduced by more than 15% from the preceding year, the value reduced, the ratio, and the cause shall be disclosed: Not applicable.

VI. Information on Replacement of CPAs: None.

VII. Disclosure of the name, position, and duration of service at firms or their associated enterprises in the past year of Company Chairman, General Manager, and Managerial Officers in charge of financial or accounting affairs: None.

VIII. Changes in the transfer and pledge of equity among directors, managerial officers, and shareholders with a holding ratio exceeding 10% in the past year and up to the date the Annual Report was printed

(I) Changes in the Equity of Directors, Managerial Officers, and Major Shareholders

Unit: Share

| Job Title | Name | 2021 | | As of April 10, 2022 | |
|----------------------------|-----------------|--|---|--|---|
| | | Increase/Decrease in the number of shares held | Increase/Decrease in the number of shares pledged | Increase/Decrease in the number of shares held | Increase/Decrease in the number of shares pledged |
| Director & General Manager | Lee, Ming-Hsi | 100,000 | — | 150,000 | — |
| Director | Chen, Chih-Hung | (20,000) | — | — | — |
| Director | Hsu, Ming-Chieh | 150,000 | — | 580,000 | — |
| Director | Hsu, Ming-Hung | 150,000 | — | 580,000 | — |

| Job Title | Name | 2021 | | As of April 10, 2022 | |
|--------------------------------------|----------------------|--|---|--|---|
| | | Increase/Decrease in the number of shares held | Increase/Decrease in the number of shares pledged | Increase/Decrease in the number of shares held | Increase/Decrease in the number of shares pledged |
| Director | Lee, Jen-Shin | (135,000) | — | — | — |
| Director | YADA Investment Ltd. | 125,000 | — | — | — |
| General Manager | Lin, Ching-Yao | 104,000 | — | 150,000 | — |
| General Manager | Danny, Lin | 100,000 | — | 150,000 | — |
| Vice General Manager | Chen, Shih-Shin | (50,000) | — | 100,000 | — |
| Vice General Manager | Song, Pei-Yi | 8,000 | — | 82,000 | — |
| Vice General Manager | George, Chao | (40,000) | — | 91,000 | — |
| Vice General Manager | Jackson, Chen | (42,000) | — | 69,000 | — |
| Vice General Manager | Hu, Hsiu-Hsing | 50,000 | — | 100,000 | — |
| Head of the Manufacturing Department | Kao, Mao-Sheng | (20,000) | — | — | — |
| Head of Management Department | Chiang, Chih-Cheng | 1,000 | — | 15,000 | — |

(II) Information on Transfer of Equity: No equity was transferred to related parties.

(III) Information on Pledge of Equity: No equity was pledged to related parties.

IX. Information on the relationship among Top 10 shareholders who are related, spouses, or relatives within the second degree of kinship

April 10, 2022; Unit: Share; %

| Name | Shares held in person | | Shares held by spouse and minor child(ren) | | Shares held in someone else's name | | The title or name and relationship among shareholders in the Top shareholding list who are related, spouse to each other, or relatives within the second degree of kinship | | Remarks |
|---|-----------------------|--------------------|--|--------------------|------------------------------------|--------------------|--|------------------------------------|---------|
| | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Shares | Shareholding Ratio | Name | Relation | |
| Macquarie Bank Limited - MAIN | 15,428,000 | 5.69 | — | — | — | — | — | — | — |
| Hui Min Investment Co., Ltd. | 10,467,177 | 3.86 | — | — | — | — | Hsu, Cheng-Min | The person in charge is the spouse | — |
| Chen, Hui-Yao | 147 | 0.00 | 1,486,183 | 0.55 | — | — | Hui Min Investment Co., Ltd. | Person in charge | — |
| Hocheng Corporation | 6,575,315 | 2.42 | — | — | — | — | — | — | — |
| Chiu, Chi-Hsin | — | — | — | — | — | — | Hocheng Corporation | Vice-Chairman | — |
| Norges Bank | 4,353,417 | 1.60 | — | — | — | — | — | — | — |
| VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS | 3,998,000 | 1.47 | — | — | — | — | — | — | — |
| J.P. MORGAN SECURITIES PLC | 3,515,999 | 1.30 | — | — | — | — | — | — | — |
| JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 3,381,549 | 1.25 | — | — | — | — | — | — | — |
| Chieh Hung Investment Co., Ltd. | 2,973,783 | 1.10 | — | — | — | — | Hsu, Cheng-Min | The person in charge is the spouse | — |
| Chen, Hui-Yao | 147 | 0.00 | 1,486,183 | 0.55 | — | — | Chieh Hung Investment Co., Ltd. | Person in charge | — |
| Leo Investment Co., Ltd. | 2,685,415 | 0.99 | — | — | — | — | Lee, Ming-Hsi | The person in charge is the spouse | — |
| Hsu, Shu-Qin | — | — | 1,756,189 | 0.65 | — | — | Leo Investment Co., Ltd. | Person in charge | — |
| Yan, Wen-Bin | 2,500,000 | 0.92 | — | — | — | — | — | — | — |

X. Number of shares held by the Company, the Company's directors, managerial officers, and directly or indirectly controlled businesses and the consolidated general holding ratio

Unit: Share; %

| Re-invested business (Note 1) | Investments made by the Company | | Directors, managerial officers, and directly or indirectly controlled businesses (Note 2) | | Comprehensive investment | |
|----------------------------------|---------------------------------|---------------|---|---------------|--------------------------|---------------|
| | Shares | Holding ratio | Shares | Holding ratio | Shares | Holding ratio |
| Chi Yang Investment Ltd. | — | 100.00 | — | — | — | 100.00 |
| T-Mac Techvest PCB Co., Ltd. | 170,957,200 | 100.00 | — | — | 170,957,200 | 100.00 |
| T-Flex Techvest PCB Co., Ltd. | 30,821,897 | 44.21 | 762,920 | 1.09 | 31,584,817 | 45.30 |
| tgt Techvest Co.,Ltd. | 9,680,606 | 20.70 | 28,484,540 | 60.91 | 38,165,146 | 81.81 |
| TPT International Co., Ltd. | 500,000 | 100.00 | — | — | 500,000 | 100.00 |
| Chi Chau International Co., Ltd. | 1,153,524 | 96.13 | 46,476 | 3.87 | 1,200,000 | 100.00 |
| Brilliant Star Holdings Ltd. | 68,126,618 | 97.28 | — | — | 68,126,618 | 97.28 |
| Chi Chen Investment Co., Ltd. | 35,600,000 | 80.73 | 8,500,000 | 19.17 | 44,100,000 | 100.00 |
| Chi Chau (Thailand) Co., Ltd. | 14,850,000 | 99.00 | 150,000 | 1.00 | 15,000,000 | 100.00 |

Note 1: It is the investment of the Company applying the equity method.

Note 2: The information documented in the roster of shareholders from the most recent book closure date of each company to the date the Company's Annual Report was printed.

Four. Fund-raising

I. Capital and Shares

(I) Source of Capital Stock

Unit: NTD thousand; Thousand Shares

| Date | Issue price (NTD) | Approved capital stock | | Paid-in capital stock | | Remarks | | |
|----------------|-------------------|------------------------|-----------|-----------------------|-----------|--|---|---|
| | | Quantity | Amount | Quantity | Amount | Source of capital stock | Using properties other than cash to write off the stock value | Others |
| January 2009 | 10 | 200,000 | 2,000,000 | 140,967 | 1,409,675 | Employee share subscription warrants exercised 8,500 | — | January 6, 2009 Jing-Shou-Shang No. 09701331690 |
| July 2009 | 10 | 200,000 | 2,000,000 | 142,722 | 1,427,225 | Employee share subscription warrants exercised 17,550 | — | July 15, 2009 Jing-Shou-Shang No. 09801155160 |
| September 2009 | 10 | 200,000 | 2,000,000 | 166,250 | 1,662,508 | Earnings-transferred capital increase and capital reserve transferred capital increase 235,283 | — | September 4, 2009 Jing-Shou-Shang No. 09801203490 |
| January 2010 | 10 | 250,000 | 2,500,000 | 194,255 | 1,942,548 | Capital increase in cash 228,550; Employee share subscription warrants exercised 51,490 | — | January 13, 2010 Jing-Shou-Shang No. 09901005630 |
| July 2010 | 10 | 250,000 | 2,500,000 | 213,680 | 2,136,803 | Earnings transferred capital increase 194,255 | — | July 1, 2010 Jing-Shou-Shang No. 09901140030 |
| September 2010 | 10 | 300,000 | 3,000,000 | 231,680 | 2,316,803 | Capital increase in cash 180,000 | — | September 16, 2010 Jing-Shou-Shang No. 09901211780 |
| December 2011 | 10 | 300,000 | 3,000,000 | 236,314 | 2,363,139 | Earnings transferred capital increase 46,336 | — | December 12, 2011 Jing-Shou-Shang No. 10001275880 |
| August 2012 | 10 | 300,000 | 3,000,000 | 251,314 | 2,513,139 | Capital increase in cash 150,000 | — | August 6, 2012 Jing-Shou-Shang No. 10101159440 |

| Date | Issue price (NTD) | Approved capital stock | | Paid-in capital stock | | Remarks | | |
|--------------|-------------------|------------------------|-----------|-----------------------|-----------|---|---|---|
| | | Quantity | Amount | Quantity | Amount | Source of capital stock | Using properties other than cash to write off the stock value | Others |
| August 2013 | 10 | 300,000 | 3,000,000 | 275,014 | 2,750,139 | Capital increase in cash 237,000 | — | August 15, 2013 Jing-Shou-Shang No. 10201165000 |
| January 2015 | 10 | 300,000 | 3,000,000 | 271,243 | 2,712,429 | Treasury stock-based capital reduction 37,710 | — | January 22, 2015 Jing-Shou-Shang No. 10401013620 |
| August 2019 | 10 | 300,000 | 3,000,000 | 271,242 | 2,712,425 | Treasury stock-based capital reduction 450 | — | April 14, 2019 Jing-Shou-Shang No. 10801101390 |

April 10, 2022; Unit: Unit: Thousand Shares

| Type of share | Approved capital stock | | | Remarks |
|-------------------------|------------------------|-------------------------|---------|---------|
| | Circulating shares | Shares yet to be issued | Total | |
| Registered common stock | 271,242 | 28,758 | 300,000 | None |

(II) Shareholder Structure

April 10, 2022; Unit: Person; Share; %

| Shareholder structure Quantity | Government agency | Financial institution | Other corporations | Individual | Foreign institution and outsider | Total |
|-----------------------------------|-------------------|-----------------------|--------------------|-------------|----------------------------------|-------------|
| Number of people | — | 6 | 285 | 38,790 | 141 | 39,222 |
| Number of shares held | — | 2,236,056 | 39,583,409 | 165,305,157 | 64,117,866 | 271,242,488 |
| Shareholding ratio | 0.00 | 0.82 | 14.59 | 60.95 | 23.64 | 100.00 |

(III) Diversification of Equity

April 10, 2022; Denomination of NTD10 per share; Unit: Person; Share: %

| Shareholding classification | Number of shareholders | No. of shares held | Holding ratio |
|-----------------------------|------------------------|--------------------|---------------|
| 1 To 999 | 20,459 | 556,856 | 0.21 |
| 1,000 To 5,000 | 13,926 | 29,610,701 | 10.92 |
| 5,001 To 10,000 | 2,334 | 18,687,142 | 6.89 |
| 10,001 To 15,000 | 659 | 8,434,203 | 3.11 |
| 15,001 To 20,000 | 493 | 9,295,490 | 3.43 |
| 20,001 To 30,000 | 454 | 11,701,425 | 4.31 |
| 30,001 To 40,000 | 212 | 7,694,858 | 2.84 |
| 40,001 To 50,000 | 150 | 7,042,403 | 2.60 |
| 50,001 To 100,000 | 253 | 18,724,291 | 6.90 |
| 100,001 To 200,000 | 141 | 19,585,393 | 7.22 |
| 200,001 To 400,000 | 64 | 18,295,367 | 6.75 |
| 400,001 To 600,000 | 25 | 12,271,224 | 4.52 |
| 600,001 To 800,000 | 11 | 7,864,051 | 2.90 |
| 800,001 To 1,000,000 | 6 | 5,270,285 | 1.94 |
| 1,000,001 and more | 35 | 96,208,799 | 35.46 |
| Total | 39,222 | 271,242,488 | 100.00 |

(VI) List of Major Shareholders

Shareholders that hold at least 5% of the equity or those whose holding ratio is one of the Top 10, their names, the number of shares held, and the holding ratio

April 10, 2022; Unit: Share: %

| Name of major shareholder | No. of shares held | Holding ratio |
|---|--------------------|---------------|
| Macquarie Bank Limited - MAIN | 15,428,000 | 5.69 |
| Hui Min Investment Co., Ltd. | 10,467,177 | 3.86 |
| Hocheng Corporation | 6,575,315 | 2.42 |
| Norges Bank | 4,353,417 | 1.60 |
| Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | 3,998,000 | 1.47 |
| J.P. Morgan Securities Plc | 3,515,999 | 1.30 |
| JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds | 3,381,549 | 1.25 |
| Jie-Hong Investment Co., Ltd. | 2,973,783 | 1.10 |
| Leo Investment Co., Ltd. | 2,685,415 | 0.99 |
| Yan, Wen-Bin | 2,500,000 | 0.92 |

(V) Related information on the market price per share, net value, earnings, and dividends for the past two years

Unit: NTD; 000 shares

| Item \ Year | | | 2020 | 2021 | For the year up to May 6, 2022 (Note 5) |
|----------------------------------|----------------------------------|----------------------------------|----------------|----------------|---|
| Market value per share | Maximum | | 47.40 | 55.20 | 51.80 |
| | Minimum | | 24.10 | 43.75 | 46.30 |
| | Average | | 37.46 | 47.98 | 48.92 |
| Net value per share | Before distribution | | 47.98 | 53.12 | 56.64 |
| | After distribution | | 44.48 | Note 4 | Not applicable |
| Earnings per share | Weighted mean shares | | 263,562 | 262,682 | 269,329 |
| | Net profit per share (NTD) | Before retroactive adjustment | 7.28 | 8.6 | 1.81 |
| | | After retroactive adjustment | Not applicable | Not applicable | Not applicable |
| Dividend per share (Note 4) | Cash dividend | | 3.50 | 3.50 | Not applicable |
| | Free share assignment | Earnings share assignment | — | — | Not applicable |
| | | Capital reserve share assignment | — | — | Not applicable |
| | Accumulated unpaid dividend | | — | 949,348,708 | Not applicable |
| Analysis of return on investment | Price to earnings ratio (Note 1) | | 5.15 | 5.58 | Not applicable |
| | Price to dividend ratio (Note 2) | | 10.70 | 13.71 | Not applicable |
| | Cash dividend yield (Note 3) | | 0.09 | 0.07 | Not applicable |

Note 1: Price to Earnings ratio = Mean closing price per share of the year/Earnings per share.

Note 2: Price to Dividend ratio = Mean closing price per share of the year/Cash dividend per share.

Note 3: Cash dividend yield = Cash dividend per share/Mean closing price per share of the year.

Note 4: The distribution of 2021 earnings was approved by the Board of Directors on April 25, 2022.

Once the dividend payout base date is approved, the shareholder dividend distribution ratio will be adjusted according to the actual outstanding shares of the Company.

Note 5: The net value per share and earnings per share are the data reviewed by approved by CPAs for the first quarter of 2022.

(VI) Company's Dividend Policy and Implementation

1. Dividend policy defined in the Articles of Incorporation

For annual surpluses concluded by the Company, besides taxation as required by law, they shall be prioritized for offsetting prior deficits. Secondly, 10% of the remainder will be the legal reserve unless the legal reserve has reached the overall capital size and provision or reversal of special reserve reflective of operational demand may be done. In case of further surplus, the Board of Directors may combine it with prior ones and prepare the distribution proposal and introduce it during the shareholders' meeting for a decision prior to actual distribution.

In light of steady developments and a sound financial structure, the distribution of surpluses of the Company is not to be below 10% of distributable surpluses after prior surpluses are subtracted. When it is below 1% of the paid-in capital size, however, it may be decided that all the remaining surpluses will continue to be retained and not be distributed.

Upon distribution of surpluses, the cash dividend may not be below 10% of the overall dividends.

2. Current distribution of dividends

The Company's 2021 Earning Distribution proposal was approved by the Board of Directors on April 25, 2022, after calculating the remeasurements of defined benefit plans and deducting the effect of the new shares of subsidiaries not subscribed according to the shareholding ratio, the 10% legal reserve and the special reserve, and adding the unappropriated retained earnings at the end, the remaining distributable earnings were as follows:

- (1) NTD 0 distributed as a share dividend for shareholders.
- (2) NTD 949,348,708 distributed as cash dividend for shareholders.
- (3) Cash dividend distributed with the earnings (NTD/Share): NTD3.50.
- (4) Information on expected major changes to the dividend policy: This did not happen.

(VII) Impacts of free share assignment intended through the current shareholders' meeting on the Company's operational performance and earnings per share

No free share assignment was proposed in the current shareholders' meeting and the Company does not need to disclose its 2021 Financial Forecast; therefore, there is no need to disclose the annual forecast information.

(VIII) Remuneration for employees and that for directors

1. Percentage or range of remuneration for the employees and that for the directors as stated in the Company's Articles of Incorporation

After the pre-tax net profit of the current term before the remuneration for directors and that for employees are subtracted from the profit for the current year of the Company, less than 3% shall be set aside to be the remuneration for directors and 5% to 15% shall be that for employees. In cases of pending cumulative deficits borne by the Company (including adjustment of the value of undistributed earnings), the value sufficient to offset the deficits shall be retained first.

2. Accounting measures adopted in case of any difference between the basis for estimating the amount of remuneration for employees and that for directors and the basis for calculating the number of shares included in the distribution of share bonus, and the actual value distributed and their estimates of the current term:
 - (1) The Company estimates the amount of remuneration for employees and that for directors based on the policy defined in the Company's Articles of Incorporation and with reference to how it was distributed in prior years.
 - (2) The basis for estimating the amount of remuneration for employees and that for directors in 2021 is to multiply the pre-tax net profit by 15% which is expected for employees and 3% for directors. The basis for calculating the number of shares for distribution of stock bonus is the closing price on the day before the Board of Directors' meeting. In 2021, however, the employee stock bonus was not distributed.
 - (3) Differences between the actual value decided to be distributed by the Board of Directors and the estimate, if any, are considered as variations in accounting estimates and will be recognized as the profit or loss of 2022.

3. Information on the distribution of remuneration for employees and that for directors of 2021 as decided by the Board of Directors

(1) Amount of remuneration for employees and that for directors

| Item | Remuneration for employees | Remuneration for directors |
|-------|----------------------------|----------------------------|
| Cash | 458,768,000 | 91,754,000 |
| Share | — | — |

There is no difference between the amount of remuneration for employees and that for directors distributed for 2021 as determined by the Board of Directors and the annual estimate recognized.

- (2) Ratio of the amount of remuneration for employees as determined to the sum of after-tax net profit and the total employee bonus of the current term: Not applicable.
4. The Company's Board of Directors decided on March 16, 2021 that NTD378,794,000 would be assigned as the remuneration for employees and NTD75,759,000 as the remuneration for directors in 2020. The actual distribution was identical to the original decision and the originally recognized value. There is no difference.

(IX) Buyback of the Company's Shares:

As of April 10, 2022; Unit: NTD

| Buyback Term/No. | Four | Five | Six |
|--|------------------------------------|------------------------------------|-------------------------------------|
| Purpose of Buyback | Assignment of shares to employees | Stock transfer | Assignment of shares to employees |
| Buyback duration | May 9, 2018 ~ May 14, 2018 | March 25, 2019 ~ April 1, 2019 | March 25, 2020 ~ April 8, 2020 |
| Buyback price range | 29.15~30.75 | 29.30~32.96 | 27.75~29.60 |
| Type and quantity of shares already bought back | Ordinary share 2,100,000 shares | Ordinary share 2,304,000 shares | Ordinary share 10,000,000 shares |
| Value of shares already bought back | 62,919,781 | 87,766,430 | 328,049,036 |
| Ratio of actual bought-back quantity to expected bought-back quantity | 100.00% | 100.00% | 100.00% |
| Quantity of shares already written off and assigned | 2,100,000 shares | 2,304,000 shares | 10,000,000 shares |
| Cumulative quantity of shares of the Company held | 0 share | 0 share | 0 share |
| Ratio of the cumulative quantity of shares of the Company held to total outstanding shares | 0.00% | 0.00% | 0.00% |

- II. Corporate Bonds: None.
- III. Preferred Stock: None.
- IV. Global Depositary Receipt: None.
- V. Employee Stock Options: None.
- VI. Employee Restricted Stock: None.
- VII. New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.
- VIII. Implementation of Capital Utilization Plan: None.

Five. Operational Status

I. Scope of Operation

(I) Scope of Operation

1. Main contents of the business

- (1) CC01080 Electronics Components Manufacturing
- (2) F219010 Retail Sale of Electronic Materials
- (3) F401010 International Trade
- (4) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Sales weight and current products

| Main products | 2021 | 2020 |
|-----------------------|---------|---------|
| Printed Circuit Board | 100.00% | 100.00% |

3. New products to be developed

- (1) Continuous development of the Mini LED PCB LCD panel backlight applications, and in response to customers' demand for thinner backlight modules, there is a challenge to develop extremely thin 0.1mm~0.15mm panel thickness capabilities; as well as asymmetric laminates with special stacking requirements or laser microvia process.
- (2) RGB Mini LED products are used in large public information displays at airports and subways and are being developed for super small spacing and high-resolution screens with high-density HDI. In addition, to meet the needs of RGB display screens installed on non-flat surfaces, such as cylindrical signage in public places, products with bending capability are also one of the development directions.
- (3) Development of large size high-density LCD and thick copper HDI high-resolution display device.
- (4) Research on special dielectric materials to develop a coreless process to incorporate very fine embedded lines, with smaller line width spacing EPP (Embedded Pattern Process) process capability into new HDI products.

(II) Industry Overview

Manufacturing and sales are primarily attributed to printed circuit boards (PCB). Applications include LCD TVs, monitors, NBs, control panels and LED light bars. PCBs are substrates that carry electronic components, while the core material of the inner layer acts as an insulator (e.g. glass fiber) the outer layer is supplemented with a conductor (e.g. copper foil). According to the circuit design of the end product, the circuit pattern is applied to the substrate by chemical etching and electroplating. Given that the electrical circuit (wiring) connects the various electronic component and provides electrical conductivity to transmit power and signals, this enables the function of each component to be performed. PCBs are regarded as one of the most essential components of electronic products. In general, PCBs are categorized into rigid circuit boards (R-PCB), flexible printed circuits (FPC), high density interconnect boards (HDI), and IC carrier boards. If classified under the number of conductive layers, these can be divided into single-sided, double-sided and multi-layer panels. The downstream applications for these types of PCBs are as follows:

| Classification | Terminal Products | Characteristics |
|------------------|---|--|
| R-PCB | Automotive electronics, servers/storage, desktop computers, notebooks, displays, hard drives, TVs, game consoles, and so on. | Non-flexible, wide range of board thickness, and able to carry large currents. |
| FPC | Wearable devices, mobile phones, tablet PCs, notebooks, digital cameras, TFT-LCD panels, touch panels, and so on. | Flexible, easy to bend, lightweight and thin. |
| HDI | Wearable devices, mobile phones, tablet PCs, ultra-thin notebooks, digital single-lens reflex cameras, handheld game consoles, data cards, and so on. | Small in size, high density of circuit distribution, and excellent transmission performance. |
| IC Carrier Board | Application processors, baseband chips, power management chips, NFC chips, RF chips, graphics chips, power amplifiers, flash memory, MEMS, and so on. | Lighter, smaller in size, and has excellent quality stability and information channels. |

In summary, PCBs can be applied to an extensive range of products, hence the name of “mother of all electronic products”. PCBs can be used in almost everything in terms of electronic components. Their applications include wearable devices, communications, tablet PCs, automotive electronics, servers/storage, networking, personal computers, various consumer electronics products, and so on. Therefore, the prosperity in the terminal electronics market directly affects the market demand for PCBs.

1. Global industry status and development trends

Although the global economy will continue to suffer from the pandemic in 2021, HDI and single and double-sided panels will still grow by 13.5% and 8.1% respectively in the year due to strong demand from remote business opportunities, the stay-at-home economy and strong demand for servers.

In 2021, the shipment status of PCBs, mainly applied to end-use products, cell phones (including general feature phones and smartphones) and automotive PCBs showed a decline due to poor demand for end products; PCs, NBs, tablet computers and servers, etc., benefitted from the stay-at-home economy lifestyle change and became the biggest beneficiaries under the COVID-19 pandemic.

Looking ahead to 2022, with the worsening of the Russo-Ukrainian Conflict, the slowdown of China's economic growth, and the persistently high inflationary spike, the International Monetary Fund (IMF) has adjusted the global economic growth forecast to 3.6% in 2022. The shortage of labor and materials due to the pandemic has not been resolved, and the demand for notebook and tablet computers is slowing down following the pandemic, so there are many uncertainties in the global PCB industrial competitive situation.

2. Current status and development trend of Taiwan industry

Taiwan's printed circuit board industry is in the leading position with a global market share of more than 30%, while China is in second place, followed by Japan, South Korea, and the United States. Asia's PCB output accounts for more than 90% of the global PCB output, China is the world's largest producer, more than 60% of the world's output is produced in China, as well as the proportion of Taiwanese factories manufacturing in China.

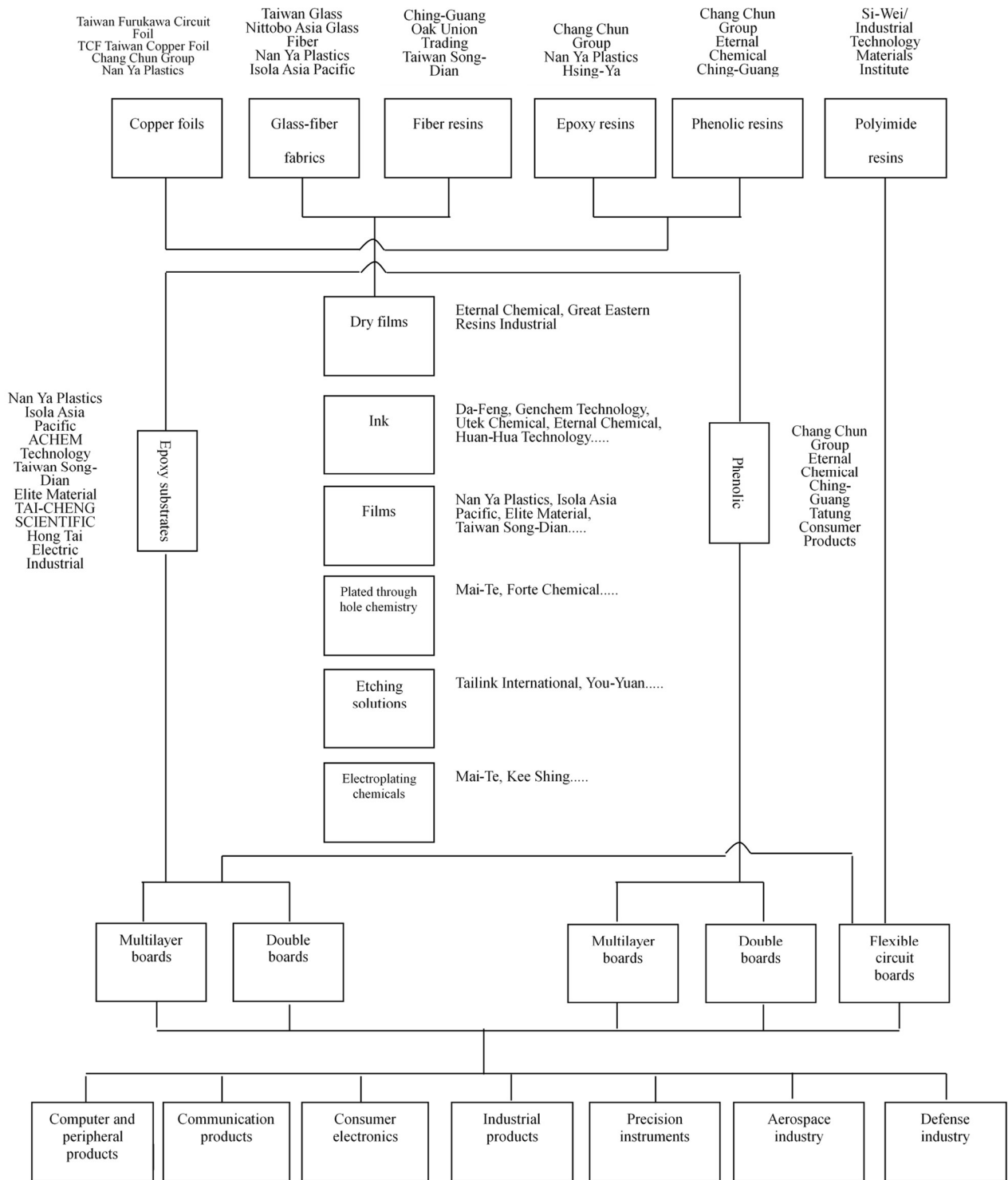
According to the Taiwan Printed Circuit Association (TPCA), Taiwanese business people's cross-strait PCB manufacturing output has reached NTD817.8 billion in 2021, a 17.5% increase compared to 2020, positive growth for five consecutive years.

TPCA also predicted that in 2022, Taiwan's PCB industry growth rate is expected to reach 9.3%, and the output value will cross NTD1.4 trillion, which will be a record high. The growth will mainly come from three major application areas, including the 5th generation mobile networks (5G), the Artificial Intelligence of Things (AIoT) and High-Performance Computing (HPC). This will drive the growth of related HDI and server boards, carrier boards, and high-end flexible printed circuit manufacturers.

3. Linkage between upstream, midstream, and downstream industries

Chi Chau is engaged mainly in the manufacturing and sales of PCBs as a bridge for carrying electronic components and connecting circuits. Upstream industries include chemical raw materials such as: substrates, copper foil, glass cloth, dry film, ink, film and etching solution, covering petrochemicals, metal and electronic component industries. Downstream industries include computer peripherals, communication products, consumer electronics, industrial products, precision instruments, the aerospace industry, and the defense industry. The main raw materials for upstream industries can be developed and supplied by domestic manufacturers, while the applications for downstream industries are more diverse and are likely to be affected by the general economy, market performance, and consumption. Given the above, both upstream and downstream systems of the PCB industry have been reasonably developed. Structural links between the upstream, midstream and downstream industries are as follows:

PCB vertical structure system



Information source: Industrial Technology Materials Institute

4. Competition situation

Due to the wide range of applications of printed circuit boards, the substrate layer count and characteristics are different, so there are many competing manufacturers in Taiwan and abroad. The Group is engaged in the production of printed circuit boards, mainly photovoltaic panels, NB boards, automotive boards, and so forth. The Company has strengthened its production efficiency management to meet customers' needs with stable quality and competitive prices.

In recent years, the impact of the COVID-19 epidemic has prompted companies to accelerate the evaluation of production bases towards diversified layouts, but for the PCB industry, China's PCB industry has a complete global supply chain and a huge market, which cannot be easily and quickly replicated in other countries. Adding to that, with the Chinese government's full support and capital market competition, its impact is still not to be taken lightly.

(III) Technology, R&D and Patent Overview

1. R&D expenses during the most recent fiscal year and as they stood on the date of publication of the annual report:

Not applicable as PCBs are the basic components of the electronic industry, the production technology is relatively mature. Also, related product lines and specifications are provided according to the design of the customer, the Company has not invested in R&D since 2013.

2. Whether there is any infringement of patent rights, trademark rights and copyright in the currently registered or attained patent rights, trademark rights and copyright rights, and whether the actions taken are reasonable and effective:

The Company has no registered patent rights, trademark rights and copyrights, and has not been involved in any infringement of patent rights, trademark rights and copyrights during the most recent fiscal year and as they stood on the date of publication of the annual report.

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

1. Short-term plans

- (1) We will continue to grasp the future direction of the industry and technology development of printed circuit boards used in panels and NB, successively develop niche products related to them and continue to operate them.
- (2) Promote comprehensive quality management, and improve operational quality, to increase customer satisfaction, while eliminating possible waste to reduce operating costs.

2. Long-term plans

- (1) Continue to cultivate quality and professional technologies as well as management elites. Not only will the yield rates of production lines in Taiwan be improved, but they will also serve as the basic cadre of production lines in future locations outside Taiwan.
- (2) To address the task of manpower shortage in the manufacturing industry in Taiwan and China, we will continue to increase automation to reduce manpower demand in the plan, while also stabilizing manufacturing quality.

- (3) Establish a comprehensive information system for information integration and analysis to shorten operation times. Computer connections with key customers will also be set up to provide real-time service.
- (4) Continue to expand product range and their distribution channels in response to market trends and product diversification to reduce the impact of fluctuating economic conditions.
- (5) In line with future product trends, new materials will be strengthened, new technologies collected, and correct products planned to shorten the development and introduction of mass production time to meet future product demand.

II. Market, production and sales overview

(I) Market Analysis

1. Major product sales regions

The Company's main products are PCBs, and they are sold in Taiwan, China, Korea, Singapore and Hong Kong.

Unit: NT\$ 000's

| Area \ Year | 2020 | | 2021 | |
|----------------|------------|--------|------------|--------|
| | Amount | % | Amount | % |
| Domestic sales | 2,721,860 | 11.91 | 3,641,429 | 13.24 |
| Export | 20,125,407 | 88.09 | 23,858,749 | 86.76 |
| Total | 22,847,267 | 100.00 | 27,500,178 | 100.00 |

Information source: Consolidated financial report audited by the CPAs.

2. Market share

In fiscal year 2021, the global output of printed circuit boards was US\$84 billion, a growth rate of 20.6%, while the Company's consolidated sales were approximately US\$981 million, representing roughly 1.17% of the global PCB market.

3. Future market supply and demand situation and growth

Regarding the development trend of the PCB industry - with the development trend of light, thin, short, and small electronic products pursued by downstream industries, technology will continue to develop in the direction of high precision, high integration, thin and lightweight. Regarding the applications of terminal products - in recent years, the market has gone through structural changes in emerging application markets including 5G, mobile broadband, IoT, cloud computing, AI and self-driving cars. The origin of change comes from big data generation, computing and application, and short, medium and long term structures are still in the process of being adjusted. To seek new growth momentum, manufacturers in Taiwan will accelerate their layout of servers, 5G, networking and automotive electronics applications. Through the adjustment of product structure and proactive introduction of automation and smart equipment, the manufacturing efficiency can be optimized to seek further revenue and profit growth.

Concerning the Company's two main products: LCD panels and NB panels - terminal products are still the most important segment of the electronic industry, while product functions are constantly evolving per customer demands in terms of technology, customers are provided with PCBs that meet their needs and are competitively priced.

4. Competitive niche

(1) Continuous innovation of professional technology

The Group is actively improving its production technology and processes to develop niche products based on technology and quality, such as the development of large high-density LCD and thick copper HDI high-resolution displays, ultra-small LED displays and high-density, high-resolution HDI display products.

(2) Steady business operation

The management of the Company is committed to the business it operates in, and upholds the business philosophy of sustainability, innovation and service, which allows the Company to maintain its performance while maintaining its profitability under fierce competition.

(3) Good management system

PCB manufacturing is an industry with complex manufacturing processes and made-to-order production, having precise and effective management is the foundation for maintaining competitiveness and generating profits. Not only does the Company's management team constantly strive for meeting the objectives of effective management, but with years of professional production experience, alongside the application of integrated computer systems, short delivery times, reduction of costs and continuous quality standard improvement are also achieved, further increasing the Company's competitiveness.

5. Advantageous and disadvantageous factors for future development and policies for dealing with them

(1) Advantageous factors for future development and policies

- ① Establish positive and stable supply relationships with major raw material suppliers to grasp the source of raw materials.
- ② The main members are elites from various industries, with technologies reaching international standards and capabilities to grasp the technology of niche products of optoelectronics and information.
- ③ Thanks to satisfactory communication and a comprehensive management system, the relationship between labor and management is congruent. Each member of the Company strives for one goal - to do their utmost for the best interests of the Company.

(2) Disadvantageous factors for future development and policies for dealing with them

① Global environmental awareness is increasing.

Policies for tackling the issue: The Company has invested heavily in pollution prevention equipment so that emissions comply with exhaust and wastewater laws and regulations. General and hazardous business waste is entrusted to a treatment body approved by the competent authorities.

② Labor shortage and high liquidity.

Policies for tackling the issue: We hire foreign workers through legal agencies to increase productivity. We also enhance employees' on-the-job training to improve their quality and productivity, while at the same time increasing employee benefits to reduce the employee turnover rate.

③Competitive market makes reasonable profits difficult to maintain.

Policies for tackling the issue: The Company has introduced high-tech production equipment to improve production capacity and quality, reduce production costs and proactively develop new products, adjust sales portfolios, and establish market segmentation.

④ Changes in exchange rates affect profitability.

Policies for tackling the issue: When purchasing raw materials, we quote in U.S. dollars and pay in U.S. dollars, and reduce exchange risks through a forward exchange and U.S. dollars loan.

⑤Price fluctuation of international raw materials:

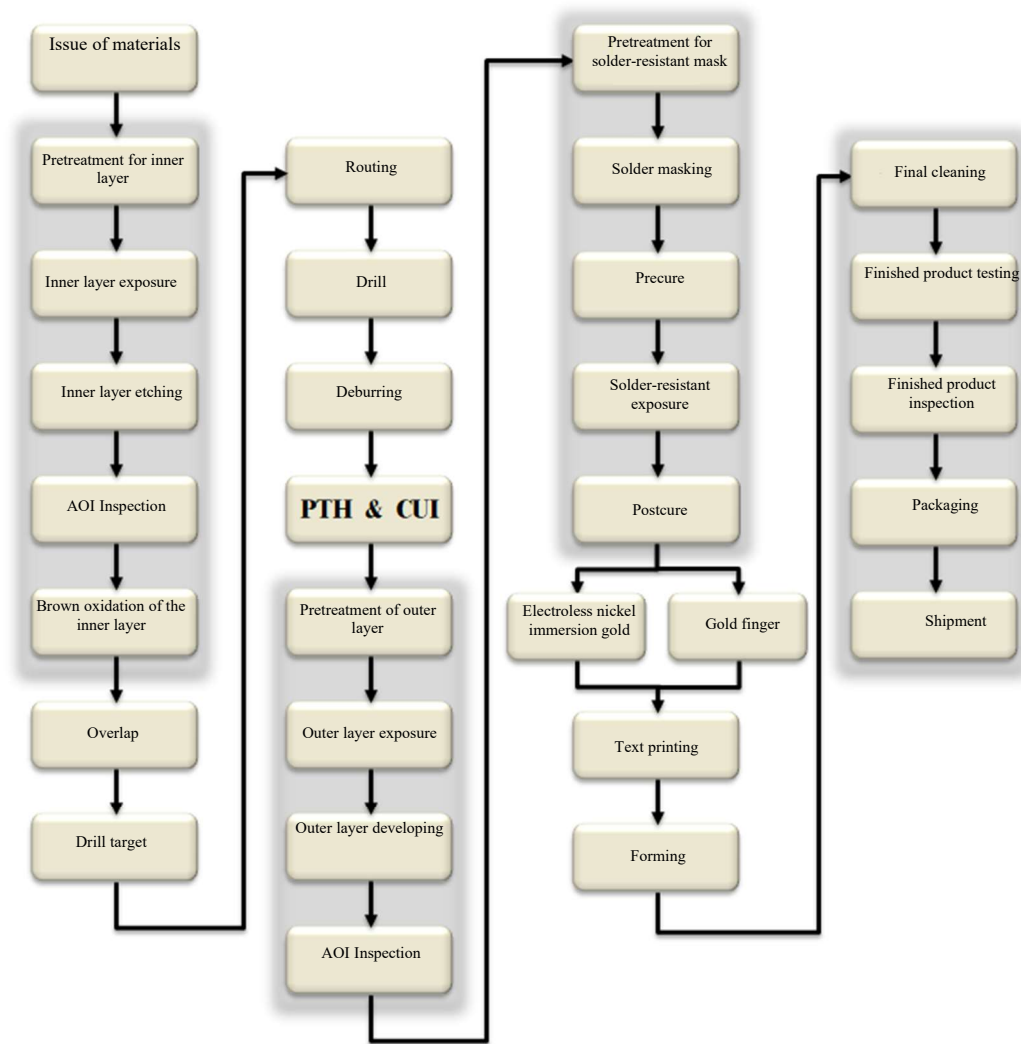
Policies for tackling the issue: Our procurement personnel keep a close eye on the market price trend of raw materials at all times to reduce the adverse impact of price fluctuation. We also maintain a good relationship with raw material suppliers to ascertain the best procurement timing.

(II) Purchasing personnel keeps an eye on the market price trend of raw materials to reduce the negative impact of price fluctuation and maintain a good relationship with raw material suppliers to ascertain the best timing of purchase.

1. Usage for the Company's main products

TFT-LCD monitors, desktop computers, notebook computers, automotive PCBs, consumer electronics, etc.

2. Manufacturing processes for the Company's main products



(III) Supply situation for the company's major raw materials.

The Group is a professional manufacturer of printed circuit boards. The main raw materials are substrates, copper foil, prepreg and gold salts, which are sourced from major domestic and foreign suppliers. The main suppliers of laminates and prepreg are Hong Tai Electric Industrial Co., Ltd, Formosa Laboratories, Inc. , Elite Material Co., Ltd. , Ventec Electronics Corporation and Nan Ya Plastics Corporation, all of which are well-known manufacturers in Taiwan and abroad. They have established a good and stable long-term supply-demand relationship with the Group, and the prices reflect the market conditions in the information electronics industry.

As of the date of publication of the annual report, the supply of major raw materials is good and there is no occurrence of cessation of work or other disputes.

(IV) 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 in the above figures

1. Main suppliers

Unit: NTD thousands; %

| Item | Name | Relationship with the Issuer | 2020 | | 2021 | | First Quarter of 2022 | |
|------|---|------------------------------|------------|---|------------|---|-----------------------|---|
| | | | Amount | As a percentage of net imports for the year | Amount | As a percentage of net imports for the year | Amount | As a percentage of net imports for the year |
| 1 | Nan Ya Plastics Hong Kong Corp Ltd. | None | 1,442,543 | 12.09 | 1,942,011 | 12.71 | 488,036 | 12.96 |
| 2 | Ventec Electronics (HK) Company Limited | None | 1,225,987 | 10.28 | 1,057,917 | 6.93 | 250,055 | 6.64 |
| 3 | Others | None | 9,262,774 | 77.63 | 12,274,084 | 80.36 | 3,028,969 | 80.40 |
| | Total | | 11,931,304 | 100.00 | 15,274,012 | 100.00 | 3,767,060 | 100.00 |

Change in increase/decrease:

The Group's main imports are raw materials such as substrates, copper foil, prepreg and gold salts, etc. The overall increase in imports is mainly due to the increase in annual sales revenue of approximately 20.37% in the financial year 2021 compared to FY2020, and the related stock. Except for the above-mentioned suppliers, none of the other suppliers accounted for more than 10% of the total shipments in fiscal year 2021.

2. Main customers

Unit: NT\$ thousands; %

| Item | Name | Relationship with the Issuer | 2020 | | 2021 | | First Quarter of 2022 | |
|------|---|------------------------------|------------|---|------------|---|-----------------------|---|
| | | | Amount | As a percentage of net sales for the year | Amount | As a percentage of net sales for the year | Amount | As a percentage of net sales for the year |
| 1 | Dell Global BV (Singapore Branch) | None | 2,034,852 | 8.91 | 3,177,952 | 11.56 | 545,362 | 7.86 |
| 2 | Tech Front (Chongqing) Computer Co., Ltd. | None | 2,367,010 | 10.36 | 2,948,717 | 10.72 | 893,517 | 12.88 |
| 3 | Others | None | 18,445,405 | 80.73 | 21,373,509 | 77.72 | 5,497,241 | 79.26 |
| | Total | | 22,847,267 | 100.00 | 27,500,178 | 100.00 | 6,936,120 | 100.00 |

Change in increase/decrease:

The increase in the Group's revenue in the fiscal year 2021 was mainly due to the increase in shipments of LCD photovoltaic panels and notebook computer motherboards as a result of the demand for work from home and distance learning arising from the epidemic. Overall, there were no significant changes in sales customers in 2021. The Group will continue to diversify its customer base and sales products, expand into overseas markets and reduce the risk of concentration of sales.

(V) An indication of the production volume for the 2 most recent fiscal years

Unit: square feet / NT\$

thousand

| Major product | Year | 2020 | | | 2021 | | |
|-----------------------|------|---------------------|-------------------|------------------|---------------------|-------------------|------------------|
| | | Production Capacity | Production Volume | Production Value | Production Capacity | Production Volume | Production Value |
| Printed Circuit Board | | 78,138,466 | 83,402,658 | 18,733,375 | 78,917,440 | 82,501,206 | 22,529,518 |

(VI) An indication of the volume of units sold for the 2 most recent fiscal years

Unit: square feet / NT\$

thousand

| Major product | Sales Volume/ Value | Year | 2020 | | | | 2021 | | | |
|-----------------------|---------------------|------|----------------|-----------|------------|------------|----------------|-----------|------------|------------|
| | | | Domestic sales | | Export | | Domestic sales | | Export | |
| | | | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Printed Circuit Board | | | 4,760,661 | 1,514,230 | 77,659,218 | 21,332,662 | 5,368,517 | 2,217,881 | 78,692,529 | 25,282,211 |
| Others | | | — | 375 | — | — | — | 86 | — | — |
| Total | | | 4,760,661 | 1,514,605 | 77,659,218 | 21,332,662 | 5,368,517 | 2,217,967 | 78,692,529 | 25,282,211 |

III. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)

| Year | | 2020 | 2021 | As of the first quarter of 2022 |
|---------------------------------|--------------------------|-------|-------|---------------------------------|
| Number of employees | Direct labor | 3,362 | 3,589 | 3,783 |
| | Indirect labor | 1,102 | 1,158 | 1,164 |
| | Total | 4,464 | 4,747 | 4,947 |
| Average age | | 34 | 33 | 33 |
| Average years of service | | 4.10 | 3.56 | 3.50 |
| Education distribution rate (%) | PhD | 0.00 | 0.02 | 0.02 |
| | Master | 0.40 | 0.51 | 0.51 |
| | College | 15.88 | 16.12 | 14.17 |
| | Senior high school | 57.21 | 56.75 | 57.02 |
| | Below senior high school | 26.51 | 26.61 | 28.28 |

IV. Information on Environmental Protection Expenditure

Environmental fines for the most recent year and up to the printing date of the Annual Report

| Company | Disposition Date | Disposition Reference Number | Legal Provision Violated | Details of the Provision Violated | Details of Disposition | Possible expenses that could be incurred currently and in the future and measures being or to be taken |
|-------------|------------------|-----------------------------------|---|---|--|--|
| The company | July 28, 2021 | FU-HUAN-SHUI-ZI-No. 1100183855 | Article 18 of the Water Pollution Control Act and Paragraph 1, Article 10 of the Test Reporting Management Regulations | Failure to submit a plan for the reduction of pollutants from runoff wastewater to the competent authority for approval before the construction of the plant addition. | Fine of NTD59,500 and 2 hours of environmental lecture | The company will strengthen the promotion of the plant's construction. The fine was paid on August 23, 2021. |
| tgt | August 27, 2021 | JING-JIA-GAO-SI-ZI-No. 1100101441 | Paragraph 1, Article 6 of the Occupational Safety and Health Act, "The employers shall have the necessary safety and health equipment and measures that comply with regulations for the following items: ..." | The container of the Department of Lamination where organic additives are placed has no full bolt cover, and the Supervisor of specific chemical materials operation in the electroplating lines does not keep records of the monthly inspection of local exhaust equipment and other devices to prevent labor health hazards | Fine of NTD60,000 | For the August 31, 2021's announcement of the precautions for the use of Brown Oxidation liquid medicine tanks and the setting of the operation record sheet of the organic solvent point inspection and other related operation record sheets, the relevant personnel is responsible for the implementation of the operation record. The fine has been paid on September 28th, 2021 |

| Company | Disposition Date | Disposition Reference Number | Legal Provision Violated | Details of the Provision Violated | Details of Disposition | Possible expenses that could be incurred currently and in the future and measures being or to be taken |
|---------|------------------|--|--|--|--|---|
| tgt | January 6, 2022 | GAO-SHI-HUAN-J U-KUNG-ZI-No. 11130346600 | Paragraph 2, Article 24 of Air Pollution Control Act, Article 24, Item 2, "..., after the installation or modification of the stationary pollution sources in the preceding paragraph..., and shall perform operations pursuant to the permit contents." | The scrubber cleaning fluid flow rate is not operated per the contents of the permit | Fine of NTD100,000 and the need to provide a list of people who are required to receive environmental lectures | After investigation, It was found that the motor of the scrubber was malfunctioning, and there was no spare part in the factory, so it could not be replaced in time. On January 10, 2022 a list of people who were required to receive environmental lectures was submitted, and on January 22, 2022, the manufacturer was commissioned to complete the repair of the motor. The daily operation record of the scrubber was changed to a 1-day operation record on January 28, 2022, and the motor was set up with spare parts, the fine has been paid on February 10, 2022. |

V. Labor-Management Relations

- (I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

1. Welfare system

- (1) Take out labor insurance for employees as required.
- (2) Provide national health insurance for employees as required.
- (3) Take out group insurance for employees and provide periodic health examinations.
- (4) Provide employees with special leave, maternity leave and parental leave as required.
- (5) Provide year-end bonuses and performance bonuses according to the Company's operating conditions.
- (6) Distribution of remuneration to employees as required by the Company.
- (7) The Company provides meals to employees in its canteen.
- (8) Employee welfare funds are allocated, and Employee Welfare Committee is established as required by the law. Various employee benefits are provided, such as: money/gifts for 3 major festivals, birthday gifts, maternity allowance, child care subsidy, wedding and funeral subsidy, hospitalization compensation and employee trips.

2. Continuing education and training

To strengthen the professional capabilities of our employees to improve their work efficiency and improve product quality, we not only send our employees to take part in training courses organized by external agencies to boost their professional capabilities, but we also hold internal management and professional training courses from time to time. Meanwhile, we also encourage our employees to obtain professional licenses.

3. Retirement system and implementation status

- (1) As required by the "Labor Standards Act", the Company has formulated Labor Retirement Management Measures applicable to all official employees before the "Labor Pension Act" became effective on July 1, 2005. The Company has established a Labor Pension Fund Supervisory Committee and 2%-15% of the employee's monthly wages are allocated as the retirement fund. The pension funds are administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee's name in the Bank of Taiwan.
- (2) From July 1, 2005, the new labor pension system was enforced. The Company has formulated the Labor Retirement Management Measures following the "Labor Pension Act". 6% of the monthly wages will be allocated as pension for employees opting for the "Labor Pension Act"

4. The status of labor-management agreements and measures for preserving employees' rights and interests

The Company thinks highly of the welfare of its employees and abides by the provisions stipulated in the Labor Standards Act. At Chi Chau, we provide reasonable wages and comprehensive systems and carry out communication meetings as well as Welfare Committee meetings to exchange opinions with our employees. Our employees and the Company have sound communication

5. Work environment and employee safety protection measures (ISO45001 attained, deadline: November 10,2024).

In terms of labor safety and health, the Company has formulated a Safety and Health Work Handbook for employees to follow as required by the competent authorities.

(1) Safety and health management unit and personnel

①As required by the Health and Safety Act, a Labor Safety and Health Management Unit has been set up as an enforcement unit for safety and health under the Management Department. In addition, an A-type of Occupational Safety and Health Business Manager, Safety Manager, and Safety and Health Officer have also been set up.

②On-site safety and healthy supervisors and first aid facilities have been put in place in workplaces as required by the law.

③A safety and health report is provided in the monthly meeting.

④An automatic inspection of safety and health is carried out as required.

(2) Facility safety

①Formulate the protection and management regulations for machinery and equipment.

② Carry out regular maintenance and repair of machinery and equipment.

③As required by the competent authorities, dangerous machinery requires an annual inspection by an inspection agency. Dangerous machinery may only be used once it passes the inspection.

④Upon the signing of a construction contract with the contractor, he/she must be informed in writing of safety and environmental precautions.

(3) Environmental Health

①Carry out a regular environmental inspection of the workplace as required by the competent authorities.

②Employees receive an annual full-body health examination.

(4) Fire safety

①Install a comprehensive fire-fighting system as required by the Fire Services Act.

②Drills and training are carried out every 6 months.

(5) Building safety

①As required by Article 77 of the Building Act, an annual inspection report on the safety of buildings is issued and shall be filed with the local competent building authorities.

(6) Safety

①Set up access control and monitoring system.

②Night patrol security services.

(II) Labor disputes during the current fiscal year up to the date of publication of the annual report:

| Company | Disposition date | Disposition reference number | Articles of law violated | Substance of the legal violations | Content of the disposition | An estimate of possible expenses that could be incurred currently and in the future, and measures being or to be taken. |
|---------|------------------|------------------------------------|--|--|---|---|
| tgt | January 28, 2021 | GAO-SHI-LAO-JIU-ZI-No. 11030764200 | Paragraph 1 of Article 33, of the Employment Service Act stipulates that “In the event of a layoff, the employer shall list the laid-off employee, at least ten days prior to leaving his/her job and submit such list to...and inform the local competent authority(ies) as well as public employment services institution(s).” | Laid-off employee CHAO, ○○, failed to inform the local competent authority as well as the public employment service agency 10 days prior to the employee's termination of employment | A fine of NTD30,000 was imposed | The handling staff of the Personnel Section has undergone reinforced training concerning issuing redundancy notification and the fine was paid on February 8, 2021 |
| | October 25, 2021 | JING-JIA-GAO-SI-ZI-No1100101836 | Paragraph 2, Article 32 of the Labor Standards Act: “The extension of working hours referred to...shall not exceed forty-six hours a month.” | Some of the employees worked longer hours than 46 hours per month. | A fine of NTD50,000 was imposed, and the situation should be improved on the same day. Failure to make improvement will be punished a second time | Being an electronic components manufacturing industry, it is not easy to recruit staff. At present, we have signed a contract with a manpower agency to increase the manpower to reduce overtime work. In addition, the site supervisor was asked to comply with the relevant regulations of the Labor Standards Act for the scheduling of the employees under his control, and the fine was paid on November 10, 2021. |

VI. Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

A. Information Security Risk Management Framework

The Company's Information Management Office is responsible for coordinating and implementing security policies, disseminating security information, raising employees' awareness of information security, and collecting and improving the effectiveness and integrity of the organization's information security system. The Audit Office conducts annual information security audits on the internal control system - Cyber Security Management Regulations and evaluates the effectiveness of the internal control of the Company's information operations.

B. Cyber Security Policy

- (1) Strengthen personnel awareness of information security
- (2) Implement the effectiveness and integrity of daily maintenance operations
- (3) Perform Information Security Audit Operation to ensure information security is implemented
- (4) Ensure operational sustainability

C. Specific management solutions

| Item | Contents |
|---------------------------------------|--|
| Cyber security management and control | <ul style="list-style-type: none">● Firewall erection● The antivirus software automatically performs virus scanning on the computer system and data storage media when the system launches a file● The use of each network service should be implemented under the Information Security Policy● Monthly review of the System Log of each network service item to track irregularities |
| Information access control | <ul style="list-style-type: none">● Computer equipment should be kept by a person with an account and password to be set up● Different access authority is assigned according to competency● Access authority will be adjusted in time when personnel leave● Review user's authority once a year |
| Response restoration mechanism | <ul style="list-style-type: none">● Review emergency procedures once a year● Revision of annual drill practice system recovery once a year● Establish a system backup mechanism |
| Dissemination and verification | <ul style="list-style-type: none">● Annual review of computer network security control measures● Promote information security information at least once a month to raise employees' awareness of cyber security● Evaluate information security policies once a year to respond to legal, technical, and business developments |

D. Input resources for cyber security management

The Information Management Office is responsible for the establishment and evaluation of information security. In fiscal year 2021, resources will be invested in strengthening the software and hardware of cyber security defense, including updating all domain servers, updating all file servers, and enabling the snapshot backup function to strengthen the protection against ransomware attacks, to enhance information security capabilities.

(II) Significant cyber security incident for the most recent year and up to the date of publication of the Annual Report: None.

VII. Important contracts (up to the date of publication of the annual report)

| Company | Contractual nature | Counterparty | Date of contract | Main content | Restricted Terms |
|-------------|--------------------|--------------------------------------|---------------------------|--------------------------------------|----------------------------------|
| The Company | Mid-term loan | Shanghai Commercial and Savings Bank | 01.18. 2019 - 08.13. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | CTBC Bank | 10.24. 2019 - 09.24. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Yuanta Bank | 02.18. 2019 - 07.09. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Taiwan Business Bank | 03.25. 2021 - 08.25. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Bank of Taiwan | 07.22. 2019 - 03.21. 2022 | Medium and long-term working capital | None |
| | Mid-term loan | E.Sun Bank | 04.08. 2019 - 09.08. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Mega International Commercial Bank | 07.22. 2019 - 09.22. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Taiwan Cooperative Bank | 12.20. 2018 - 09.17. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Bank of Panhsin | 11.25. 2020 - 08.25. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | First Bank | 03.25. 2019 - 08.25. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | KGI Bank | 07.01. 2020 - 07.01. 2024 | Medium and long-term working capital | None |
| | Mid-term loan | Fubon Bank | 04.23. 2019 - 07.09. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Hua Nan Commercial Bank | 07.24. 2018 - 03.24. 2022 | Medium and long-term working capital | None |
| | Mid-term loan | Chang Hwa Bank | 07.10. 2018 - 06.24. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Far Eastern International Bank | 10.08. 2019 - 07.08. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | China Bills Finance | 04.10. 2020 - 05.13. 2021 | Medium and long-term working capital | None |
| T-MAC | Mid-term loan | Shanghai Commercial and Savings Bank | 09.07. 2018 - 07.12. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Shanghai Commercial and Savings Bank | 09.25. 2020 - 11.24. 2021 | Medium and long-term working capital | Investment Property guarantee |
| | Mid-term loan | Taiwan Business Bank | 10.25. 2018 - 07.13. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Taiwan Cooperative Bank | 10.25. 2018 - 07.13. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Bank of Panhsin | 05.20. 2019 - 07.13. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Chang Hwa Bank | 07.12. 2018 - 11.25. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Far Eastern International Bank | 05.20. 2019 - 07.13. 2021 | Medium and long-term working capital | None |

| Company | Contractual nature | Counterparty | Date of contract | Main content | Restricted Terms |
|---------|--------------------|---|---------------------------|--------------------------------------|-------------------------------|
| tht | Mid-term loan | Chang Hwa Bank | 10.12. 2018 - 09.01. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Yuanta Bank | 07.12. 2018 - 07.12. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Land Bank of Taiwan | 07.12. 2018 - 07.12. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Shin Kong Bank | 09.17. 2018 - 07.26. 2021 | Medium and long-term working capital | None |
| tgt | Mid-term loan | Shanghai Commercial and Savings Bank | 04.24. 2020 - 03.25. 2022 | Medium and long-term working capital | None |
| | Mid-term loan | Bank SinoPac | 01.08. 2018 - 01.08. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Taiwan Cooperative Bank | 06.25. 2018 - 03.25. 2022 | Medium and long-term working capital | None |
| | Mid-term loan | First Bank | 02.03. 2021 - 08.05. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Chang Hwa Bank | 10.11. 2017 - 12.10. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | E.Sun Bank | 10.09. 2018 - 08.05. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Far Eastern International Bank | 10.16. 2018 - 07.23. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | Bank of Taiwan | 10.11. 2018 - 08.05. 2021 | Medium and long-term working capital | None |
| | Mid-term loan | KGI Bank | 07.24. 2018 - 10.30. 2023 | Medium and long-term working capital | Plant and equipment guarantee |
| | Land lease | Export Processing Zone Administration, Kaohsiung Branch | 2016.02.01. - 01.31. 2030 | Land lease | None |

Six. Financial Overview

I. Condensed Financial Data of the Past Five Years

(I) Condensed Balance Sheet (Consolidated)

Unit: NTD thousand

| Item \ Year | | Financial Data of the Past Five Years | | | | | 2022 First Quarter |
|---|---------------------|---------------------------------------|------------|-------------|------------|------------|--------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Current assets | | 17,378,190 | 18,576,715 | 19,925,899 | 22,997,341 | 23,817,611 | 24,281,106 |
| Property, plant and equipment | | 8,285,978 | 8,403,936 | 8,172,377 | 7,524,906 | 7,460,367 | 8,180,371 |
| Intangible assets | | 376,893 | 377,831 | 377,464 | 376,586 | 376,165 | 376,463 |
| Other assets | | 419,019 | 487,180 | 530,381 | 546,153 | 526,680 | 495,749 |
| Total assets | | 26,460,080 | 27,845,662 | 29,006,121 | 31,444,986 | 32,180,823 | 33,333,689 |
| Current liabilities | Before distribution | 11,741,909 | 12,431,984 | 12,832,831 | 13,138,754 | 16,264,283 | 16,516,265 |
| | After distribution | 12,111,273 | 13,019,652 | 13,498,132 | 14,053,103 | 17,620,495 | Not applicable |
| Non-current liabilities | | 2,430,940 | 2,958,216 | 4,429,810 | 5,278,361 | 1,270,160 | 811,155 |
| Total liabilities | Before distribution | 14,172,849 | 15,390,200 | 17,262,641 | 18,417,115 | 17,534,443 | 17,327,420 |
| | After distribution | 14,542,213 | 15,977,868 | 17,927,942 | 19,331,464 | 18,890,655 | Not applicable |
| The equity that belongs to the client of the parent company | | 9,523,590 | 10,029,500 | 11,246,923 | 12,533,316 | 14,042,562 | 15,362,053 |
| Share capital | | 2,712,429 | 2,712,429 | 2,712,425 | 2,712,425 | 2,712,425 | 2,712,425 |
| Capital reserve | | 2,444,513 | 2,533,240 | 3,119,032 | 3,119,032 | 3,282,591 | 3,282,557 |
| Retained earnings | Before distribution | 5,494,127 | 6,205,468 | 6,612,116 | 7,905,807 | 9,248,456 | 9,737,156 |
| | After distribution | 5,124,763 | 5,617,800 | 5,946,815 | 6,991,458 | 7,892,244 | Not applicable |
| Other equities | | (317,163) | (548,401) | (1,133,730) | (875,899) | (974,884) | (370,085) |
| Treasury stocks | | (810,316) | (873,236) | (62,920) | (328,049) | (226,026) | — |
| Non-controlling interests | | 2,763,641 | 2,425,962 | 496,557 | 494,555 | 603,818 | 644,216 |
| Total equities | Before distribution | 12,287,231 | 12,455,462 | 11,743,480 | 13,027,871 | 14,646,380 | 16,006,269 |
| | After distribution | 11,917,867 | 11,867,794 | 11,078,179 | 12,113,522 | 13,290,168 | Not applicable |

Note: The above financial data have all been audited/ reviewed and approved and certified by the CPAs.

(II) Condensed Income Statement (Consolidated)

Unit: NTD thousand

| Item \ Year | Financial Data of the Past Five Years | | | | | 2022 First Quarter |
|---|---------------------------------------|------------|------------|------------|------------|--------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Operating revenue | 22,510,119 | 23,057,652 | 21,701,863 | 22,847,267 | 27,500,178 | 6,936,120 |
| Gross operating profit | 2,943,868 | 3,427,277 | 3,216,105 | 3,346,001 | 4,323,991 | 1,095,177 |
| Operating loss and profit | 1,124,605 | 1,549,940 | 1,413,930 | 1,657,127 | 2,190,358 | 565,086 |
| Non-operating revenue and expenditure | (4,402) | 108,414 | 58,460 | 1,168,858 | 892,929 | 83,962 |
| Profit before tax | 1,120,203 | 1,658,354 | 1,472,390 | 2,825,985 | 3,083,287 | 649,048 |
| Current net profit of the continuing operating department | 815,971 | 1,209,090 | 1,039,799 | 1,911,734 | 2,324,434 | 513,472 |
| Losses from discontinued units | — | — | — | — | — | — |
| Net profit (loss) of current term | 815,971 | 1,209,090 | 1,039,799 | 1,911,734 | 2,324,434 | 513,472 |
| Other comprehensive income recognized for the period (After-tax net value) | (158,349) | (270,013) | (552,363) | 303,090 | (96,215) | 620,425 |
| Total comprehensive income in the current period | 657,622 | 939,077 | 487,436 | 2,214,824 | 2,228,219 | 1,133,897 |
| Net profit attributable to the owner of the parent company | 695,910 | 1,072,617 | 1,070,440 | 1,918,861 | 2,258,929 | 488,700 |
| Net profit attributable to non-controlling interests | 120,061 | 136,473 | (30,641) | (7,127) | 65,505 | 24,772 |
| The sum of comprehensive income attributable to the owner of the parent company | 565,655 | 851,131 | 483,543 | 2,216,826 | 2,161,036 | 1,093,499 |
| The sum of comprehensive income attributable to non-controlling interests | 91,967 | 87,946 | 3,893 | (2,002) | 67,183 | 40,398 |
| Earnings per share (NTD) | 2.83 | 4.38 | 4.08 | 7.28 | 8.60 | 1.81 |

Note: The above financial data have all been audited/ reviewed and approved and certified by the CPAs.

(III) Condensed Balance Sheet (Parent Company Only)

Unit: NTD thousand

| Year Item | | Financial Data of the Past Five Years | | | | | 2022 First Quarter |
|--|---------------------|---------------------------------------|------------|-------------|------------|------------|--------------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Current assets | | 8,566,528 | 9,255,390 | 8,947,955 | 10,917,083 | 11,998,815 | Not applicable |
| Property, plant and equipment | | 792,208 | 479,960 | 528,183 | 539,245 | 887,572 | |
| Intangible assets | | 614 | 908 | 1,356 | 885 | 536 | |
| Other assets | | 11,079,288 | 11,841,064 | 14,010,951 | 16,192,410 | 16,749,144 | |
| Total assets | | 20,438,638 | 21,577,322 | 23,488,445 | 27,649,623 | 29,636,067 | |
| Current liabilities | Before distribution | 9,143,699 | 10,252,386 | 9,109,517 | 10,716,538 | 14,561,539 | |
| | After distribution | 9,513,063 | 10,840,054 | 9,774,818 | 11,630,887 | 15,917,751 | |
| Non-current liabilities | | 1,771,349 | 1,295,436 | 3,132,005 | 43,99,769 | 1,031,966 | |
| Total liabilities | Before distribution | 10,915,048 | 11,547,822 | 12,241,522 | 15,116,307 | 15,593,505 | |
| | After distribution | 11,284,412 | 12,135,490 | 12,906,823 | 16,030,656 | 16,949,717 | |
| Equity attributable to the owner of the parent company | | 9,523,590 | 10,029,500 | 11,246,923 | 12,533,316 | 14,042,562 | |
| Share capital | | 2,712,429 | 2,712,429 | 2,712,425 | 2,712,425 | 2,712,425 | |
| Capital reserve | | 2,444,513 | 2,533,240 | 3,119,032 | 3,119,032 | 3,282,591 | |
| Retained earnings | Before distribution | 5,494,127 | 6,205,468 | 6,612,116 | 7,905,807 | 9,248,456 | |
| | After distribution | 5,124,763 | 5,617,800 | 5,946,815 | 6,991,458 | 7,892,244 | |
| Other equities | | (317,163) | (548,401) | (1,133,730) | (875,899) | (974,884) | |
| Treasury stocks | | (810,316) | (873,236) | (62,920) | (328,049) | (226,026) | |
| Total equities | Before distribution | 9,523,590 | 10,029,500 | 11,246,923 | 12,533,316 | 14,042,562 | |
| | After distribution | 9,154,226 | 9,441,832 | 10,581,622 | 11,618,967 | 12,686,350 | |

Note: The above financial data have all been audited and certified by the CPAs.

(IV) Condensed Income Statement (Parent Company Only)

Unit: NTD thousand

| Item \ Year | Financial Data of the Past Five Years | | | | | 2022 First Quarter |
|---|---------------------------------------|------------|------------|------------|------------|--------------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Operating revenue | 13,322,913 | 13,225,384 | 15,372,140 | 17,995,054 | 21,127,953 | Not applicable |
| Gross operating profit | 1,065,925 | 1,106,309 | 1,219,774 | 1,073,381 | 1,660,655 | |
| Profit from operations | 241,997 | 289,954 | 497,247 | 123,890 | 307,386 | |
| Non-operating revenue and expenditure | 500,818 | 870,625 | 675,976 | 1,946,852 | 2,200,545 | |
| Profit before tax | 742,815 | 1,160,579 | 1,173,223 | 2,070,742 | 2,507,931 | |
| Current net profit of the continuing operating department | 695,910 | 1,072,617 | 1,070,440 | 1,918,861 | 2,258,929 | |
| Losses from discontinued units | — | — | — | — | — | |
| Net profit (loss) of current term | 695,910 | 1,072,617 | 1,070,440 | 1,918,861 | 2,258,929 | |
| Other comprehensive income of current term (after-tax net profit) | (130,255) | (221,486) | (586,897) | 297,965 | (97,893) | |
| Total comprehensive income in the current period | 565,655 | 851,131 | 483,543 | 2,216,826 | 2,161,036 | |
| Earnings per share (NTD) | 2.83 | 4.38 | 4.08 | 7.28 | 8.60 | |

Note: The above financial data have all been audited and certified by the CPAs.

(V) Names of CPAs of the Past Five Years and Their Audit Feedback

| Year | Name of Accounting Firm | Name of CPA | Opinion |
|------|-------------------------|-------------------------------------|---------------------|
| 2017 | KPMG | Chen, Yi-Chun, Chiang, Chung-Yi | Unqualified opinion |
| 2018 | KPMG | Chiang, Chung-Yi, Lien, Shu-Ling | Unqualified opinion |
| 2019 | KPMG | Chiang, Chung-Yi, Lien, Shu-Ling | Unqualified opinion |
| 2020 | KPMG | Chen, Yi-Chun, Chiang, Chung-Yi | Unqualified opinion |
| 2021 | KPMG | Chen, Yi-Chun, Chiang, Chung-Yi | Unqualified opinion |

II. Financial Analysis of the Past Five Years

(I) Financial Analysis (IFRSs) - Consolidated

| Item \ Year | | Financial Analysis of the Past Five Years | | | | | 2022 First Quarter |
|---------------------|--|---|--------|--------|--------|--------|--------------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Financial structure | Debts to assets ratio | 53.56 | 55.27 | 59.51 | 58.57 | 54.49 | 51.98 |
| | Long-term capital to property, plant and equipment ratio | 177.63 | 183.41 | 197.90 | 243.28 | 213.35 | 205.58 |
| Solvency | Current ratio | 148.00 | 149.43 | 155.27 | 175.03 | 146.44 | 147.01 |
| | Quick ratio | 127.68 | 128.35 | 136.64 | 156.15 | 128.00 | 128.20 |
| | Interest coverage ratio | 9.89 | 13.42 | 9.54 | 17.56 | 28.32 | 23.64 |
| Management ability | Receivable turnover ratio (frequency) | 3.02 | 2.81 | 2.50 | 2.51 | 2.56 | 2.36 |
| | Average collection days | 120.86 | 129.89 | 146.00 | 145.41 | 142.57 | 154.66 |
| | Inventory turnover ratio (frequency) | 8.87 | 8.72 | 7.97 | 8.28 | 8.63 | 7.82 |
| | Payable turnover ratio (frequency) | 4.44 | 4.79 | 5.14 | 5.22 | 5.04 | 4.65 |
| | Average sales days | 41.14 | 41.85 | 45.79 | 44.08 | 42.29 | 46.67 |
| | Property, plant and equipment turnover ratio (frequency) | 2.60 | 2.76 | 2.62 | 2.91 | 3.67 | 3.55 |
| | Total asset turnover ratio (frequency) | 0.82 | 0.85 | 0.76 | 0.76 | 0.86 | 0.85 |
| Profitability | Return on assets (%) | 3.41 | 4.92 | 4.13 | 6.66 | 7.53 | 6.42 |
| | Return on equity (%) | 6.71 | 9.77 | 8.59 | 15.44 | 16.80 | 13.40 |
| | Pre-tax net profit to paid-in capital size ratio (%) | 41.30 | 61.14 | 54.28 | 104.19 | 113.67 | 95.71 |
| | Net profit rate (%) | 3.62 | 5.24 | 4.79 | 8.37 | 8.45 | 7.40 |
| | Earnings per share (NTD) | 2.83 | 4.38 | 4.08 | 7.28 | 8.60 | 1.81 |
| Cash flows | Cash flow ratio (%) | 18.64 | 12.27 | 14.30 | 15.75 | 9.32 | 3.35 |
| | Cash flow adequacy ratio (%) | 135.43 | 136.30 | 121.02 | 107.70 | 96.01 | 56.03 |
| | Cash reinvestment ratio (%) | 7.26 | 4.38 | 5.02 | 4.98 | 2.27 | 1.97 |
| Leverage | Operating leverage | 2.27 | 1.88 | 1.92 | 1.81 | 1.58 | 1.56 |
| | Financial leverage | 1.14 | 1.11 | 1.13 | 1.08 | 1.04 | 1.03 |

Reasons for the changes in respective financial ratios of 20% and above over the past two years are provided as follows:

1. Interest Coverage Ratio and Property, Plant and Equipment Turnover Ratio changes were mainly due to the impact of the epidemic and the continued increase in demand for photovoltaic panels and information boards, resulting in a 7.38% increase in Earnings Before Interest and Taxes compared to last year. Interest expenses decreased due to lower borrowings during the period, which led to the change in the related rate.
2. The change in the turnover rate of property, plant and equipment was mainly due to the increase in revenue of approximately 20.37% compared to last year.
3. The change in the Cash Flow Ratio was mainly due to the growth in revenue, which led to a significant increase in accounts receivable compared to last year, and a decrease in net cash flow from operating activities, which led to the change in the related ratio.
4. In addition to the changes in the cash reinvestment ratio mentioned in points 1 and 3, the increase in cash dividends of approximately 37.43% over the previous year was also a factor contributing to the significant decrease in the ratio.

(II) Financial Analysis (IFRSs) – Parent Company Only

| Item \ Year | | Financial Analysis of the Past Five Years | | | | | 2022 First Quarter |
|---------------------|--|---|----------|----------|----------|----------|--------------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Financial structure | Debts to assets ratio | 53.40 | 53.52 | 52.12 | 54.67 | 52.62 | Not applicable |
| | Long-term capital to property, plant and equipment ratio | 1,425.75 | 2,359.56 | 2,722.34 | 3,140.15 | 1,698.40 | |
| Solvency | Current ratio | 93.69 | 90.28 | 98.23 | 101.87 | 82.40 | |
| | Quick ratio | 89.12 | 84.35 | 92.16 | 96.49 | 77.97 | |
| | Interest coverage ratio | 12.15 | 15.65 | 10.33 | 22.03 | 39.18 | |
| Management ability | Receivable turnover ratio (frequency) | 2.95 | 2.89 | 2.73 | 2.83 | 2.83 | |
| | Average collection days | 123.70 | 126.31 | 133.86 | 128.92 | 129.14 | |
| | Inventory turnover ratio (frequency) | 39.69 | 37.39 | 30.09 | 32.18 | 34.43 | |
| | Payable turnover ratio (frequency) | 3.15 | 3.28 | 3.48 | 3.62 | 3.26 | |
| | Average sales days | 9.20 | 9.76 | 12.13 | 11.34 | 10.60 | |
| | Property, plant and equipment turnover ratio (frequency) | 25.12 | 30.85 | 36.35 | 35.49 | 31.15 | |
| | Total asset turnover ratio (frequency) | 0.92 | 0.93 | 0.81 | 0.74 | 0.78 | |
| Profitability | Return on Assets (%) | 3.66 | 5.50 | 5.18 | 7.80 | 8.07 | |
| | Return on equity (%) | 7.40 | 10.97 | 10.06 | 16.14 | 17.00 | |
| | Pre-tax net profit to paid-in capital size ratio (%) | 27.39 | 42.79 | 43.25 | 76.34 | 92.46 | |

| Item \ Year | | Financial Analysis of the Past Five Years | | | | | 2022 First Quarter |
|---------------|------------------------------|---|--------|--------|-------|--------|--------------------------|
| | | 2017 | 2018 | 2019 | 2020 | 2021 | |
| Profitability | Net profit rate (%) | 3.62 | 5.47 | 5.84 | 10.13 | 10.17 | Not applicable |
| | Earnings per share (NTD) | 2.83 | 4.38 | 4.08 | 7.28 | 8.60 | |
| Cash flows | Cash flow ratio (%) | 1.01 | (1.07) | (4.89) | 10.66 | 0.72 | |
| | Cash flow adequacy ratio (%) | 57.38 | 45.86 | 10.30 | 13.98 | 14.74 | |
| | Cash reinvestment ratio (%) | (2.26) | (3.90) | (6.75) | 2.67 | (5.06) | |
| Leverage | Operating leverage | 1.39 | 1.24 | 1.13 | 1.59 | 1.24 | |
| | Financial leverage | 1.49 | 1.56 | 1.32 | 4.43 | 1.27 | |

Reasons for the changes in respective financial ratios of 20% and above over the past two years are provided as follows:

1. The change in the ratio of long-term capital to property, plant and equipment was mainly due to the expansion of the Pingzhen plant to meet the demand of orders, which resulted in an increase of 64.60% in property, plant and equipment compared to last year, which in turn led to the change in the related rate.
2. The change in Interest Coverage Ratio is mainly due to the impact of the epidemic, the stay-at-home economy, and the increasing demand for photovoltaic panels and information boards, resulting in an 18.79% increase in Earnings Before Interest and Taxes. In addition, interest expenses decreased as a result of lower borrowings in the current period, resulting in a change in the ratio.
3. The change in the ratio of Pre-Tax Income to Paid-in Capital was mainly due to the continuation of the strong demand generated by the previous year's epidemic, with productivity availability remaining at a high level and Pre-Tax Income increasing by approximately 21.11% compared to last year.
4. The change in the cash flow ratio was mainly due to the significant increase in accounts receivable as a result of the growth in revenue and the decrease in net cash flow from operating activities, resulting in the change in the related ratio.
5. Change in Cash Reinvestment Ratio, in addition to the changes mentioned in points 1 and 4, the increase in the number of cash dividend payments by approximately 37.43% compared to the previous year also contributed to the significant decrease in this ratio.
6. The changes in operating leverage and financial leverage were mainly due to the 17.32% increase in revenue compared to last year, in addition, the Company's good cost control in recent years has also led to an increase in such relevant ratio.

Note: 1. Financial structure

(1) Liability-to-asset ratio = Total liabilities/Total assets

(2) Long term capital to property, plant and equipment ratio = (Total equities + Non-current liabilities)/Net value of the property, plant and equipment

2. Solvency

(1) Current ratio = Current assets/Current liabilities.

(2) Quick ratio = (Current assets — Inventory — Advance payments)/Current liabilities.

(3) Interest coverage ratio = Income tax and net profit before interest/Interest expenditure of current term

3. Management ability

- (1) Receivable (including accounts receivable and receivable notes from operations) turnover ratio = Net sales value/ mean balance of receivables of each term (including accounts receivable and receivable notes from operations).
- (2) Average collection days = $365/\text{Receivable turnover ratio}$
- (3) Inventory turnover ratio = Sales cost/mean inventory
- (4) Payables (including accounts payable and payable notes from operations) turnover ratio = Net sales value/ mean balance of payables of each term (including accounts payable and payable notes from operations).
- (5) Average sales days = $365/\text{Inventory turnover ratio}$
- (6) Property, plant and equipment ratio = Net sales value/Mean net value of the property, plant and equipment
- (7) Total asset turnover ratio = Net sales value/Mean total assets

4. Profitability

- (1) Return on assets = $[\text{After-tax gains and losses} + \text{Interest} \times (1 - \text{tax rate})]/\text{Gross assets on average}$
- (2) Return on equity = After-tax gains and losses/Mean total equity
- (3) Net profit rate = After-tax profits and losses/Net sales value
- (4) Earnings per share = $(\text{Profits and losses that belong to clients of the parent company} - \text{Preferred stock dividend})/\text{Weighted average number of shares}$

5. Cash flow

- (1) Cash flow ratio = Net cash flow from business activities/Current liabilities
- (2) Net cash flow adequacy ratio = Net cash flow of operating activities over the past five years/(Capital expenditure + Increase in inventory + Cash dividend) over the past five years.
- (3) Cash reinvestment ratio = $(\text{Net cash flow from business activities} - \text{Cash dividends})/(\text{Net value of real estate, manufacturing facilities, and equipment} + \text{Long-term investment} + \text{Other non-current assets} + \text{Working capital})$

6. Leverage:

- (1) Operating leverage = $(\text{Net operating income} - \text{Change in operating costs and expenses})/\text{Operating profit}$.
- (2) Financial leverage = $\text{Operating profit}/(\text{Operating profit} - \text{interest})$.

III. Audit Committee's Audit Report of Financial Statements of the Past Year: Refer to Appendix II for details.

IV. Consolidated Financial Statement of the Company of the Past Year Audited and Certified by CPAs: Refer to Appendix IV for details.

V. Individual Financial Statements of the Company of the Past Year Audited and Certified by CPAs: Refer to Appendix V for details.

VI. No financial difficulties occurred to the Company in the past year up to the date the Annual Report was printed.

Seven. Discussion and Analysis of Financial Standing and Performance Achievements and Evaluation of Risk Matters

I. Financial Standing

Main reasons for the variation in the assets, liabilities, and shareholders' equity in the past two years and their impacts

Unit: NTD thousand

| Item \ Year | 2021 | 2020 | Variation between two terms | |
|-------------------------------|------------|------------|-----------------------------|---------|
| | | | Amount | % |
| Current assets | 23,817,611 | 22,997,341 | 820,270 | 3.57 |
| Property, plant and equipment | 7,460,367 | 7,524,906 | (64,539) | (0.86) |
| Intangible assets | 376,165 | 376,586 | (421) | (0.11) |
| Other assets | 526,680 | 546,153 | (19,473) | (3.57) |
| Total assets | 32,180,823 | 31,444,986 | 735,837 | 2.34 |
| Current liabilities | 16,264,283 | 13,138,754 | 3,125,529 | 23.79 |
| Non-current liabilities | 1,270,160 | 5,278,361 | (4,008,201) | (75.94) |
| Total liabilities | 17,534,443 | 18,417,115 | (882,672) | (4.79) |
| Share capital | 2,712,425 | 2,712,425 | 0 | 0.00 |
| Capital reserve | 3,282,591 | 3,119,032 | 163,559 | 5.24 |
| Retained earnings (Note) | 9,248,456 | 7,905,807 | 1,342,649 | 16.98 |
| Other equity | (974,884) | (875,899) | (98,985) | 11.30 |
| Treasury stock | (226,026) | (328,049) | 102,023 | (31.10) |
| Non-controlling interests | 603,818 | 494,555 | 109,263 | 22.09 |
| Total equity | 14,646,380 | 13,027,871 | 1,618,509 | 12.42 |

Note: Retained earnings include the special reserve, legal reserve, and undistributed earnings. Main reasons and impacts of change between two terms of 20% and above are described as follows:

1. The increase in current liabilities was mainly due to the increase in short-term loans to cope with the increase in the scale of operations, the expansion of working capital and natural hedging.
2. The decrease in non-current liabilities was mainly due to the early repayment of long-term loans with cash dividends distributed by Chi Chau Printed Circuit Board (Suzhou) Ltd., a subsidiary of the Company, to reduce interest expenses.
3. The decrease in treasury stock was mainly due to the transfer of 3,110,000 shares to employees in the fiscal year 2021.
4. The increase in non-controlling interests is mainly due to the cash capital increase processed by the subsidiary, tgt Techvest Co., Ltd. in the fiscal year 2021.

II. Financial S Performance

(I) Main reasons for the major changes in the operating income, operating net profit, and pre-tax net profit over the past two years

Unit: NTD thousand

| Item \ Year | 2021 | 2020 | Variation between two terms | |
|---|------------|------------|-----------------------------|------------|
| | | | Amount | % |
| Operating revenue | 27,500,178 | 22,847,267 | 4,652,911 | 20.37 |
| Gross profit | 4,323,991 | 3,346,001 | 977,990 | 29.23 |
| Operating profit and loss | 2,190,358 | 1,657,127 | 533,231 | 32.18 |
| Non-operating revenue and expense | 892,929 | 1,168,858 | (275,929) | (23.61) |
| Profit before tax | 3,083,287 | 2,825,985 | 257,302 | 9.10 |
| Net profit (loss) for the period | 2,324,434 | 1,911,734 | 412,700 | 21.59 |
| Other comprehensive income of current term (net income after tax) | (96,215) | 303,090 | (399,305) | (131.74) |
| Total comprehensive income in the current period | 2,228,219 | 2,214,824 | 13,395 | 0.60 |
| Net profit attributable to the owner of the parent company | 2,258,929 | 1,918,861 | 340,068 | 17.72 |
| Net profit attributable to non-controlling interests | 65,505 | (7,127) | 72,632 | (1,019.11) |
| The sum of comprehensive income attributable to the owner of the parent company | 2,161,036 | 2,216,826 | (55,790) | (2.52) |
| The sum of comprehensive income attributable to non-controlling interests | 67,183 | (2,002) | 69,185 | (3,455.79) |
| Earnings per share | 8.60 | 7.28 | 1.32 | 18.13 |

Main reasons and impacts of change between two terms of 20% and above are described as follows:

1. The significant increase in operating revenue, gross profit, operating profit and loss, and net profit or (loss) for the period was mainly due to the impact of the epidemic, the prevailing of the stay-at-home economy, and the continuously increasing demand for photovoltaic panels and information boards.
2. The significant decrease in non-operating revenue and expense was mainly due to the gain from the disposal of right-of-use assets, plant and equipment (hereinafter referred to as the "Chi Chau (Suzhou) Project") by Chi Chau Printed Circuit Board (Suzhou) Ltd., a subsidiary company, in line with the local government's policy last year. Although a subsidiary company, T-Mac Techvest PCB Co., Ltd., disposed of investment property pouring this year, the related amount did not reach the amount of the Chi Chau (Suzhou) Project.
3. The decrease in other comprehensive income (net income after tax) for the period was mainly due to the appreciation of the NTD against the USD.
4. Net income attributable to noncontrolling interests and total comprehensive income or loss attributable to non-controlling interests were mainly due to the subsidiary – tgt Techvest Co., which started to make profits in the fiscal year 2021 and its net income after tax increased significantly, by 122.87% compared to last year.

(II) Possible impacts of expected sales quantities and their bases on the future financial operations of the Company and the response plan

The Group expects that the global market demand for photovoltaic panels and information boards in fiscal year 2022 may be due to the gradual lifting of the restrictions on the COVID-19 epidemic in various countries. The overall demand will decrease slightly due to the decrease in online telemarketing demand and the early replacement of electronic products during the epidemic. In response to the decline in demand, the Group plans to respond as follows:

1. In response to market trends and product diversification, we will continue to expand our product categories and sales channels.
2. We will take advantage of the technology and manufacturing process to actively develop thin boards, high level and fine line products to increase the added value of our products.

III. Cash Flow

(1) Information on the Analysis of Changes in Cash Flows of the Past Years and Insufficient Liquidity Improvement Plan

Unit: NTD thousands

| Item \ Year | 2021 | 2020 | Changed | |
|---|-------------|-----------|-------------|----------|
| | | | Amount | % |
| Operating activities | 1,516,563 | 2,069,397 | (552,834) | (26.71) |
| Investing activities | 181,118 | (207,063) | 388,181 | (187.47) |
| Financing activities | (2,857,134) | (400,853) | (2,456,281) | 612.76 |
| Net cash flow | (1,254,496) | 1,635,984 | (2,890,480) | (176.68) |
| Analysis of Changes in Cash Flows: | | | | |
| 1. Operating activities: The decrease in net cash flow from operating activities was mainly due to the significant increase in accounts receivable as a result of the revenue growth. | | | | |
| 2. Investment activities: This was mainly due to the disposal of the right-to-use assets, plant and equipment by Chi Chau Printed Circuit Board (Suzhou) Ltd., a subsidiary company, in compliance with the local government's policy in fiscal year 2020, and the related impact factor disappeared in fiscal year 2021. | | | | |
| 3. Financing activities: The main purpose is to repay long-term loans. | | | | |
| Improvement Plan for Insufficient Liquidity: Not applicable | | | | |

(II) Analysis of Cash Liquidity for the Coming Year (2022)

Unit: NTD thousands

| Balance of cash at the start of term | Scheduled Net cash flows from operating activities throughout the year | Expected annual cash In (Out)-flow | Expected cash balance (shortage) | Remedy for expected cash shortage | |
|--|--|------------------------------------|----------------------------------|-----------------------------------|------------------------|
| | | | | Investment plan | Wealth management plan |
| 8,736,700 | 1,476,159 | (445,496) | 8,291,204 | — | — |
| Cash liquidity analysis: | | | | | |
| 1. Operating activities: This was mainly in anticipation of the continued recovery of accounts receivable. | | | | | |
| 2. Investment activities: This is mainly due to the expenditure incurred for the expansion of Chi Chau Printed Circuit Board (Suining) Ltd.'s plant. | | | | | |
| 3. Financing activities: Mainly to issue cash dividends. | | | | | |

IV. Impacts of Latest Major Capital Expenditure on Financial Operation: None

V. Main Reasons for Profits or Losses of Latest Reinvestment Policy, Improvement Plan, and Investment Plan for the Coming Year

(I) Main reasons for profits or losses and the improvement plan

Unit: NTD thousands

| Investee | Re-investment Policy | Recognition of profits or losses from 2021 | Main reasons for profits or losses | Improvement Plan |
|----------------|--|--|--|---|
| TPT | General investment | 580 | Recognition of profits and losses from investments of Sin Siang. | Not applicable |
| Chi Chau | General investment | 175,093 | Recognition of profits and losses from investments of Chi Yao. | Not applicable |
| Chi Yang | General investment | (3,819) | The income tax effect of the repatriation of earnings from the indirect investment in tpts was recognized. | Income tax expense is estimated following tpts's policy on earnings distribution. |
| T-MAC | General investment | 1,264,795 | Recognition of profits and losses from investments of Chang Tai and disposal of investment properties. | Not applicable |
| tht | General investment and distribution of various types of circuit boards | 36,333 | Recognition of profits and losses from investments of Chi Chen and tgt. | Not applicable |
| Brilliant Star | General | 538,752 | Recognition of profits and | Not applicable |

| Investee | Re-investment Policy | Recognition of profits or losses from 2021 | Main reasons for profits or losses | Improvement Plan |
|-------------|--|--|--|------------------|
| | investment | | losses from investments of tft. | |
| Chi Chen | General investment | 300,128 | Recognition of profits and losses from investments of twt. | Not applicable |
| Sinact (HK) | General investment | 1,348 | Recognized a net investment gain or loss on disposal of Sinact. | Not applicable |
| tgt | Production and distribution of various types of circuit boards | 2,058 | With the impact of the epidemic, the demand for photovoltaic panels and automotive panels continued to increase. | Not applicable |
| Chi Yao | General investment and international trade | 181,750 | Recognition of profits and losses from investments of tpts. | Not applicable |
| Chang Tai | General investment | 533,112 | Recognition of profits and losses from investments of Yang An. | Not applicable |
| Yang An | General investment | 533,150 | Recognition of profits and losses from investments of tmt. | Not applicable |
| tpts | Distribution of various types of circuit boards | 181,954 | Continuously developing customer base in mainland China. | Not applicable |
| tft | Production and distribution of various types of circuit boards | 541,197 | Improve production volume and yield rate and proactively develop customers in Mainland China. | Not applicable |
| twt | Production and distribution of various types of circuit boards | 427,295 | Steady quality and yield rate and optimal profitability. | Not applicable |
| tmt | Production and distribution of various types of circuit boards | 533,189 | Improved production volume and yield rate and optimal profitability. | Not applicable |
| Sinact | Distribution of various types of circuit boards | 4,536 | Interest income. | Not applicable |
| Sin Siang | Distribution of various types of circuit boards | 570 | Proactively develop customers in Mainland China. | Not applicable |
| CCT | Production and distribution of various types of circuit boards | 25 | Interest income. | Not applicable |

(II) Investment Plans for the Coming Year:

The production line will continue to be adjusted and the equipment will be expanded reflective of the market outlook to meet the demand of customers and to enhance process capabilities.

VI. Risk Matters

(I) Impacts of changes in the interest rate and exchange rate and inflation on the Company's gains and losses and countermeasures in the future:

1. Change in interest rate: The net interest income/expenditure of 2021 accounted for around 0.19% and 2.25%, respectively, of the revenue and profit after tax of the Group. The ratios are relatively small. Therefore, a change in interest rate does not impact the revenue and profitability of the Group much.
2. Change in the exchange rate: Around 80% and more of the products sold by the Group are valued in US Dollars and some of the purchases, raw materials and supplies, machinery and equipment are also valued in US Dollars. With foreign currency assets and liabilities mutually offsetting, in case of remaining difference, the Group will apply hedging transactions (such as a forward foreign exchange) if necessary to balance the exchange difference between payables and receivables in foreign currencies and will manage its foreign currency positions properly regularly to reduce the impacts brought about by the change in the exchange rate.
3. Inflation: Inflation in the past year did not impact the gains and losses of the Group much. Given the rising prices of raw materials and supplies over the short term, the Group is closely monitoring price fluctuations in the markets for raw materials and supplies at all times and maintaining optimal interactions with suppliers and customers to reduce the impacts brought about by rising prices of raw materials and supplies.

(II) Policy on engaging in high-risk and high-leverage investments, lending of funds to others, endorsement and guarantee, and transactions of derivatives, main gain or loss factors, and countermeasures in the future:

1. The Group focuses on its mainstream business. Based on robustness, the Group does not engage itself in high-risk and high leverage investments, among other transactions.
2. The Group endorses/guarantees and lends funds only to its subsidiaries and related parties and the Operational Procedures for Endorsements and Guarantees and the Operational Procedures for Loaning of Company Funds have been established as required and respective operating procedures are precisely followed and enforced.
3. The derivative transaction that the Group is engaged in now is forward foreign exchange. Forward foreign exchange contracts are signed with banks reflective of the difference between the receivables and the payables of foreign currency positions. Applicable transaction limits and ceilings of losses are handled according to the Procedure for the Acquisition or Disposal of Assets.

(III) Future research and development plans and R&D expenses expected to be devoted: None.

(IV) Impacts of important domestic and international policies and regulatory changes on the Company's financial performance and the countermeasures:

Besides following applicable domestic and international laws and regulations in its daily operations, the Group is paying attention to developmental trends of domestic and international policies and changes to laws and regulations at all times and collects related information for the management's reference during the decision-making process to adjust related operational strategies of the Group. The Group's financial operations had not been impacted significantly as a result of important changes to policies and laws domestically and internationally as of the date the Annual Report was printed.

(V) Effects of technological changes and industrial changes on the financial standing of the company and countermeasures: None.

In light of the extended application of the PCBs produced by the Group to current technology products and 3C products, technological changes and industrial changes pose quite some impacts on the Group. Constant improvement of the production technology, reinforced production and process management, enhanced productivity and product yield rate, development of niche products, and adjusting the product strategy at any time reflective of the change in supply and demand on the ultimate product market is the only way to reduce the impacts and influence of the technological and industrial changes on the financial operations of the Group.

(VI) Impacts of changes in the corporate image on the management of corporate risks and the countermeasures:

The Group has been adhering to its management beliefs of "sustainability, innovation, and service". It pursues sustainable corporate operation and growth and values its business image and risk control. As such, no change in its business image that required corporate crisis management occurred in the past year.

The Group is highly concerned about the prevention and control of sudden or manned disasters and has established a comprehensive response plan that helps reduce personal injuries and impacts on the operation and finance to a minimum in case of a crisis and ensures smooth operations.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures: None.

(VIII) Expected benefits and possible risks of the expansion of plants and countermeasures: None.

(IX) Risks associated with focused purchases or sales and countermeasures:

To avoid the risk of over-concentrated purchases and to improve the stability in sources of purchases, the Group purchases from different suppliers and builds steady collaborative relationships with them. The Group consistently maintains at least two suppliers for its primary raw materials. Therefore, no shortage in the supply of materials to result in interrupted production has occurred. Meanwhile, the ratio of purchases from a single supplier does not exceed 15%. The sources of purchases are generally decentralized. As such, there shall be no risk associated with overly concentrated purchases or unsteady sources of

supply for the Group. In addition, since there are both domestic and international customers, concentrated sales shall not be an issue.

(X) Impacts and risks of transfer or exchange of stock options in large quantities by directors, or heavyweight shareholders holding more than 10% of all shares of the Company and countermeasures: None.

(XI) Impacts and risks of the change in the management on the Company, risks, and response measures: None.

(XII) Litigation or Non-litigation incidents:

1. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Group over the past year up to the date the Annual Report was printed with a confirmed verdict or ongoing ones whose results may have significant impacts on the shareholders' equity or prices of securities: None.
2. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Group's directors, President, shareholders holding more than 10% of all shares, and the associated companies over the past year up to the date when the Annual Report was printed with a confirmed verdict or ongoing ones whose results may have significant impacts on the shareholders' equity or prices of securities: None.

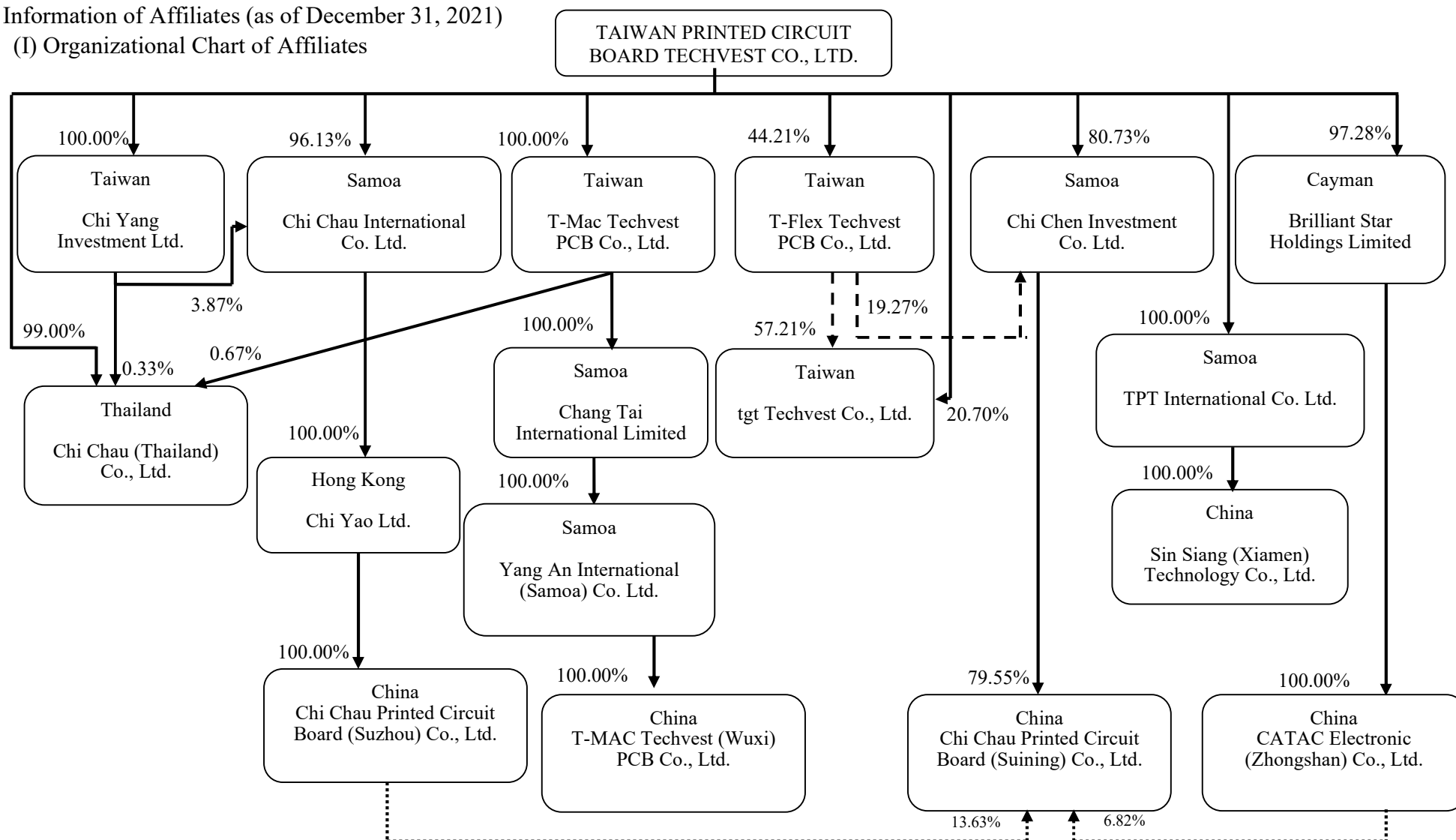
(XIII) Other important risks and countermeasures: None

VII. Other important matters: None.

Eight. Special Notes

I. Information of Affiliates (as of December 31, 2021)

(I) Organizational Chart of Affiliates



(II) Name, Date Established, Address, Paid-in Capital, and Main Scope of Operation of Each Affiliate

Unit: NTD 000's

| Name of affiliate | Date established | Address | Paid-in Capital | Main Businesses and Products |
|--|------------------|--|-----------------|--|
| Chi Yang Investment Ltd. (Chi Yang) | 05.12.2006 | No. 12, Gongye Second Road, Yongfeng Village, Pingzhen District, Taoyuan City | 85,000 | General investment |
| T-Mac Techvest PCB Co., Ltd. (T-Mac) | 06.29.1987 | No. 12, Gongye Second Road, Yongfeng Village, Pingzhen District, Taoyuan City | 1,709,572 | General investment |
| T-Flex Techvest PCB Co., Ltd. (tht) | 12.29.1999 | No. 12, Gongye Second Road, Yongfeng Village, Pingzhen District, Taoyuan City | 697,127 | General investment and distribution of various types of circuit boards |
| tgt Techvest Co., Ltd. (tgt) | 01.29.1970 | No. 4, South Second Road, Kaohsiung Export Processing Zone, Qianzhen District, Kaohsiung City | 467,680 | Production and distribution of various types of circuit boards |
| TPT International Co., Ltd. (TPT) | 06.24.2004 | Portcullis TrustNet Chambers P. O. Box 1225 Apia, SAMOA | 19,207 | General investment |
| Chi Chau International Co., Ltd. (Chi Chau) | 06.24.2004 | Portcullis TrustNet Chambers P. O. Box 1225 Apia, SAMOA | 284,552 | General investment |
| Brilliant Star Holdings Ltd. (Brilliant Star) | 03.16.2000 | 4th Floor, Monaco Towers, 11 Dr Roy's Drive, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands | 2,538,101 | General investment |
| Chi Chen Investment Co., Ltd. (Chi Chen) | 05.13.2011 | Equity Trust Chambers, P.O. Box 3269, Apia, Samoa | 1,331,816 | General investment |
| Sinact (Hong Kong) International Company Limited (Sinact HK) (Note) | 04.07.2008 | Unit 701, 7/F., Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong. | 0 | General investment |
| Chi Yao Ltd. (Chi Yao) | 11.02.2007 | Unit 701, 7/F., Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong | 32,894 | General investment and international trade |
| Chang Tai International Limited (Chang Tai) | 03.12.2007 | Offshore Chambers, P.O.Box 217, Apia, Samoa | 2,292,370 | General investment |

| Name of affiliate | Date established | Address | Paid-in Capital | Main Businesses and Products |
|--|------------------|--|-----------------|--|
| Yang An International (Samoa) Co., Ltd. (Yang An) | 10.23.2001 | Offshore Chambers, P.O.Box 217, Apia, Samoa | 2,105,341 | General investment |
| CATAC Electronic (Zhongshan) Co., Ltd. (tft) | 07.26.2000 | Yanjiang East Second Road, Torch Hi-Tech Industrial Development Zone, Zhongshan, Province of Guandong | 1,882,240 | Production and distribution of various types of circuit boards |
| Chi Chau Printed Circuit Board (Suining) Co., Ltd. (twf) | 01.09.2012 | No. 1, Zhichao Road, Star Boulevard, China National Economic and Technical Development Zone, Suining, Province of Sichuan | 1,530,938 | Production and distribution of various types of circuit boards |
| T-Mac Techvest (Wuxi) PCB Co., Ltd. (tmt) | 11.05.2001 | No. 160, Furong Central Third Road, Xishan Economic Development Zone, Wuxi, Province of Jiangsu | 2,380,480 | Production and distribution of various types of circuit boards |
| Sin Siang (Xiamen) Technology Co., Ltd. (Sin Siang) | 05.26.2016 | Unit 229, Building 1, No. 1, Xianghai Road, Torch Hi-Tech (Xiangnan) Industrial Zone, Xiamen, Province of Fujian | 13,840 | Distribution of various types of circuit boards |
| Sinact Electronics Co., Ltd. (Sinact)(Note) | 02.28.2008 | No. 288, Chengjiang Central Road, Jianyin Economic Development Zone, Province of Jiangsu | 0 | Distribution of various types of circuit boards |
| Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. (tpts) | 03.03.2006 | Suite 3024, 3F, Building C of Dongfang Knowledge & Innovation Community at No. 18, Jinfang Road, Suzhou Industrial Park, Suzhoupian District, Pilot Free Trade Zone, Jiangsu | 138,400 | Distribution of various types of circuit boards |
| Chi Chau (Thailand) Co., Ltd. (CCT) | 06.06.2019 | 60/98 Moo 19 Navanakorn Ind. Estate Phaholyothin Road Klongnueng Klongluang Pathumtani 12120. Thailand. | 38,037 | Production and distribution of various types of circuit boards |

Note : In line with the restructuring of the Group's development structure, Sinact Electronics Co., Ltd. and Sinact (Hong Kong) International Company Limited were liquidated in June 2021 and December 2021, respectively. As of December 31, 2021, the liquidation process of Sinact Electronics Co., Ltd. has been completed, while the liquidation process of Sinact (Hong Kong) International Company Limited is still in progress, and the related investment shares have been remitted to the Company according to the investment path.

(III) Data of parties with control or in a subordinate relationship as inferred according to Article 369-3 of the Company Act: None.

(IV) Industries covered in the scope of operation of affiliates as a whole: manufacturing, investment, and international trade.

(V) Names of directors, supervisors, and the President of respective affiliates and their shareholding or sponsorship status in the specific affiliate

Unit: Thousand Shares

| Abbreviated Name of Business | Position | Name of Representative | Shares Held | |
|------------------------------|----------------------|---|-------------|---------------|
| | | | Shares | Holding ratio |
| Chi Yang | Director | Hsu, Cheng-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | — | 100.00% |
| T-Mac | Chairman | Hsu, Cheng-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | 170,957 | 100.00% |
| tht | Chairman | Hsu, Cheng-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | 30,822 | 44.21% |
| | Director | Lee, Ming-Hsi (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | — | 0.00% |
| | Director | Hsu, Ming-Chieh (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | — | 0.00% |
| | Director | Yang, Xian-Zeng | — | 0.00% |
| | Director | Hu, Hsiu-Hsing | — | 0.00% |
| | Independent Director | Huang, Kuan-Mo | — | 0.00% |
| | Independent Director | Hsiao, Shyh-Chyi | — | 0.00% |
| | Supervisor | Su, Xing-Hua | — | 0.00% |
| | Supervisor | Dong, Yi-Ming | — | 0.00% |

| Abbreviated Name of Business | Position | Name of Representative | Shares Held | |
|------------------------------|------------|--|-------------|---------------|
| | | | Shares | Holding ratio |
| | Supervisor | Chiu, Ting-Wen | 640 | 0.92% |
| tgt | Chairman | Hsu, Cheng-Min (Representative of T-Flex Techvest PCB Co., Ltd.) | 26,757 | 57.21% |
| | Director | Lee, Ming-Hsi (Representative of T-Flex Techvest PCB Co., Ltd.) | — | 0.00% |
| | Director | Hsu, Ming-Hung (Representative of T-Flex Techvest PCB Co., Ltd.) | — | 0.00% |
| | Director | Ting, Qiu-Fu (Representative of T-Flex Techvest PCB Co., Ltd.) | — | 0.00% |
| | Director | Chen, Shih-Shin (Representative of T-Flex Techvest PCB Co., Ltd.) | — | 0.00% |
| | Director | Lin, Chen-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | 9,681 | 20.70% |
| | Director | Dong, Yi-Ming | — | 0.00% |
| | Supervisor | Su, Xing-Hua | — | 0.00% |
| | Supervisor | Yi, Xuan-Yun | — | 0.00% |
| | Supervisor | Chiu, Wen-Shin | — | 0.00% |
| TPT | Director | Hsu, Cheng-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | 500 | 100.00% |
| Chi Chau | Director | Hsu, Cheng-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | 1,154 | 96.13% |
| Brilliant Star | Director | Hsu, Cheng-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | 68,127 | 97.28% |
| Chi Chen | Director | Hsu, Cheng-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | 35,600 | 80.73% |
| | Director | Lin, Chen-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | — | — |
| Chi Yao | Director | Hsu, Cheng-Min (Representative of Chi Chau International Co. Ltd.) | 1,188 | 100.00% |
| | Director | Hu, Hsiu-Hsing (Representative of Chi Chau International Co. Ltd.) | — | — |
| Chang Tai | Director | Hsu, Cheng-Min (Representative of T-Mac Techvest PCB Co., Ltd.) | 73,580 | 100.00% |
| Yang An | Director | Hsu, Cheng-Min (Representative of Chang Tai International Limited) | 76,060 | 100.00% |

| Abbreviated Name of Business | Position | Name of Representative | Shares Held | |
|------------------------------|------------|--|-------------|---------------|
| | | | Shares | Holding ratio |
| tft | Director | Hsu, Cheng-Mi (Representative of Brilliant Star Holdings Limited) | — | 100.00% |
| | Director | Chen, Shih-Shin (Representative of Brilliant Star Holdings Limited) | — | — |
| | Director | Hu, Hsiu-Hsing (Representative of Brilliant Star Holdings Limited) | — | — |
| twf | Director | Hsu, Cheng-Min (Representative of Chi Chen Investment Co., Ltd.) | — | 79.55% |
| | Director | Chen, Shih-Shin (Representative of Chi Chen Investment Co., Ltd.) | — | — |
| | Director | Hu, Hsiu-Hsing (Representative of Chi Chen Investment Co., Ltd.) | — | — |
| | Supervisor | Kao, Mao-Sheng | — | — |
| tmt | Director | Hsu, Cheng-Min (Representative of Yang An International (Samoa) Co. Ltd.) | — | 100.00% |
| | Director | Chen, Shih-Shin (Representative of Yang An International (Samoa) Co. Ltd.) | — | — |
| | Director | Hu, Hsiu-Hsing (Representative of Yang An International (Samoa) Co. Ltd.) | — | — |
| Sin Siang | Director | Hsu, Cheng-Min (Representative of TPT International Co., Ltd.) | — | 100.00% |
| | Director | Chen, Shih-Shin (Representative of TPT International Co., Ltd.) | — | — |
| | Director | Hu, Hsiu-Hsing (Representative of TPT International Co., Ltd.) | — | — |
| | Supervisor | Kao, Mao-Sheng | — | — |
| tpts | Director | Hsu, Cheng-Min (Representative of Chi Yao Ltd.) | — | 100.00% |
| | Director | Chen, Shih-Shin (Representative of Chi Yao Ltd.) | — | — |
| | Director | Hu, Hsiu-Hsing (Representative of Chi Yao Ltd.) | — | — |
| | Supervisor | Kao, Mao-Sheng | — | — |
| CCT | Director | Hsu, Cheng-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | 14,850 | 99.00% |
| | Director | Lee, Ming-Hsi (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | — | — |
| | Director | Lin, Chen-Min (Representative of Taiwan Printed Circuit Board Techvest Co., Ltd.) | — | — |

(VI) Overview of Operation of Affiliates

Unit: NTD 000's; Earnings per share: NTD

| Abbreviated Name of Business | Capital | Total assets | Total liabilities | Total equity | Operating revenues | Net operating income | Net Income (Loss) | Earnings per Share |
|------------------------------|-----------|--------------|-------------------|--------------|--------------------|----------------------|-------------------|--------------------|
| Chi Yang | 85,000 | 198,259 | 10,805 | 187,454 | 7,055 | 6,906 | (3,819) | — |
| T-Mac | 1,709,572 | 5,610,778 | 25,141 | 5,585,637 | 0 | (12,070) | 1,195,248 | — |
| tht | 697,127 | 862,986 | 113,253 | 749,733 | 252,112 | (2,612) | 82,177 | 1.18 |
| tgt | 467,680 | 1,242,579 | 914,882 | 327,697 | 1,370,524 | 15,033 | 20,875 | — |
| TPT | 19,207 | 33,285 | 0 | 33,285 | 570 | 570 | 580 | — |
| Chi Chau | 284,552 | 3,893,548 | 0 | 3,893,548 | 181,750 | 181,750,338 | 182,148 | — |
| Brilliant Star | 2,538,101 | 4,141,393 | 0 | 4,141,393 | 556,317 | 555,890 | 556,010 | — |
| Chi Chen | 1,331,816 | 2,792,427 | 0 | 2,792,427 | 372,482 | 372,482 | 372,483 | — |
| Chi Yao | 32,894 | 4,070,293 | 190,477 | 3,879,816 | 568,940 | (205) | 181,750 | — |
| Chang Tai | 2,292,370 | 5,486,537 | 0 | 5,486,537 | 533,150 | 533,111 | 533,112 | — |
| Yang An | 2,105,341 | 5,484,090 | 0 | 5,484,090 | 533,189 | 533,149 | 533,150 | — |
| tft | 1,882,240 | 5,354,736 | 1,258,846 | 4,095,890 | 4,660,364 | 551,339 | 556,317 | — |
| twt | 1,530,938 | 6,912,961 | 3,404,792 | 3,508,169 | 5,763,140 | 490,791 | 468,214 | — |
| tmt | 2,380,480 | 9,104,468 | 3,625,117 | 5,479,351 | 11,047,776 | 729,246 | 533,189 | — |
| Sin Siang | 13,840 | 21,623 | 451 | 21,172 | 2,240 | 290 | 570 | — |
| tpts | 138,400 | 4,386,942 | 510,397 | 3,876,545 | 2,763,303 | 89,674 | 181,954 | — |
| CCT | 38,037 | 31,343 | 9 | 31,334 | 0 | (46) | 26 | — |

(VII) Consolidated Financial Statement of Affiliates: Refer to Appendix III for details.

(VIII) Affiliation Report: Not applicable.

- II. Management of private placement securities in the most recent year and up to the date the Annual Report was printed: None.
- III. Holding or disposal of the Company's shares by its subsidiaries in the past year up to the date the Annual Report was printed: None.
- IV. Other matters requiring supplementary information: None

Nine. Matters with important impacts on shareholders' equity or prices of securities as indicated in Article 36 Paragraph 2 Subparagraph 2 of the Securities and Exchange Act in the past year up to the date the Annual Report was printed

- I. Rejected checks due to insufficient balance in the account, blacklisted, or other loss-of-credit circumstances: None.
- II. Lawsuits, non-lawsuits, administrative penalties, administrative disputes, security procedures, or compulsory enforcement incidents with major impacts on the Company's finance and operation: Refer to "Seven. Discussion and Analysis of Financial Standing and Operational Achievements and Evaluation of Risk Matters - VI. Risk Matters".
- III. Seriously reduced production or complete or partial downtime, subletting of the Company's premises or major equipment, pledge of all or some major assets with impacts on the Company's operation: None.
- IV. One of the conditions under each subparagraph of Article 185 Paragraph 1 of the Company Act: None.
- V. Shares determined as non-negotiable by the Court according to Article 287 Paragraph 1 Sub-paragraph 5 of the Company Act: None.
- VI. Change of the Chairman, President, or one-third or more of the directors: None.
- VII. Change of the CPA(s), unless the change is a result of the internal adjustment of the accounting firm: None.
- VIII. Important memorandums, strategic alliances or other business cooperation plans or important contracts that are signed, changed, terminated, or dismissed, important contents of business plans that are changed, completion of new product development, successful development of tested products and entrance into official mass production, merger and acquisition of someone else's enterprise, acquisition or assignment of patent rights, trademark exclusive user rights, copyrights, or other intellectual property rights with major impacts on the Company's finance or operation: None.
- IX. Other significant conditions sufficient to impact the Company's continuous operations: None.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Internal Control System Declaration

Date: March 18, 2022

For the Company's internal control system of 2021, we would like to declare as follows according to the results of spontaneous inspections:

- I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), financial reporting reliability, and compliance with applicable laws and regulations, among other goals.
- II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take corrective action against deficiencies confirmed.
- III. The Company determines the effectiveness of the design and implementation of its internal control system following the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. Please refer to "Governing Regulations" for details.
- IV. The Company has already adopted the aforesaid items to check the effectiveness in the design and implementation of its internal control system.
- V. Based on the results of the check-in in the preceding paragraph, the Company believes that its internal control system (including the supervision and management of its subsidiaries) as of December 31, 2021, covers awareness of operational effectiveness and efficiency in accomplishing the goals, financial reporting reliability, and compliance with applicable laws and regulations can reasonably ensure fulfillment of the above-mentioned goals given its design and implementation.
- VI. This declaration constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. If the aforesaid published contents are found to be false, or fraudulent in any way, the Company and its management shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This declaration was approved at the meeting of the Company's Board of Directors on March 18, 2022 without dissenting opinions expressed by any of the 15 directors attending the meeting. All agreed on the contents of this Declaration. Please take note of it.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Chairman: Hsu, Cheng-Min

President: Lee, Ming-Hsi

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Audit Committee Report

The 2021 business report and financial statements of the Company, which were prepared by the Board of Directors, have been certified and reviewed with a report by the CPAs of KPMG. The aforementioned business reports and financial statements have been reviewed by the Audit Committee and found true and correct. The Committee hereby submits the aforementioned reports under Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Convener of Audit Committee: Huang, Leei-May

(Signature or Stamp)

March 18, 2022

Representation Letter

The entities that are required to be included in the combined financial statements of Taiwan Printed Circuit Board Techvest Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No.10 endorsed by the Financial Supervisory Commission. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taiwan Printed Circuit Board Techvest Co., Ltd. and its Subsidiaries do not prepare a separate set of consolidated financial statements for affiliated companies.

Very truly yours,

HSU, CHENG-MIN
Chairman
TAIWAN PRINTED CIRCUIT BOARD
TECHVEST CO., LTD.

March 18, 2022

Independent Auditor's Report

To the Board of Directors and Shareholders of Taiwan Printed Circuit Board Techvest Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Printed Circuit Board Techvest Co., Ltd. and its subsidiaries (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 years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits following 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group under the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities under 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories

Please refer to Notes 4(8), 5 and 6(6) of the consolidated financial statements for accounting policies on measuring inventory, assumptions used, and uncertainties considered in determining net realizable value, and description of inventories, respectively.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. The Group produces and sells printed circuit boards, whose industry changes rapidly, and old models may quickly be replaced with new ones, resulting in a difficulty to meet market demands, which may impact the inventory closeout sale and sales price, causing the carrying value to exceed the net realizable value. Therefore, we determined that the assessment of the valuation of inventories is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedure included: inspecting and analyzing the aging report of the inventory; assessing the rationality of policies of allowance for inventory valuation and obsolescence losses; inspecting the estimated inventory allowance to verify the evaluation accuracy, assessing the rationality of the inventory net realizable value with the Group's selling price and subsequent market price; evaluating whether the disclosure of the key management regarding the allowance of the inventory is appropriate.

2. Timing of revenue recognition

Please refer to Note 4(16) "Revenue recognition", and Note 6(23) "Revenue disclosures" of the consolidated financial statements.

Description of key audit matter:

Sales revenue is the leading indicator for investors, wherein the management assesses the Group's financial performance. The timing for the recognition of revenue is significant to the financial statements. Therefore, the test of the timing for recognition of revenue was one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedure included: random sampling of material sales before and after the year-end; assessing sales policies and revenue achievement by inspecting contracts with customers and verifying buyer's documents to confirm the accuracy of the timing for recognition of revenue.

Other Matter

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Group as of and for the years ended December 31, 2021 and 2020.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted following the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists in the consolidated financial statements. Misrepresentation may be the result of fraud or error. 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 based on these consolidated financial statements.

As part of an audit under the auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained 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 to design audit procedures that are appropriate in the circumstances, but not to express 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

We 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 identified 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 Group's consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude 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.

KPMG

CPA

Approval No.: JIN-GUAN-ZHENG-SHEN-ZI
No. 1000011652
(88) TAI-CAI-ZHENG (6)
No.18311

March 18, 2022

Note to Readers

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

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

TAIWAN PRINTED CIRCUIT BOARD T
CONSOLIDATED
For the years ended De

| Assets | | December 31, 2021 | | December 31, 2020 | |
|----------------------------|---|--------------------------|------------|--------------------------|------------|
| | | Amount | % | Amount | % |
| Current assets: | | | | | |
| 1100 | Cash and cash equivalents (Note 6(1)) | \$ 8,736,700 | 27 | 9,991,196 | 32 |
| 1110 | Current financial assets at fair value through profit or loss (Note 6(2)) | 34,384 | - | 52,445 | - |
| 1170 | Notes and accounts receivable, net (Note 6(4)) | 11,612,424 | 36 | 9,519,951 | 30 |
| 1200 | Other receivables (Note 6(5)) | 231,394 | 1 | 264,420 | 1 |
| 1310 | Inventories (Note 6(6)) | 2,937,297 | 9 | 2,431,052 | 8 |
| 1470 | Other current assets (Note 6(11) and 8) | 265,412 | 1 | 738,277 | 2 |
| | Total current assets | 23,817,611 | 74 | 22,997,341 | 73 |
| Non-current assets: | | | | | |
| 1517 | Financial assets measured at fair value through other comprehensive income, non-current (Note 6(3)) | 5,583 | - | - | - |
| 1600 | Property, plant and equipment (Note 6(7) and 8) | 7,460,367 | 23 | 7,524,906 | 24 |
| 1755 | Right-of-use assets (Note 6(8)) | 288,196 | 1 | 261,085 | 1 |
| 1760 | Investment property, net (Note 6(9) and 8) | - | - | 182,651 | 1 |
| 1780 | Intangible assets (Note 6(10)) | 376,165 | 1 | 376,586 | 1 |
| 1980 | Other non-current financial assets (Note 6(11) and 8) | 29,884 | - | 24,666 | - |
| 1995 | Other non-current assets (Note 6(11)) | 203,017 | 1 | 77,751 | - |
| | Total non-current assets | 8,363,212 | 26 | 8,447,645 | 27 |
| Total assets | | \$ 32,180,823 | 100 | 31,444,986 | 100 |

See accompanying notes to c

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Amounts in Thousands of New Taiwan Dollars)

| | | 2021 | | 2020 | |
|------|---|---------------|-----|------------|-----|
| | | Amount | % | Amount | % |
| 4000 | Operating revenue (Note 6(23)) | \$ 27,500,178 | 100 | 22,847,267 | 100 |
| 5110 | Cost of sales (Note 6(6)) | 23,176,187 | 84 | 19,501,266 | 85 |
| | Gross Profit | 4,323,991 | 16 | 3,346,001 | 15 |
| | Operating expenses: | | | | |
| 6100 | Sales and marketing expenses | 883,687 | 3 | 858,392 | 4 |
| 6200 | General and administrative expenses | 1,215,627 | 5 | 903,493 | 4 |
| 6450 | Expected credit losses (gains) | 34,319 | - | (73,011) | - |
| | Total | 2,133,633 | 8 | 1,688,874 | 8 |
| | Operating income | 2,190,358 | 8 | 1,657,127 | 7 |
| | Non-operating income and expenses: (Note 6(25)) | | | | |
| 7100 | Interest income | 139,375 | - | 140,511 | 1 |
| 7010 | Other income | 80,458 | - | 112,616 | - |
| 7020 | Other gains and losses | 760,090 | 3 | 1,042,129 | 5 |
| 7050 | Finance costs | (86,994) | - | (126,398) | (1) |
| | Total non-operating income and expenses | 892,929 | 3 | 1,168,858 | 5 |
| 7900 | Income before income tax | 3,083,287 | 11 | 2,825,985 | 12 |
| 7951 | Less: Income tax expense (Note 6(19)) | 758,853 | 3 | 914,251 | 4 |
| | Net income | 2,324,434 | 8 | 1,911,734 | 8 |
| 8300 | Other comprehensive income (loss): | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurements of defined benefit plans | 2,373 | - | (1,756) | - |
| 8316 | Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income | 5,583 | - | 40,910 | - |
| 8349 | Less: Income tax related to items that will not be reclassified | - | - | - | - |
| | Total | 7,956 | - | 39,154 | - |
| 8360 | Items that may be reclassified subsequently into profit or loss | | | | |
| 8361 | Exchange differences in translation of foreign financial statements | (104,171) | - | 263,936 | 2 |
| 8399 | Less: Income tax related to items that may be reclassified subsequently | - | - | - | - |
| | Total | (104,171) | - | 263,936 | 2 |
| 8300 | Other comprehensive income (loss), net of income tax | (96,215) | - | 303,090 | 2 |
| 8500 | Total comprehensive income (loss) | \$ 2,228,219 | 8 | 2,214,824 | 10 |
| | Net profit attributable to: | | | | |
| 8610 | Owners of the parent company | \$ 2,258,929 | 8 | 1,918,861 | 8 |
| 8620 | Non-controlling interests | 65,505 | - | (7,127) | - |
| | Total comprehensive income (loss) attributable to: | \$ 2,324,434 | 8 | 1,911,734 | 8 |
| 8710 | Owners of the parent company | \$ 2,161,036 | 8 | 2,216,826 | 10 |
| 8720 | Non-controlling interests | 67,183 | - | (2,002) | - |
| | Total comprehensive income (loss) attributable to: | \$ 2,228,219 | 8 | 2,214,824 | 10 |
| | Basic earnings per share (NTD) (Note 6(22)) | | | | |
| 9750 | Basic earnings per share (Unit: NTD) | \$ 8.60 | | 7.28 | |
| 9850 | Diluted earnings per share (Unit: NTD) | \$ 8.26 | | 7.00 | |

See accompanying notes to consolidated financial statements.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2021 and 2020
(Amounts in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent company | | | | | | | | | | |
|---|---|-----------------|---------------|-----------------|-----------|----------------------------------|---|--|--|-----------------|---|
| | Share capital | | | | | Others | | | | | |
| | | | | | | Unappropriated retained earnings | Exchange differences in translation of foreign financial statements | Unrealized gains or losses on financial assets measured at fair value through other comprehensive income | Unrealized gains or losses on financial assets measured at fair value through other comprehensive income | Treasury shares | Equity attributable to owners of parent company |
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | | | | | | | |
| Balance on January 1, 2020 | \$ 2,712,425 | 3,119,032 | 1,208,728 | 548,401 | 4,854,987 | (1,124,595) | (9,135) | (62,920) | 11,246,923 | 496,557 | 11,743,480 |
| Net income | - | - | - | - | 1,918,861 | - | - | - | 1,918,861 | (7,127) | 1,911,734 |
| Other comprehensive income (loss) | - | - | - | - | (776) | 257,831 | 40,910 | - | 297,965 | 5,125 | 303,090 |
| Total comprehensive income (loss) | - | - | - | - | 1,918,085 | 257,831 | 40,910 | - | 2,216,826 | (2,002) | 2,214,824 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal capital reserve appropriated | - | - | 99,432 | - | (99,432) | - | - | - | - | - | - |
| Special reserve | - | - | - | 585,329 | (585,329) | - | - | - | - | - | - |
| Cash dividends on ordinary shares | - | - | - | - | (665,301) | - | - | - | (665,301) | - | (665,301) |
| Repurchase of treasury shares | - | - | - | - | - | - | - | (328,049) | (328,049) | - | (328,049) |
| Conversion of treasury shares | - | - | - | - | (3) | - | - | 62,920 | 62,917 | - | 62,917 |
| Disposal of equity instrument measured at fair value through other comprehensive income | - | - | - | - | 40,910 | - | (40,910) | - | - | - | - |
| Balance on December 31, 2020 | 2,712,425 | 3,119,032 | 1,308,160 | 1,133,730 | 5,463,917 | (866,764) | (9,135) | (328,049) | 12,533,316 | 494,555 | 13,027,871 |
| Net income | - | - | - | - | 2,258,929 | - | - | - | 2,258,929 | 65,505 | 2,324,434 |
| Other comprehensive income (loss) | - | - | - | - | 1,092 | (101,453) | 2,468 | - | (97,893) | 1,678 | (96,215) |
| Total comprehensive income (loss) | - | - | - | - | 2,260,021 | (101,453) | 2,468 | - | 2,161,036 | 67,183 | 2,228,219 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal capital reserve appropriated | - | - | 195,899 | - | (195,899) | - | - | - | - | - | - |
| Cash dividends on ordinary shares | - | - | - | - | (914,349) | - | - | - | (914,349) | - | (914,349) |
| Reversal of special reserve | - | - | - | (257,832) | 257,832 | - | - | - | - | - | - |
| Conversion of treasury shares | - | 163,559 | - | - | - | - | - | 102,023 | 265,582 | - | 265,582 |
| Changes in ownership interests in subsidiaries | - | - | - | - | (3,023) | - | - | - | (3,023) | 3,023 | - |
| Increase or decrease in non-controlling interests | - | - | - | - | - | - | - | - | - | 39,057 | 39,057 |
| Balance on December 31, 2021 | \$ 2,712,425 | 3,282,591 | 1,504,059 | 875,898 | 6,868,499 | (968,217) | (6,667) | (226,026) | 14,042,562 | 603,818 | 14,646,380 |

See accompanying notes to consolidated financial statements.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Amounts in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|---------------------|------------------|
| Cash flows from operating activities: | | |
| Income before income tax | \$ 3,083,287 | 2,825,985 |
| Adjustments for: | | |
| Adjustments to reconcile net income (loss) | | |
| Depreciation expense | 1,154,561 | 1,227,423 |
| Amortization expense | 5,417 | 4,314 |
| Expected credit loss (gain) | 34,319 | (73,011) |
| Net gain from financial assets (liabilities) measured at fair value through profit or loss | (34,187) | (50,482) |
| Interest expense | 86,994 | 126,398 |
| Interest income | (139,375) | (140,511) |
| Share-based compensation cost | 163,574 | - |
| Losses on disposal of property, plant and equipment | 30,352 | 12,183 |
| Gain on disposal of investment property | (804,027) | - |
| Gain on disposal of non-current assets held for sale | - | (1,147,370) |
| Losses on disposal of investments | 36,560 | - |
| Others | - | (208) |
| Total adjustments | 534,188 | (41,264) |
| Changes in assets and liabilities relating to operating activities: | | |
| Net changes in assets relating to operating activities: | | |
| Financial assets that are forced to be measured at fair value through profit or loss | 52,445 | 14,173 |
| Notes and accounts receivable | (2,126,565) | (1,332,719) |
| Other receivables | 33,384 | (85,505) |
| Inventories | (504,662) | (155,121) |
| Other current assets | (30,666) | 182,990 |
| Total net changes in assets relating to operating activities | (2,576,064) | (1,376,182) |
| Net changes in liabilities relating to operating activities: | | |
| Financial liabilities held for trading | (1,963) | (16) |
| Notes and accounts payable | 821,799 | 909,969 |
| Other payables | 365,832 | 146,062 |
| Current refund liabilities | 81,116 | 58,177 |
| Other current liabilities | (11,405) | 15,259 |
| Total net changes in liabilities relating to operating activities | 1,255,379 | 1,129,451 |
| Total net changes in assets and liabilities relating to operating activities | (1,320,685) | (246,731) |
| Total adjustments | (786,497) | (287,995) |
| Cash provided by operations | 2,296,790 | 2,537,990 |
| Interest received | 162,014 | 165,940 |
| Interest paid | (111,935) | (168,175) |
| Income taxes paid | (830,306) | (466,358) |
| Net cash provided by operating activities | 1,516,563 | 2,069,397 |
| Cash flows from investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | - | (289,952) |
| Disposal of financial assets measured at fair value through other comprehensive income | - | 330,862 |
| Disposal of non-current assets held for sale | - | 1,197,079 |
| Acquisition of property, plant, and equipment | (1,053,351) | (834,059) |
| Disposal of property, plant, and equipment | 9,896 | 46,734 |
| Acquisition of intangible assets | (5,047) | (3,326) |
| Disposal of investment property | 985,467 | - |
| Other financial assets | 498,313 | (583,522) |
| Other non-current assets | (164,087) | (8,841) |
| Provisions for liabilities | (90,073) | (62,038) |
| Net cash flows from (used in) investing activities | 181,118 | (207,063) |
| Cash flows from financing activities: | | |
| Short-term loans | 3,215,765 | (387,698) |
| Short-term notes and bills payable | 149,916 | 29,973 |
| Proceeds from long-term debts | 1,280,000 | 2,700,000 |
| Repayment of long-term loans | (6,727,758) | (1,782,061) |
| Repayment of lease liabilities | (37,918) | (33,701) |
| Other non-current liabilities | 36,145 | 3,067 |
| Distribution of cash dividends | (914,349) | (665,301) |
| Repurchase cost of treasury shares | - | (328,049) |
| Treasury shares purchased by employees | 102,008 | 62,917 |
| Changes in non-controlling interests | 39,057 | - |
| Net cash used in financing activities | (2,857,134) | (400,853) |
| Effect of exchange rate changes on cash and cash equivalents | (95,043) | 174,503 |
| Increase (decrease) in cash and cash equivalents | (1,254,496) | 1,635,984 |
| Cash and cash equivalents at beginning of year | 9,991,196 | 8,355,212 |
| Cash and cash equivalents at end of year | \$ 8,736,700 | 9,991,196 |

See accompanying notes to consolidated financial statements.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars, unless specified otherwise)

1. HISTORY AND ORGANIZATION

Taiwan Printed Circuit Board Techvest Co., Ltd. (“the Company”) was incorporated as a company limited by shares on April 21, 1998 under the approval of the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 12, Gongye 2nd Rd., Pingzhen Dist., Taoyuan City. On December 25, 2009, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE). The Company and its subsidiaries (hereinafter referred to as “the Group”) are primarily involved in the business of producing and selling electronic components and printed circuit boards.

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue by the Board of Directors on March 18, 2022.

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

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

Effective January 1, 2021, the Group adopted the following newly revised International Financial Reporting Standards, which had no significant effect on its consolidated financial statements.

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendment to IFRS 16 “Covid-19-Related Rent Concessions after June 30, 2021”

- (2) Effect of new standards and amendments to IFRSs as endorsed by the FSC

The Group has assessed the application of the following new amendments which are effective since January 1, 2022, would not have a significant effect on its consolidated financial statements.

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

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (3) IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The new standards, interpretations issued and amended by the IASB but not yet endorsed by the FSC, and which may have relevance to the Group are as below:

| New, Revised or Amended Standards and Interpretations | Major Amendments | Effective Date of Introduction by IASB |
|---|---|---|
| Amendment to IAS 1 “Classification of Liabilities as Current or Non-current” | The amendment is intended to improve consistency in the application of the standard to assist companies in determining whether debt or other liabilities with uncertain settlement dates should be classified as current (due or likely to be due within one year) or non-current on the Balance Sheet. The amendment also clarifies the classification of debt that may be converted to equity for settlement purposes. | January 1, 2023 |
| Amendment to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction” | The amendment restricts the scope of the recognition exemption, which is no longer applicable when the original recognition of the transaction results in an equal amount of taxable and deductible temporary differences. | January 1, 2023 |

The Group is continuously evaluating the impact of the above standards and interpretations on the Group's financial condition and results of operations, and the related impact will be disclosed upon completion of the evaluation.

The Group does not expect the following other newly issued and amended standards, which have yet to be endorsed, to have a significant impact on its consolidated financial statements.

- Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

The consolidated statements have been prepared following the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Preparation Guidelines") The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC), as endorsed by the FSC, as referred to in Article 3 of the Regulations.

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (a) Financial instruments at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value;
- (c) The net interest on the net defined benefit obligation (or asset) is measured as the fair value of the pension fund assets less the present value of the defined benefit obligation and the effect of the cap as described in Note 4(18).

B. Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information is presented in thousands of NTD.

(3) Basis of Consolidation

A. Preparation principle of consolidated financial statements

The entities for which consolidated financial statements are prepared include the Company and entities controlled by the Company (i.e., subsidiaries). The Company controls an investee when it is exposed to or has rights to variable compensation from its participation in the investee and can affect such compensation through its power over the

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

investee.

The financial statements of a subsidiary are included in the consolidated financial statements from the date control is acquired until the date control is lost. Inter-company transactions, balances and any unrealized gains and losses have been eliminated upon the preparation of the consolidated financial statements. The total consolidated income or loss of the subsidiaries is attributed to the Company's owners and non-controlling interests, respectively, even if the noncontrolling interests become deficit balances as a result.

The financial statements of subsidiaries have been appropriately adjusted to conform to the accounting policies used by the Group.

The changes in ownership of the subsidiaries are recognized as an equity transaction.

The difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is attributable to the owners of the Company.

B. Subsidiaries Included in Consolidated Financial Statements

| Investors | Subsidiary | Business Nature | Shareholding Percentage | |
|--------------------------|---|--|-------------------------|-------------------|
| | | | December 31, 2021 | December 31, 2020 |
| The Company and Chi Yang | Chi Chau International Co., Ltd. (Chi Chau) | General investment | 100% | 100% |
| The Company and tht | Chi Chen Investment Co., Ltd. (Chi Chen) | General investment | 89% | 89% |
| The Company | Chi Yang Investment Ltd. (Chi Yang) | General investment | 100% | 100% |
| The Company | Brilliant Star Holdings Ltd. (Brilliant Star) | General investment | 97% | 97% |
| The Company | Sinact (Hong Kong) International Company Limited (Sinact HK) | General investment | - % | 100% |
| The Company | TPT International Co., Ltd. (TPT) | General investment | 100% | 100% |
| The Company | T-Flex Techvest PCB Co., Ltd. (tht) | General investment and selling of circuit boards | 44% | 44% |
| The Company and tht | tgt Techvest Co., Ltd. (tgt) | Manufacturing, selling of circuit boards | 46% | 44% |

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

| Investors | Subsidiary | Business Nature | Shareholding Percentage | |
|---------------------------------|---|--|-------------------------|-------------------|
| | | | December 31, 2021 | December 31, 2020 |
| The Company | T-Mac Techvest PCB Co., Ltd. (T-Mac) | General investment | 100% | 100% |
| Chi Chau | Chi Yao Ltd. (Chi Yao) | General investment and international trading | 100% | 100% |
| Chi Yao | Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. (tpts) | Selling of circuit boards | 100% | 100% |
| T-Mac | Chang Tai International Ltd. (Chang Ta) | General investment | 100% | 100% |
| Chang Tai | Yang An International (Samoa) Co., Ltd. (Yang An) | General investment | 100% | 100% |
| Yang An | T-Mac Techvest (Wuxi) PCB Co., Ltd. (tmt) | Manufacturing, selling of circuit boards | 100% | 100% |
| Brilliant Star | CATAC Electronic (Zhongshan) Co., Ltd. (tft) | Manufacturing, selling of circuit boards | 100% | 100% |
| Chi Chen, tpts and tft | Chi Chau Printed Circuit Board (Suining) Co., Ltd. (twf) | Manufacturing, selling of circuit boards | 100% | 100% |
| Sinact HK | Sinact Electronics Co., Ltd. (Sinact) | Selling of circuit boards | - % | 100% |
| TPT | Sin Siang (Xiamen) Technology Co., Ltd. (Sin Siang) | Selling of circuit boards | 100% | 100% |
| The Company, T-Mac and Chi Yang | Chi Chau (Thailand) Co., Ltd. (CCT) | Manufacturing, selling of circuit boards | 100% | 100% |

Although the Company holds less than 50% of the voting rights of T-Flex Techvest PCB Co., Ltd., it is included in the consolidated financial statements because the Company has obtained the majority of the voting rights of the Board of Directors of T-Flex Techvest PCB Co., Ltd. and can direct its finance, operations and personnel.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

To adjust the capital structure of its subsidiaries, the Group carried out a withdrawal of share capital of US\$55,000,000 for Chi Chau Printed Circuit Board (Suzhou) Ltd. in July 2020, which was completed in February 2021. Chi Yao Ltd. and Chi Chau International Co., Ltd., in conjunction with the capital restructuring of their subsidiaries underwent a capital reduction of US\$50,440,000, which was completed in March and May 2021, respectively.

On May 27, 2021, the Board of Directors of tgt Techvest Co., Ltd. resolved to increase the capital by cash and the Group did not subscribe in proportion to its shareholding, resulting in an increase in the percentage of ownership from 44% to 46%.

In line with the restructuring of the Group's development structure, Sinact Electronics Co., Ltd. and Sinact (Hong Kong) International Company Limited were liquidated in June 2021 and December 2021, respectively. As of December 31, 2021, the liquidation process of Sinact Electronics Co., Ltd. has been completed, while the liquidation process of Sinact (Hong Kong) International Company Limite is still in progress, and the related investment shares have been remitted to the Company according to the investment path.

C. Subsidiary company not included in the consolidated financial statements: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates on the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the difference relating to investments in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average rate. Exchange differences are recognized in other comprehensive incomes.

When a foreign operation is disposed of as such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

(5) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. The Group holds the asset primarily for trading;
- C. The Group expects to realize the asset within twelve months after the reporting period;
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. The Group expects to settle the liability in its normal operating cycle;
- B. The Group holds the liability primarily for trading;
- C. The liability is due to be settled within twelve months after the reporting period;

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D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(7) Financial instruments

Trade receivables are initially recognized when they originate. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

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

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

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These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Financial assets measured at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

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

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

Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and bills receivables, other receivables, guarantee deposits paid and other financial assets), debt investments measured at FVOCI, and contract assets.

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The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which is measured as 12 month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of a default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive). ECL is discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;

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- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The borrower will probably enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for financial assets because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually assesses respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters transactions whereby it transfers its assets recognized in the balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In this case, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument following the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

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(b) Equity transaction

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

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written offset).

(d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value in the financial statements. The cost of inventories is calculated using the weight average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Assets held for sale (non-current) and discontinued operations

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when it is highly probable that their book values will be recovered through sale rather than through continuing use. Components of assets or disposal groups are remeasured per the Group's accounting policies between the original classification and the date of sale. After classification as held for sale, the asset is measured at the lower of its carrying amount or fair value less costs to sell. The impairment loss of any disposal group is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis, except that the loss is not allocated to assets not covered by IAS 36, Impairment of Assets, which continue to be measured following the accounting policies of the Group. Gains and losses arising from the recognition of impairment losses and subsequent remeasurement of assets and liabilities originally classified as held for sale are recognized in profit or loss, provided that the reversal of such gains and losses does not exceed the cumulative impairment losses already

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recognized.

Intangible assets, right-of-use assets and property, plant and equipment are no longer depreciated or amortized when they are classified as held for sale.

(10) Investment Property

Investment property is real estate held for rental income or asset appreciation or both and is not held for sale in the ordinary course of business, for production, provision of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment. The depreciation method, useful life and residual value of investment property are treated following the regulations for property, plant and equipment.

Gain or loss on disposal of the investment property (calculated as the difference between the net disposal price and the book value of the item) is recognized in profit or loss.

Rental income from investment properties is recognized as nonoperating income on a straight-line basis over the lease term. Lease incentives granted are recognized as part of lease income over the lease term.

(11) Property, plant, and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, except for land.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

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- | | |
|--------------------------------|------------------|
| (a) Buildings and structures | 2 years~50 years |
| (b) Machinery and equipment | 1 year~15 years |
| (c) Office and other equipment | 1 year~20 years |

Depreciation methods, useful lives and residual values, are reviewed at each reporting date, and adjusted if appropriate.

(12) Lease

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for some time in exchange for consideration.

A. As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) Fixed payments, including in-substance fixed payments;
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) Amounts expected to be payable under a residual value guarantee; and
- (d) Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

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- (a) There is a change in future lease payments arising from the change in an index or rate; or
- (b) There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or (c) Amounts expected to be payable under a residual value guarantee;
- (c) There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) There is a change of its assessment on whether it will exercise an extension or termination option; or
- (e) There is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the Balance Sheets.

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

The Group has elected to use the practical expedient approach for all rent concessions that meet all of the following conditions, without evaluating whether they are lease modifications:

- (a) Rent concessions that occurred as a direct result of the COVID-19 pandemic;
- (b) The change in lease payments results in the revised consideration for the lease being substantially the same as or less than the consideration for the lease prior to such change;
- (c) Any reduction in lease payments affects only those payments originally due prior to June 30, 2022; and

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(d) There were no substantial changes to the other terms and conditions of the lease.

Under the practical expedient method, when a rent concession results in a change in lease payments, the change is recognized in profit or loss upon the occurrence of the event or circumstance that triggers the rent concession.

B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(13) Intangible assets

1. Recognition and measurement

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment.

Intangible assets, including computer software, that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(14) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment on an annual basis.

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For impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill acquired in a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect.

The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognized immediately in profit or loss and reduces the carrying amount of goodwill in the cash-generating unit first, and then reduces the carrying amount of each asset in the unit in proportion to the book value of the other assets in the unit.

Goodwill impairment losses are not reversed. For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

(15) Provisions for liabilities

Provisions for liabilities are recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated.

Plant site restoration

The provision for liabilities is evaluated in accordance with the environmental policies and applicable regulatory requirements announced by the Group.

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(16) Revenue recognition

Revenue from contracts with customers

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

A. Sale of goods - Electronic components

The Group manufactures and sells electronic components to customers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products under the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often recognizes revenue based on the total amount if the sale according to aggregate sales of electronic components is over 6 months and had a discount agreement previously or its highly possible to have sales discounts in marketing experience. The Group evaluates the amount of discounts on the day of the occurrence of that fact or the date of the balance sheet, offsets sales revenue or recognizes sales allowance, and recognizes the revenue only to the extent that, probably, a significant reversal will not occur. As of the reporting date, the expecting amount paid to customers relating to the unit price discounts and defects of the product is recognized as refund liabilities.

Trade receivable is recognized when the goods are delivered as this is the point in the time the Group has the right to an amount of consideration that is unconditional.

B. Financing components

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

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(17) Government subsidy

The Group recognizes deferred revenue as a reduction of the carrying value of machinery and equipment over the useful life of the asset on a systematic basis against depreciation expense when it can be reasonably assured that the conditions attached to the government subsidy will be followed and the grant will be received. The deferred revenue is recognized as a reduction of the carrying amount of the equipment at fair value over the useful life of the asset on a systematic basis.

(18) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

B. Defined benefits plan

The Group's net obligation for the defined benefit plan is calculated by discounting the present value of future benefit amounts earned by employees for each plan, either currently or through prior service, less the fair value of any plan assets.

The defined benefit obligation is actuarially determined annually by a qualified actuary using the projected unit benefit method. When the result of the calculation is likely to be favorable to the Group, the asset is recognized to the extent of the present value of any economic benefits available in the form of refunds of contributions from the plan or reductions in future contributions to the plan. The present value of economic benefits is calculated by taking into account any minimum funding requirements.

The remeasurement of the net defined benefit obligation, which includes actuarial gains and losses, return on plan assets (excluding interest), and any change in the asset ceiling effect (excluding interest) is recognized immediately in other comprehensive income and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) using the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plans are recognized in profit or loss.

When a plan is amended or curtailed, the change in benefits related to prior service cost or curtailment benefit or loss is recognized immediately in profit or loss. The Group recognizes a gain or loss on the settlement of a defined benefit plan when the settlement occurs.

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C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(19) Share-based payment transaction

The equity-settled share-based payment agreement recognizes an expense and increases the relative equity over the vesting period of the award based on the fair value of the award on the vesting date. The expense recognized is adjusted for the number of awards that are expected to meet the service condition and the non-market vesting condition. The final amount recognized is based on the number of awards that meet the service conditions and non-marketable vesting conditions on the vesting date.

Non-vested conditions relating to share-based benefit awards are reflected in the measurement of the fair value of the share-based benefit awards at the vesting date and no adjustment is required to be made to verify the difference between the expected and actual results.

The amount of the fair value of the share appreciation rights payable to employees in cash settlements is recognized as an expense and an increase in the corresponding liability in the period in which the employees reach the point where they can receive unconditional compensation. The liability is remeasured at the fair value of the share appreciation rights at each reporting date and settlement date, and any change is recognized as profit or loss.

The share-based vesting date of the Group, such as the date of transfer of treasury shares to employees, is the date on which the Board of Directors approves the transfer of treasury shares to employees.

(20) Income taxes

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any.

It is measured using tax rates enacted or substantively enacted at the reporting date. Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- A. Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and, probably, they will not reverse in the foreseeable future; and
- C. Taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) The same taxable entity; or

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

(21) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

The Group's potentially dilutive ordinary shares include employee compensation.

(22) Segment information

An operating segment is a component of the Group that engages in operating activities that may earn revenues and incur expenses, including revenues and expenses related to transactions with other components of the Group. The operating results of all operating divisions are reviewed regularly by the Group's chief operating decision-maker to make decisions about the allocation of resources to the division and to evaluate its performance. Separate financial information is available for each operating segment.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to the net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(6) for further description of the valuation of inventories.

6. STATEMENTS OF MAJOR ACCOUNTING ITEMS

(1) Cash and cash equivalents

| | December 31, 2021 | December 31, 2020 |
|---|------------------------------|------------------------------|
| Cash in hand | \$ 654 | 949 |
| Cash in banks | | |
| Demand deposits | 7,647,926 | 8,027,414 |
| Time deposits | 1,088,120 | 1,962,833 |
| Cash and cash equivalents in consolidated statement of cash flows | <u>\$ 8,736,700</u> | <u>9,991,196</u> |

Please refer to Note 6(26) for the disclosure of credit, interest, currency risks and sensitivity analysis of the financial instruments of the Group.

The Group's cash and cash equivalents have not been pledged as collateral. Cash and cash equivalents are expressed not pledged.

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

A. Details were as follows:

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Financial assets measured at fair value through profit or loss: | | |
| Derivative instruments not used for hedging | <u>\$ 34,384</u> | <u>52,445</u> |
| Financial liability measured at fair value through profit or loss: | | |
| Derivative instruments not used for hedging | <u>\$ 197</u> | <u>1,963</u> |

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Please refer to Note 6(26) for the disclosure of the Group's fair value of financial instruments, credit and currency risks related to financial instruments.

B. Derivative financial instruments not designated as hedging instruments

The Group uses derivative financial instruments to hedge the certain foreign exchange risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as held for trading financial instruments:

Forward exchange contracts:

| December 31, 2021 | | | | |
|------------------------------------|----------------------|---|-----------------|-------------------------------------|
| | Book value | Notional amount (in thousands) | Currency | Maturity dates |
| <u>Derivative financial assets</u> | | | | |
| Forward exchange sold | \$ <u>515</u> USD | 6,000 | USD to NTD | January 07, 2022 |
| Forward exchange sold | \$ <u>33,869</u> USD | 96,500 | USD to CNY | January 10, 2022~ April 28, 2022 |

Derivative financial liabilities

| | | | | |
|-----------------------|-------------------|-------|------------|-----------------------------------|
| Forward exchange sold | \$ <u>40</u> USD | 2,000 | USD to NTD | January 07, 2022 |
| Forward exchange sold | \$ <u>157</u> USD | 7,000 | USD to CNY | March 14, 2022~ April 29, 2022 |

| December 31, 2020 | | | | |
|------------------------------------|----------------------|---|-----------------|------------------------------------|
| | Book value | Notional amount (in thousands) | Currency | Maturity dates |
| <u>Derivative financial assets</u> | | | | |
| Forward exchange sold | \$ <u>1,409</u> USD | 7,000 | USD to NTD | January 8, 2021~ March 10, 2021 |
| Forward exchange sold | \$ <u>51,036</u> USD | 83,900 | USD to CNY | January 8, 2021~ April 26, 2021 |

Derivative financial liabilities

| | | | | |
|-----------------------|---------------------|-------|------------|-------------------------------------|
| Forward exchange sold | \$ <u>1,589</u> USD | 8,000 | USD to NTD | January 8, 2021~ March 10, 2021 |
| Forward exchange sold | \$ <u>374</u> USD | 7,600 | USD to CNY | January 18, 2021~ April 25, 2021 |

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

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Equity instrument investments measured at fair value through other comprehensive income: | | |
| Listed companies' stocks | \$ 5,583 | - |

A. Investments in equity instruments measured at fair value through other comprehensive income or loss

The Group held these investments in equity instruments as long-term strategic investments and were not held for trading purposes, and therefore had been designated as measured at fair value through other comprehensive income or loss.

The Group did not dispose of any strategic investments in 2021, and the accumulated gains and losses during that period were not transferred to equity.

For the year ended December 31, 2020, the Group sold shares of domestic-listed (over-the-counter) companies designated as fair value through other comprehensive income or loss due to its investment strategy, and the fair value at the time of disposal was NTD330,862,000. The accumulated gain on disposal amounted to NTD40,910,000 and therefore, the aforementioned accumulated gain on disposal was transferred from other equity to retained earnings.

B. Please refer to Note 6(26) for credit and market risks information.

C. None of the above financial assets were pledged as collateral.

(4) Notes and accounts receivable

| | December 31, 2021 | December 31, 2020 |
|----------------------|------------------------------|------------------------------|
| Notes receivable | \$ 756,782 | 648,064 |
| Accounts receivable | 11,034,322 | 9,020,392 |
| Less: Loss allowance | (178,680) | (148,505) |
| Total | \$ 11,612,424 | 9,519,951 |

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The Group's expected credit losses for notes and accounts receivable were determined as follows:

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| | December 31, 2021 | | |
|------------------------|------------------------------|-----------------------------------|---------------------------------|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| Not yet due | \$ 11,620,181 | 0.00%~17.53% | 105,311 |
| Overdue within 30 days | 128,128 | 0.00%~100.00% | 30,667 |
| Overdue 31-90 days | 33,368 | 0.00%~100.00% | 33,275 |
| Overdue 91 days above | <u>9,427</u> | <u>100.00%</u> | <u>9,427</u> |
| | <u>\$ 11,791,104</u> | | <u>178,680</u> |

| | December 31, 2020 | | |
|------------------------|------------------------------|-----------------------------------|---------------------------------|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| Not yet due | \$ 9,606,291 | 0.00%~15.72% | 115,397 |
| Overdue within 30 days | 32,961 | 0.00%~100.00% | 4,539 |
| Overdue 31-90 days | 3,326 | 0.00%~100.00% | 2,691 |
| Overdue above 91 days | <u>25,878</u> | <u>100.00%</u> | <u>25,878</u> |
| | <u>\$ 9,668,456</u> | | <u>148,505</u> |

The movement in the loss allowance for notes and accounts receivable was as follows:

| | 2021 | 2020 |
|--|--------------------------|-----------------------|
| Opening balance | \$ 148,505 | 398,201 |
| Impairment losses (reversed) recognized | 34,319 | (73,011) |
| Amounts written off | (3,917) | (176,647) |
| Translation of foreign currency gains and losses | (227) | (38) |
| Ending balance | <u>\$ 178,680</u> | <u>148,505</u> |

Please refer to 6(26) for the credit and the currency risks of the Group's accounts receivables.

The Group's notes and accounts receivable have not been pledged as collateral.

(5) Other receivables

| | December 31, 2021 | December 31, 2020 |
|----------------------|--------------------------|--------------------------|
| Other receivables | \$ 236,068 | 269,094 |
| Less: Loss allowance | (4,674) | (4,674) |
| Total | <u>\$ 231,394</u> | <u>264,420</u> |

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The movement in the loss allowance for notes and accounts receivable was as follows:

| | 2021 | 2020 |
|--|------------------------|---------------------|
| Opening balance | \$ 4,674 | 5,247 |
| Amounts written off | - | (570) |
| Translation of foreign currency gains and losses | - | (3) |
| Ending balance | <u>\$ 4,674</u> | <u>4,674</u> |

Please refer to Note 6(26) for information on the credit and currency rate risks of the Group's other receivables.

The Group's other receivables have not been pledged as collateral.

(6) Inventories

| | December 31, 2021 | December 31, 2020 |
|----------------------------|------------------------------|------------------------------|
| Finished goods | \$ 954,029 | 792,380 |
| Work in progress | 1,442,307 | 1,092,680 |
| Raw materials and supplies | 540,961 | 545,992 |
| Total | <u>\$ 2,937,297</u> | <u>2,431,052</u> |

The details of the cost of sales of the Group were as follows:

| | 2021 | 2020 |
|-----------------------------|-----------------------------|--------------------------|
| Cost of goods sold | \$ 24,205,459 | 20,088,660 |
| Inventory scrap loss | 63,343 | 26,051 |
| Write down of inventories | 102,076 | 76,621 |
| Revenue from sale of scraps | (1,194,691) | (690,066) |
| Total | <u>\$ 23,176,187</u> | <u>19,501,266</u> |

The Group's inventories have not been pledged as collateral.

(7) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

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| | | Land | Buildings and structures | Machinery and equipment | Other equipment | Construction in progress and equipment to be inspected | Total |
|--|----|----------------|-------------------------------------|--|----------------------------|---|-------------------|
| Cost or deemed cost: | | | | | | | |
| Balance on January 1, 2021 | \$ | 202,597 | 5,035,836 | 11,518,002 | 1,321,116 | 161,104 | 18,238,655 |
| Additions | | - | 175,578 | 582,344 | 53,823 | 326,905 | 1,138,650 |
| Disposals | | - | (18,316) | (379,151) | (78,422) | - | (475,889) |
| Transfer (out) in | | - | 29,553 | 78,442 | 13,024 | (127,349) | (6,330) |
| Effect of exchange rate changes | | - | (31,903) | (65,816) | (8,803) | (50) | (106,572) |
| Balance on December 31, 2021 | \$ | 202,597 | 5,190,748 | 11,733,821 | 1,300,738 | 360,610 | 18,788,514 |
| Balance on January 1, 2020 | \$ | 202,597 | 4,821,870 | 11,263,411 | 1,218,808 | 191,850 | 17,698,536 |
| Additions | | - | 142,552 | 180,838 | 66,101 | 118,305 | 507,796 |
| Disposals | | - | (4,196) | (107,731) | (79,902) | - | (191,829) |
| Transfer (out) in | | - | 5,344 | 39,003 | 97,302 | (151,737) | (10,088) |
| Effect of exchange rate changes | | - | 70,266 | 142,481 | 18,807 | 2,686 | 234,240 |
| Balance on December 31, 2020 | \$ | 202,597 | 5,035,836 | 11,518,002 | 1,321,116 | 161,104 | 18,238,655 |
| Accumulated depreciation and impairment loss: | | | | | | | |
| Balance on January 1, 2021 | \$ | - | 2,077,551 | 7,711,320 | 924,878 | - | 10,713,749 |
| Depreciation | | - | 238,503 | 770,943 | 98,837 | - | 1,108,283 |
| Disposals | | - | (18,296) | (339,595) | (77,750) | - | (435,641) |
| Transfer (out) in | | - | (5) | 842 | (837) | - | - |
| Effect of exchange rate changes | | - | (11,744) | (40,640) | (5,860) | - | (58,244) |
| Balance on December 31, 2021 | \$ | - | 2,286,009 | 8,102,870 | 939,268 | - | 11,328,147 |
| Balance on January 1, 2020 | \$ | - | 1,821,092 | 6,871,340 | 833,727 | - | 9,526,159 |
| Depreciation | | - | 233,681 | 817,289 | 136,685 | - | 1,187,655 |
| Disposals | | - | (4,196) | (68,069) | (60,647) | - | (132,912) |
| Transfer (out) in | | - | - | (1,951) | 1,951 | - | - |
| Effect of exchange rate changes | | - | 26,974 | 92,711 | 13,162 | - | 132,847 |
| Balance on December 31, 2020 | \$ | - | 2,077,551 | 7,711,320 | 924,878 | - | 10,713,749 |
| Book value | | | | | | | |
| December 31, 2021 | \$ | 202,597 | 2,904,739 | 3,630,951 | 361,470 | 360,610 | 7,460,367 |
| January 1, 2020 | \$ | 202,597 | 3,000,778 | 4,392,071 | 385,081 | 191,850 | 8,172,377 |
| December 31, 2020 | \$ | 202,597 | 2,958,285 | 3,806,682 | 396,238 | 161,104 | 7,524,906 |

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T-Mac Techvest (Wuxi) PCB Co., Ltd., a subsidiary company, deferred the equipment subsidy received in 2020, reduced the subsidy to calculate the book value of the related equipment, and recognized the subsidy in profit or loss over the useful life of the equipment through the reduced depreciation expense.

In accordance with the local government's plan to dispose of the right-to-use assets, plant and equipment, Chi Chau Printed Circuit Board (Suzhou) Ltd. transferred these assets to non-current assets held for sale on December 31, 2019. The disposal was completed in the first quarter of 2020 and the related gain or loss is shown in Note 6(25).

Please refer to Note 8 for information on the Group's loans guarantees.

(8) Right-of-use assets

The cost and depreciation of the leasing transportation equipment of the Group were as follows:

| | <u>Land</u> | <u>Machinery and equipment</u> | <u>Transportat ion equipment</u> | <u>Others</u> | <u>Total</u> |
|---------------------------------|-------------------|--|--|---------------|----------------|
| Cost: | | | | | |
| Balance on January 1, 2021 | \$ 243,716 | 2,565 | 86,694 | 797 | 333,772 |
| Additions | - | 2,544 | 43,394 | - | 45,938 |
| Disposal | - | (5,088) | (27,521) | - | (32,609) |
| Transfer (out) in | 28,849 | - | - | - | 28,849 |
| Effect of exchange rate changes | (1,037) | (21) | (216) | (6) | (1,280) |
| Balance on December 31, 2021 | <u>\$ 271,528</u> | <u>-</u> | <u>102,351</u> | <u>791</u> | <u>374,670</u> |
| Balance on January 1, 2020 | \$ 241,455 | - | 59,580 | 3,482 | 304,517 |
| Additions | - | 2,509 | 39,548 | - | 42,057 |
| Disposal | - | - | (12,914) | (2,695) | (15,609) |
| Effect of exchange rate changes | 2,261 | 56 | 480 | 10 | 2,807 |
| Balance on December 31, 2020 | <u>\$ 243,716</u> | <u>2,565</u> | <u>86,694</u> | <u>797</u> | <u>333,772</u> |

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| | Land | Machinery and equipment | Transportation equipment | Others | Total |
|---------------------------------|-------------------|--------------------------------|---------------------------------|---------------|----------------|
| Accumulated depreciation: | | | | | |
| Balance on January 1, 2021 | \$ 31,020 | 1,069 | 40,222 | 376 | 72,687 |
| Depreciation | 8,936 | 3,393 | 32,474 | 264 | 45,067 |
| Disposal | - | (4,453) | (26,500) | - | (30,953) |
| Effect of exchange rate changes | (172) | (9) | (143) | (3) | (327) |
| Balance on December 31, 2021 | <u>\$ 39,784</u> | <u>-</u> | <u>46,053</u> | <u>637</u> | <u>86,474</u> |
| Balance on January 1, 2020 | \$ 24,771 | - | 22,339 | 1,664 | 48,774 |
| Depreciation | 5,855 | 1,046 | 29,648 | 1,403 | 37,952 |
| Disposal | - | - | (12,111) | (2,695) | (14,806) |
| Effect of exchange rate changes | 394 | 23 | 346 | 4 | 767 |
| Balance on December 31, 2020 | <u>\$ 31,020</u> | <u>1,069</u> | <u>40,222</u> | <u>376</u> | <u>72,687</u> |
| Book value | | | | | |
| December 31, 2021 | <u>\$ 231,744</u> | <u>-</u> | <u>56,298</u> | <u>154</u> | <u>288,196</u> |
| December 31, 2020 | <u>\$ 212,696</u> | <u>1,496</u> | <u>46,472</u> | <u>421</u> | <u>261,085</u> |

(9) Investment Property

The changes in the Group's investment property were as follows:

| | Proprietary Assets | | |
|------------------------------|------------------------------|---------------------------------|----------------|
| | Land and Improvements | Buildings and Structures | Total |
| Cost or deemed cost: | | | |
| Balance on January 1, 2021 | \$ 178,533 | 63,233 | 241,766 |
| Disposals | (178,533) | (63,233) | (241,766) |
| Balance on December 31, 2021 | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| Balance on January 1, 2020 | <u>\$ 178,533</u> | <u>63,233</u> | <u>241,766</u> |
| Balance on December 31, 2020 | <u>\$ 178,533</u> | <u>63,233</u> | <u>241,766</u> |

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| | Proprietary Assets | | |
|--|----------------------------------|-------------------------------------|-------------------|
| | Land and Improvements | Buildings and Structures | Total |
| Accumulated depreciation and impairment loss: | | | |
| Balance on January 1, 2021 | \$ - | 59,115 | 59,115 |
| Depreciation | - | 1,211 | 1,211 |
| Disposals | - | (60,326) | (60,326) |
| Balance on December 31, 2021 | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| Balance on January 1, 2020 | \$ - | 57,299 | 57,299 |
| Depreciation | - | 1,816 | 1,816 |
| Balance on December 31, 2020 | <u>\$ -</u> | <u>59,115</u> | <u>59,115</u> |
| Book value | | | |
| December 31, 2021 | <u>\$ -</u> | <u>-</u> | <u>-</u> |
| January 1, 2020 | <u>\$ 178,533</u> | <u>5,934</u> | <u>184,467</u> |
| December 31, 2020 | <u>\$ 178,533</u> | <u>4,118</u> | <u>182,651</u> |
| Fair Value | | | |
| December 31, 2020 | | | <u>\$ 752,600</u> |

T-Mac Techvest PCB Co., Ltd., a subsidiary company, no longer used the Zhongli plant and decided to lease the plant to others, therefore, the property, plant and equipment were transferred to investment property. On September 17, 2021, the Board of Directors resolved to dispose of the investment property at a total sale price (including tax) of NTD1,000,000,000, and completed the sale and recovered the full amount in the fourth quarter of 2021, with a gain on disposal of NTD733,301,000.

The fair value of investment properties is determined by considering the total estimated cash flow statement expected to be received from leasing the property and discounting it using a yield rate that reflects the specific risks inherent in the net cash flows. The interval rate of return used for the year ended December 31, 2020 was as follows:

| <u>Region</u> | <u>2020</u> |
|---------------------------------|---------------------|
| Zhonggong Section, Zhongli City | <u><u>2.35%</u></u> |

For information on the Group's investment property pledged as collateral for loans, please refer to Note 8.

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(10) Intangible assets

| | December 31, 2021 | December 31, 2020 |
|-------------------|------------------------------|------------------------------|
| Book value | | |
| Goodwill | \$ 368,709 | 368,709 |
| Computer software | 7,456 | 7,877 |
| Total | <u>\$ 376,165</u> | <u>376,586</u> |

(11) Other current assets, financial assets - non-current and other non-current assets

| | December 31, 2021 | December 31, 2020 |
|-------------------------------------|------------------------------|------------------------------|
| Other financial assets, current | \$ 77,382 | 580,913 |
| Other financial assets, non-current | 29,884 | 24,666 |
| Other current assets | 188,030 | 157,364 |
| Other non-current assets | 203,017 | 77,751 |
| Total | <u>\$ 498,313</u> | <u>840,694</u> |

Other financial assets are refundable deposits and restricted bank deposits.

Other current and non-current assets are prepayments and others.

Other non-current assets consist of deferred tax assets, prepayments for equipment and others.

(12) Short-term debts

| | December 31, 2021 | December 31, 2020 |
|--------------------------------|------------------------------|------------------------------|
| Unsecured bank loans | <u>\$ 5,751,137</u> | <u>2,535,372</u> |
| Unused short-term credit lines | <u>\$ 9,172,919</u> | <u>8,362,916</u> |
| Interest Rates (%) | <u>0.32%~1.14%</u> | <u>0.52%~1.60%</u> |

The Group did not provide any asset as collateral for its short-term debts.

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(13) Short-term notes and bills payable

| December 31, 2021 | | | |
|---|---|-----------------------|--------------------------|
| | Guarantors | Interest Rates | Amount |
| Commercial promissory notes payable | China Bills Finance Corporation and Dah Chung Bills Finance Corporation | 0.93%~0.94% | \$ 180,000 |
| Less: Short-term notes and bills payable discount | | | (111) |
| Total | | | <u><u>\$ 179,889</u></u> |

| December 31, 2020 | | | |
|---|------------------------------|-----------------------|-------------------------|
| | Guarantors | Interest Rates | Amount |
| Commercial promissory notes payable | Mega Bills Finance Co., Ltd. | 1.29% | \$ 30,000 |
| Less: Short-term notes and bills payable discount | | | (27) |
| Total | | | <u><u>\$ 29,973</u></u> |

The Group did not provide any asset as collateral for its short-term notes and bills payable.

(14) Refund liabilities, current

| | December 31, 2021 | December 31, 2020 |
|-----------------------------|--------------------------|--------------------------|
| Refund liabilities, current | <u><u>\$ 401,339</u></u> | <u><u>320,223</u></u> |

Refund liability is mainly due to the characteristics of the industry in which the sales of electronic components may generate a sales discount due to product defects or price drops, which are expected to be paid to customers.

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(15) Long-term debts

| December 31, 2021 | | | | |
|-------------------------------|--------------------|-----------------------|-------------------------------------|--------------------------|
| | Currency | Interest Rates | Period | Amount |
| Unsecured bank loans | New Taiwan Dollars | 1.11%~1.63% | April 24, 2023~ October 20, 2025 | \$ 1,226,602 |
| Secured bank loans | New Taiwan Dollars | 1.29%~1.39% | April 08, 2022~ October 30, 2023 | 65,040 |
| | | | | 1,291,642 |
| Less: Current portion | | | | (463,253) |
| Total | | | | <u><u>\$ 828,389</u></u> |
| Unused long-term credit lines | | | | <u><u>\$ 230,000</u></u> |

| December 31, 2020 | | | | |
|-------------------------------|--------------------|-----------------------|--|----------------------------|
| | Currency | Interest Rates | Period | Amount |
| Unsecured bank loans | New Taiwan Dollars | 1.11%~1.70% | January 08, 2021~ December 25, 2025 | \$ 6,387,440 |
| Secured bank loans | New Taiwan Dollars | 1.19%~1.39% | February 16, 2021~ September 25, 2025 | 351,960 |
| | | | | 6,739,400 |
| Less: Current portion | | | | (1,745,535) |
| Total | | | | <u><u>\$ 4,993,865</u></u> |
| Unused long-term credit lines | | | | <u><u>\$ 600,000</u></u> |

The Group provide asset as collateral for its bank borrowings, please refer to Note 8.

For information on the risk of exposure to interest rates and liquidity risks of the Company, please see Note 6(26).

(16) Lease liabilities

The Group lease liabilities were as follows:

| | December 31, 2021 | December 31, 2020 |
|-------------|------------------------------|------------------------------|
| Current | <u><u>\$ 33,692</u></u> | <u><u>29,756</u></u> |
| Non-current | <u><u>\$ 47,644</u></u> | <u><u>45,348</u></u> |

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For the maturity analysis, please refer to Note 6(26).

The amounts recognized in profit or loss were as follows:

| | 2021 | 2020 |
|---|------------------|---------------|
| Interest on lease liabilities | \$ 1,937 | 1,525 |
| Expenses relating to short-term leases | \$ 13,316 | 11,145 |
| Expenses relating to leases of low-value assets, excluding short term leases of low-value assets | \$ 1,370 | 969 |
| Rental concession related to COVID-19 pandemic (recognized as other income) | \$ - | 208 |

The amounts recognized in the statement of cash flows for the Group were as follows:

| | 2021 | 2020 |
|-------------------------------|------------------|---------------|
| Total cash outflow for leases | \$ 54,541 | 47,340 |

A. Lease of land

The Group usually leases land for its production and office premises for a period of 10 years.

B. Machinery, equipment and other leases

The Group leases machinery and equipment, transportation equipment and other equipment for a period of three to five years.

In addition, the lease period of the employee dormitory, warehouse, and parts of the transportation equipment and other equipment of the Group is one to three years. These leases are short-term or low-value leases. The Group chooses to apply the exemption requirements and not recognize its related right-of-use assets and lease liabilities.

(17) Provisions for liabilities

| | December 31, 2021 | December 31, 2020 |
|--------------------------|------------------------------|------------------------------|
| Factory site restoration | \$ 197,628 | 287,701 |

As the Group assumed the responsibility for the factory site restoration, the amount received was recorded as a provision for liabilities.

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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(18) Employee benefits

A. Defined benefits plan

Changes in present value of defined benefit obligation and fair value of plan assets are as follows:

| | December 31, 2021 | December 31, 2020 |
|---|------------------------------|------------------------------|
| Present value of the defined benefit obligation | \$ 27,287 | 29,621 |
| Plan assets at fair value | (14,086) | (14,047) |
| Increase in net defined benefit liability | <u>\$ 13,201</u> | <u>15,574</u> |

The Group's defined benefit plan is transferred to the custodian account for the Bank of Taiwan's Labor Retirement Reserve Fund. The retirement payment for each employee under the Labor Standards Act is calculated based on the base figure obtained from years of service and the average salary for the six months before retirement.

(a) Components of plan assets

The Group's retirement fund under the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the BLF). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum annual earnings to be distributed from the fund shall not be less than the earnings calculated based on the two-year time deposit rate of the local bank.

As of the reporting date, the balance of the Group's custodian account for the Bank of Taiwan's Labor Retirement Reserve Fund account was NTD14,086,000. For information on the use of the Labor Pension Fund assets, including the dividend yield and fund asset allocation, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(b) Present value of the defined benefit obligation

Changes in the present value of the Group's defined benefit obligation are as follows:

| | 2021 | 2020 |
|--|-------------|-------------|
| Defined benefit obligation on January 1 | \$ 29,621 | 31,460 |
| Current period service costs | 566 | 666 |
| Remeasurements of the net defined benefit liability | | |
| — Actuarial gains and losses arising from changes in financial assumptions | (523) | 1,180 |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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| | <u>2021</u> | <u>2020</u> |
|---|-------------------------|----------------------|
| — Actuarial gains and losses resulting from changes in experience adjustments | (1,633) | 1,013 |
| Benefits paid | (744) | (4,698) |
| Defined benefit obligation on December 31 | <u>\$ 27,287</u> | <u>29,621</u> |

(c) Fair value of plan assets

The changes in the fair value of the Group's defined benefit obligation assets were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|-------------------------|----------------------|
| Plan assets at fair value | \$ 14,047 | 13,257 |
| Interest income | 42 | 93 |
| Remeasurements of the net defined benefit liability | | |
| — Actuarial gains and losses | 217 | 437 |
| Amount contributed to plan | 524 | 4,958 |
| Benefits paid | (744) | (4,698) |
| Plan assets at fair value at 31 December | <u>\$ 14,086</u> | <u>14,047</u> |

(d) Expenses recognized as profit and loss

Breakdown of expenses disbursed by the Group is as follows:

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|-------------------|
| Current period service costs | \$ 480 | 449 |
| Net interest on net defined benefit liabilities (assets) | 44 | 124 |
| Operating costs | <u>\$ 524</u> | <u>573</u> |

(e) Actuarial assumptions

The significant actual assumptions used by the Group to determine the present value of the defined benefit obligation at the end of the reporting period are as follows:

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|-----------------------------|------------------------------|------------------------------|
| Discount rate | 0.49% | 0.29% |
| Future salary increase rate | 1.00% | 1.00% |

The Group expects to make a contribution of NT\$529,000 to defined benefit plans within one year after the reporting date in the fiscal year 2021.

The weighted-average duration of the defined benefit plans is 9.85 years.

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Notes to Consolidated Financial Statements

(f) Sensitivity analysis

The effect of changes in key actuarial assumptions on the present value of the defined benefit obligation when used is as follows:

| | Effect on defined benefit obligation | |
|--|---|-------------------|
| | Add 0.25% | Less 0.25% |
| December 31, 2021 | | |
| Discount rate (Change 0.25%) | \$ (649) | 674 |
| Future salary increase rate (Change 0.25%) | 659 | (637) |
| | | |
| | Effect on defined benefit obligation | |
| | Add 0.25% | Less 0.25% |
| December 31, 2020 | | |
| Discount rate (Change 0.25%) | \$ (726) | 758 |
| Future salary increase rate (Change 0.25%) | 740 | (713) |

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, changes in many assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net defined benefit liability in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

B. Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance under the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to NTD17,348,000 and NTD19,022,000 for the years ended December 31, 2021 and 2010, respectively.

The amount of pension costs contributed by the International Group following local laws and regulations is NTD125,430,000 and NTD90,633,000 in fiscal years 2021 and 2020, respectively.

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(19) Income taxes

A. Income tax expense

The following is a breakdown of the Group's income tax expense

| | <u>2021</u> | <u>2020</u> |
|---|--------------------------|-----------------------|
| Current income tax expense | | |
| Arising during the period | \$ 622,242 | 766,494 |
| Adjustments for prior periods | (28,495) | 657 |
| Land Value Increment Tax | 27,220 | - |
| | <u>620,967</u> | <u>767,151</u> |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 149,691 | 134,190 |
| Recognition of prior period unrecognized tax loss | (11,805) | - |
| Others | - | 12,910 |
| | <u>137,886</u> | <u>147,100</u> |
| Income tax expense | <u><u>\$ 758,853</u></u> | <u><u>914,251</u></u> |

Reconciliation of income tax and profit before tax were as follows:

| | <u>2021</u> | <u>2020</u> |
|--|--------------------------|-----------------------|
| Income before income tax | \$ 3,083,287 | 2,825,985 |
| Income tax using the Group's domestic tax rate | \$ 1,265,091 | 1,177,588 |
| Non-deductible expenses | (32,159) | 57,022 |
| Tax-exempt income | (427,798) | (94,369) |
| Change in unrecognized temporary differences | (128,643) | (335,439) |
| Current year losses for which no deferred tax asset was recognized | 533 | 50,129 |
| Recognition of prior period unrecognized tax loss | (11,805) | - |
| Underestimation of the previous period | (28,495) | 657 |
| Undistributed earnings additional tax | 73,386 | 27,383 |
| Land Value Increment Tax | 27,220 | - |
| Others | 21,523 | 29,456 |
| Income Basic Tax | <u>-</u> | <u>1,824</u> |
| Total | <u><u>\$ 758,853</u></u> | <u><u>914,251</u></u> |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

The Company entity can control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2021 and 2020. Also, Management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Aggregate amount of temporary differences related to investments in subsidiaries | <u>\$ 1,832,919</u> | <u>1,942,142</u> |

(b) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Tax effect of deductible Temporary Differences | \$ 242,064 | 191,794 |
| The carryforward of unused tax losses | <u>149,822</u> | <u>165,226</u> |
| | <u>\$ 391,886</u> | <u>357,020</u> |

Under the Income Tax Act, tax losses incurred in the ten years, prior to the approval of the tax authorities, may be deducted from the net profit for the current year and then audited for income tax purposes. These items are not recognized as deferred tax assets because it is not probable that the Group will have sufficient tax assets in the future to provide for the temporary differences.

As of December 31, 2021, the Group has not used the tax loss on deferred tax assets, which is deducted over the following periods:

| Year of loss | Loss not yet deducted | Last year for which the deduction was made |
|---------------------|------------------------------|---|
| 2015 | \$ 147,614 | 2025 |
| 2016 | 183,675 | 2026 |
| 2017 | 6,430 | 2027 |
| 2018 | 64,139 | 2028 |
| 2019 | 195,630 | 2029 |
| 2020 | 187,945 | 2030 |
| 2021 | <u>5,161</u> | 2031 |
| | <u>\$ 790,594</u> | |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax liabilities were as follows:

| | <u>Others</u> |
|----------------------------------|--------------------------|
| Deferred tax liabilities: | |
| Balance on January 1, 2021 | \$ 132,601 |
| Recognized in profit or loss | <u>119,927</u> |
| Balance on December 31, 2021 | <u>\$ 252,528</u> |
| Balance on January 1, 2020 | \$ 235 |
| Recognized in profit or loss | <u>132,366</u> |
| Balance on December 31, 2020 | <u>\$ 132,601</u> |
| | <u>Others</u> |
| Deferred tax assets | |
| Balance on January 1, 2021 | \$ 20,449 |
| Recognized in profit or loss | <u>(5,494)</u> |
| Balance on December 31, 2021 | <u>\$ 14,955</u> |
| Balance on January 1, 2020 | \$ 20,449 |
| Balance on December 31, 2020 | <u>\$ 20,449</u> |

C. Assessment of tax

The Company, Chi Yang Investment Ltd., T-Flex Techvest PCB Co., Ltd., T-Mac Techvest PCB Co., Ltd., and tgt Techvest Co., Ltd.s' tax returns through 2019 have been assessed and approved by the Tax Authority.

(20) Capital and other equity

A. Ordinary shares

As of December 31, 2021 and 2020, the authorized shares of 300,000,000, with a par value of \$10 per share, amounted to \$3,000,000,000, of which, 271,242,000 ordinary shares were issued. All issued shares were paid up upon issuance.

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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B. Capital reserve

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Additional paid-in capital | \$ 2,384,724 | 2,384,724 |
| Differences between acquisition price and carrying amount arising from the acquisition of subsidiaries | 612,761 | 612,761 |
| Changes in ownership interests in subsidiaries | 114,641 | 114,641 |
| Conversion of treasury shares | 163,559 | - |
| Others | 6,906 | 6,906 |
| | <u>\$ 3,282,591</u> | <u>3,119,032</u> |

According to the R.O.C. Company Act, the capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on the issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus above par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed as new stacks according to the distribution plan or shares newly issued proposed by the Board of Directors and submitted to the stockholders' meeting for approval. If there is any surplus, the Board of Directors may prepare a proposal for the distribution of such surplus together with the previous year's earnings, and if the distribution is made by issuing new shares, a resolution shall be submitted to the Shareholders' Meeting for distribution.

If the Company distributes dividend bonus, legal reserve, special reserve, or part/whole of the capital surplus by cash payment, two of the three authorized board members must be present during the meeting, and half of the attendees' approval must be obtained before reporting the agreed appropriation at the shareholders' meeting.

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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To consider stable development and complete financial structure, the Company's surplus distribution shall be no less than 10% of the distributable surplus, minus the previous year's surplus. However, if the distributable surplus, minus the previous year's surplus, is less than the percentage of paid-in capital, the Group may decide to transfer all of the retained surplus to unappropriated retained earnings.

When distributing surplus, cash dividend shall not be less than 10% of the total dividend.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

When the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the special surplus reserve is made up of the current profit and loss and the undistributed surplus in the previous period; it is the deduction of other shareholders' equity accumulated in the previous period Amount, from the undistributed surplus of the previous period, the special surplus reserve shall not be distributed. When the deduction amount of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.

(c) Earnings Distribution

The earnings distribution for 2020 and 2019 had been approved during the board's meeting and shareholder's meeting on April 20, 2021 and April 23, 2020, respectively.

The relevant dividend distributions to shareholders were as follows:

| | 2020 | | 2019 | |
|---|---|-----------------------|---|-----------------------|
| | Dividend per share (NTD) | Amount | Dividend per share (NTD) | Amount |
| Dividends distributed to ordinary shareholders | | | | |
| Cash | \$ 3.50 | <u><u>914,349</u></u> | 2.55 | <u><u>665,301</u></u> |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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D. Treasury shares

A resolution was approved during the board meeting held on May 7, 2018 for the issuance of employee stock options between May 8 and July 7, 2018, following the requirements of section 28(2) of the Securities and Exchange Act, resulting in the Company to buy back 2,100,000 of its treasury shares. All related conversion procedures had been completed on May 19, 2020.

A resolution was approved during the board meeting held on March 23, 2020 for the issuance of employee stock options between March 25 and May 13, 2020, following the requirements of section 28(2) of the Securities and Exchange Act, resulting in the Company to buy back 10,000,000 of its treasury shares. On April 20, 2021, the Board of Directors resolved to transfer 3,110,000 shares to employees, and the transfer was completed on July 16, 2021, please refer to Note 6(21). The remaining 6,890,000 shares were transferred to employees on December 29, 2021 by resolution of the Board of Directors.

As of December 31, 2021, the total number of non-cancelled shares was 6,890,000.

Following the provisions of the Securities and Exchange Act mentioned in the preceding paragraph, the proportion of shares purchased by the Company shall not exceed 10% of its total issued shares, and the total amount of shares purchased shall not exceed the Company's retained earnings, plus the premium on the issued shares and the realized amount of capital reserve. As of December 31, 2021, the number of stocks bought back by the Company and the amount of repurchased shares met all the requirements.

Treasury shares held by the Company shall not be pledged under the provisions of the Securities and Exchange Act and shall not enjoy shareholder rights before being transferred.

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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E. Other equity

| | Exchange differences in translation of foreign financial statements | Unrealized gains or losses on financial assets measured at fair value through other comprehensive income | Non-controlling interests |
|--|---|---|------------------------------|
| January 1, 2020 | \$ (866,764) | (9,135) | 494,555 |
| Add: Current Year's Profits After Tax | - | - | 65,505 |
| Exchange differences arising from the translation of net assets of foreign operating entities | (101,453) | - | (2,718) |
| Unrealized gains or losses on financial assets measured at fair value through other comprehensive income | - | 2,468 | 3,115 |
| Changes in ownership interests in subsidiaries | - | - | 3,023 |
| Non-controlling interest participation in the capital increase of subsidiaries | - | - | 39,057 |
| Remeasurements of defined benefit plans | - | - | 1,281 |
| Balance on December 31, 2021 | <u>\$ (968,217)</u> | <u>(6,667)</u> | <u>603,818</u> |
| January 1, 2020 | \$ (1,124,595) | (9,135) | 496,557 |
| Add: Current Year's Profits After Tax | - | - | (7,127) |
| Exchange differences arising from the translation of net assets of foreign operating entities | 257,831 | - | 6,105 |
| Unrealized gains or losses on financial assets measured at fair value through other comprehensive income | - | 40,910 | - |
| Disposal of equity instrument measured at fair value through other comprehensive income | - | (40,910) | - |
| Remeasurements of defined benefit plans | - | - | (980) |
| Balance on December 31, 2020 | <u>\$ (866,764)</u> | <u>(9,135)</u> | <u>494,555</u> |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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(21) Share-based payment

As of December 31, 2021, the Group had the following three share-based payment transactions:

| | Equity-Settlement | | |
|-------------------------|---|-------------------|--|
| | Transfer of treasury stocks to employees | | Issuance of common stocks for cash subscription by employees of the company |
| Vesting date | April 20, 2021 | December 29, 2021 | May 27, 2021 |
| Quantity made available | 3,110,000 shares | 6,890,000 shares | 3,000,000 shares |
| Vesting condition | Instantly vested | Instantly vested | Instantly vested |

A. Fair value measurement parameters on the vesting date

The Company used the Black Scholes option pricing model to estimate the fair value of share-based payment on the vesting date, and the input value of this model was as follows:

| | 2021 | | |
|------------------------------|---|---------|---|
| | Transfer of treasury stocks to employees | | The cash capital increase is reserved for staff subscription |
| Fair value on vesting date | 18.70 | 15.30 | - |
| Stock value on vesting date | 52.70 | 48.40 | 3.43 |
| Striking price | 32.80 | 32.80 | 10 |
| Volatility forecasting (%) | 28.25% | 23.56% | 41.72% |
| Share option lifetime (days) | 87 days | 29 days | 62 days |
| Risk-free interest rate (%) | 0.12% | 0.27% | 0.13% |

B. Related information on the transfer of treasury stocks to employees

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| | 2021 | |
|--|--|---|
| | Weighted-average exercise price (NTD) | Share option quantity (000's shares) |
| Number of shares waiting to be transferred on January 1 | \$ 32.80 | 10,000 |
| Number of current period executions | 32.80 | (3,110) |
| Number of shares waiting to be transferred on December 31 | - | <u><u>6,890</u></u> |

Employee benefits

| | 2021 |
|--|--------------------------|
| Expenses arising from the transfer of treasury stocks to employees | <u><u>\$ 163,574</u></u> |

(22) Earnings per share

| | 2021 | 2020 |
|---|----------------------------|-------------------------|
| Basic earnings per share | | |
| Profit attributable to ordinary shareholders of the Company | <u><u>\$ 2,258,929</u></u> | <u><u>1,918,861</u></u> |
| Weighted average number of ordinary shares (in thousands) | <u><u>262,682</u></u> | <u><u>263,562</u></u> |
| Basic earnings per share (NTD) | <u><u>\$ 8.60</u></u> | <u><u>7.28</u></u> |
| Diluted earnings per share | | |
| Profit attributable to ordinary shareholders of the Company | <u><u>\$ 2,258,929</u></u> | <u><u>1,918,861</u></u> |
| Weighted average number of ordinary shares (in thousands) | 262,682 | 263,562 |
| Effect of dilutive potential ordinary shares | | |
| — Effect of employee share bonus | <u>10,961</u> | <u>10,382</u> |
| Effect of conversion of convertible bonds (in Thousands) (diluted) | <u><u>273,643</u></u> | <u><u>273,944</u></u> |
| Diluted earnings per share (NTD) | <u><u>\$ 8.26</u></u> | <u><u>7.00</u></u> |

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(23) Revenue from contracts with customers

A. Details of revenue

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|-----------------------------|--------------------------|
| Primary geographical markets: | | |
| China | \$ 17,614,597 | 15,441,141 |
| Taiwan | 3,641,429 | 2,721,860 |
| Singapore | 3,235,676 | 2,102,657 |
| Others | 3,008,476 | 2,581,609 |
| | <u>\$ 27,500,178</u> | <u>22,847,267</u> |
| Major products/services lines | | |
| Printed circuit boards | \$ 27,336,696 | 22,821,161 |
| Processing fees revenue and others | 163,482 | 26,106 |
| | <u>\$ 27,500,178</u> | <u>22,847,267</u> |

B. Contract balances

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>January. 1, 2020</u> |
|-------------------------------|------------------------------|------------------------------|-----------------------------|
| Notes and accounts receivable | \$ 11,791,104 | 9,668,456 | 8,512,384 |
| Less: Loss allowance | (178,680) | (148,505) | (398,201) |
| Total | <u>\$ 11,612,424</u> | <u>9,519,951</u> | <u>8,114,183</u> |

For details on notes and accounts receivable and allowance for impairment, please refer to Note 6(14).

For refund liabilities disclosure please refer to Note 6(14).

(24) Employee compensation and directors' remuneration

Under the Articles of Incorporation, the Company should contribute 5% to 15% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Group has accumulated deficits (including adjustments to the amount of undistributed surplus), the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Group's affiliated companies who meet certain conditions.

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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The estimated amount of remuneration for the Company's employees and directors is as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------|--------------------------|-----------------------|
| Employee remuneration | \$ 458,768 | 378,794 |
| Directors' remuneration | <u>91,754</u> | <u>75,759</u> |
| | <u>\$ 550,522</u> | <u>454,553</u> |

The estimated amounts mentioned above are calculated based on the income before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors and as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available on the Market Observation Post System website.

The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2021 and 2020.

(25) Non-operating income and expenses

A. Interest income

The details of interest income were as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------|--------------------------|-----------------------|
| Interest income | \$ 139,313 | 132,412 |
| Others | <u>62</u> | <u>8,099</u> |
| | <u>\$ 139,375</u> | <u>140,511</u> |

B. Other income

The details of other income were as follows:

| | <u>2021</u> | <u>2020</u> |
|----------------------|-------------------------|-----------------------|
| Rent received | \$ 14,758 | 13,126 |
| Government subsidies | 46,175 | 35,896 |
| Others | <u>19,525</u> | <u>63,594</u> |
| | <u>\$ 80,458</u> | <u>112,616</u> |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
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C. Other gains and losses

The details of other gains and losses were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|--------------------------|-------------------------|
| Foreign exchange gains (losses) | \$ (104,109) | (321,764) |
| Net gain on financial assets (liabilities) at fair value through profit or loss | 136,526 | 243,957 |
| Net loss from disposal of property, plant and equipment | (30,352) | (12,183) |
| Gain on disposal of non-current assets held for sale | - | 1,147,370 |
| Gain on disposal of investment property | 804,027 | - |
| Loss from disposal of investments | (36,560) | - |
| Others | (9,442) | (15,251) |
| | <u><u>\$ 760,090</u></u> | <u><u>1,042,129</u></u> |

For non-current assets held for sale information, please refer to Note 6(7).

The difference between the disposal of investment property's income and the amount in Note 6(9) is the amortization of the difference between the cost of the Company's investment in T-Mac Techvest PCB Co., Ltd. and the fair value of its identifiable net assets.

D. Finance costs

The details of consolidated finance costs were as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|-------------------------|-----------------------|
| Interest on bank loans | \$ 85,057 | 124,873 |
| Interest on lease liabilities | 1,937 | 1,525 |
| | <u><u>\$ 86,994</u></u> | <u><u>126,398</u></u> |

(26) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

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(b) Concentration of credit risk

The customers of the Group are concentrated in a broad customer base, and there is no significant concentration of transactions with a single customer, and the sales area is dispersed, so the credit risk of accounts receivable is not likely to be significantly concentrated. To reduce credit risk, the Group also regularly and continuously assesses the financial status of its customers, but usually does not require customers to provide collateral.

(c) Credit risk of receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to Note 6(4).

Other financial assets at amortized cost include cash and cash equivalents and other receivables, please refer to Notes 6(1) and 6(5).

All these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months of expected credit losses. The fixed deposit certificates held by the Group, the transaction counterparty, and the performing party are financial institutions with investment grades and above, so the credit risk is deemed to be low.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

| | Net carrying amount as of: | Contractual cash flows | Within 6 months | 6-12 months | 1~2 years | 2~5 years | Over 5 years |
|--------------------------------------|----------------------------------|---------------------------|--------------------|----------------|-----------|-----------|-----------------|
| December 31, 2021 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Secured bank loans | \$ 65,040 | 65,990 | 15,413 | 15,308 | 35,269 | - | - |
| Unsecured bank loans | 6,977,739 | 7,009,040 | 5,985,232 | 221,833 | 421,025 | 380,950 | - |
| Short-term notes and | 179,889 | 180,000 | 180,000 | - | - | - | - |
| bills payable | | | | | | | |
| Notes and accounts | 5,012,089 | 5,012,089 | 5,012,089 | - | - | - | - |
| payable | | | | | | | |
| Other payables | 3,804,431 | 3,804,431 | 3,789,197 | 7,961 | 7,273 | - | - |
| Lease liabilities | 81,336 | 85,072 | 17,932 | 16,177 | 22,727 | 13,820 | 14,416 |
| Derivative financial liabilities | | | | | | | |

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| | Net carrying amount as of: | Contractual cash flows | Within 6 months | 6-12 months | 1~2 years | 2~5 years | Over 5 years |
|--------------------------|----------------------------------|---------------------------|--------------------|----------------|------------------|------------------|-----------------|
| Others forward exchange | | | | | | | |
| contracts: | | | | | | | |
| Outflow | 34,187 | 3,094,454 | 3,094,454 | - | - | - | - |
| Inflow | - | (3,128,641) | (3,128,641) | - | - | - | - |
| | <u>\$ 16,154,711</u> | <u>16,122,435</u> | <u>14,965,676</u> | <u>261,279</u> | <u>486,294</u> | <u>394,770</u> | <u>14,416</u> |
| December 31, 2020 | | | | | | | |
| Non-derivative financial | | | | | | | |
| liabilities | | | | | | | |
| Secured bank loans | \$ 351,960 | 364,820 | 30,973 | 17,092 | 54,705 | 262,050 | - |
| Unsecured bank loans | 8,922,812 | 9,061,893 | 3,401,041 | 906,009 | 1,996,660 | 2,758,183 | - |
| Short-term notes and | 29,973 | 30,000 | 30,000 | - | - | - | - |
| bills payable | | | | | | | |
| Notes and accounts | 4,190,290 | 4,190,290 | 4,190,290 | - | - | - | - |
| payable | | | | | | | |
| Other payables | 3,364,639 | 3,364,639 | 3,363,270 | 1,369 | - | - | - |
| Lease liabilities | 75,104 | 78,794 | 16,879 | 13,210 | 19,472 | 12,414 | 16,819 |
| Derivative financial | | | | | | | |
| liabilities | | | | | | | |
| Others forward exchange | | | | | | | |
| contracts: | | | | | | | |
| Outflow | (50,482) | 3,050,174 | 3,050,174 | - | - | - | - |
| Inflow | - | (3,100,656) | (3,100,656) | - | - | - | - |
| | <u>\$ 16,884,296</u> | <u>17,039,954</u> | <u>10,981,971</u> | <u>937,680</u> | <u>2,070,837</u> | <u>3,032,647</u> | <u>16,819</u> |

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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C. Currency risks

(a) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

| | | | December 31, 2021 | | | December 31, 2020 | | |
|------------------------------|----|---------|-----------------------------|--------------------------|-----------------------------------|-----------------------------|--------------------------|-----------------------------------|
| | | | Foreign Currency | Exchange Rate | New Taiwan Dollars | Foreign Currency | Exchange Rate | New Taiwan Dollars |
| <u>Financial assets</u> | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | |
| USD | \$ | 586,373 | | 27.68 | 16,230,811 | 470,147 | 28.48 | 13,389,779 |
| CNY | | 7,937 | | 4.34 | 34,480 | 14,167 | 4.38 | 62,010 |
| JPY | | 20,236 | | 0.24 | 4,867 | 8,275 | 0.28 | 2,286 |
| <u>Financial liabilities</u> | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | |
| USD | | 449,182 | | 27.68 | 12,433,347 | 339,178 | 28.48 | 9,659,766 |
| JPY | | 1,490 | | 0.24 | 358 | 1,990 | 0.28 | 550 |

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings; and notes and accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against each transaction currencies currency on December 31, 2021 and 2020 would have increased (decreased) the net income by \$149,392,000 and \$144,418,000. The analysis in 2021 is performed on the same basis for 2020.

(c) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) (including realized and unrealized portions) on monetary items is disclosed as follows:

| | | 2021 | | 2020 | |
|--------------------|----|--|-------------------------|--|-------------------------|
| | | Exchange gains (losses) | Average Rate | Exchange gains (losses) | Average Rate |
| New Taiwan Dollars | \$ | (104,109) | - | (321,764) | - |

D. Interest rate analysis

Please refer to the notes on liquidity risk management about the interest rate exposure of the Group's financial assets and liabilities.

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The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis assumes that the value of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to Management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased /decreased by 1 %, the Group's net income would have increased/decreased or decreased /increased by NTD3,605,000 in 2021 and NTD13,080,000 in 2020 with all other variable factors remaining constant. Mainly due to group variable interest rate deposits and loans.

E. Fair value of financial instruments

(a) Fair value hierarchy

The Group's financial assets and liabilities measured at fair value through income and financial assets measured at fair value through other comprehensive income are measured at fair value repeatedly. The book value and fair values of each class of financial assets and financial liabilities (including fair value hierarchy information, except for financial instruments not carried at fair value whose book value is a reasonable approximation of fair value and lease obligations for which disclosure of fair value information is not required by regulation) are presented below:

| December 31, 2021 | | | | | |
|-----------------------------------|----------------------------------|------------|---------|---------|--------|
| | | Fair Value | | | |
| | Net carrying amount as of: | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair | | | | | |
| value through profit or loss | \$ 34,384 | - | 34,384 | - | 34,384 |
| Financial assets measured at fair | | | | | |
| value through other | | | | | |
| comprehensive income | 5,583 | | | 5,583 | 5,583 |
| Financial assets measured at | | | | | |
| amortized cost | | | | | |
| Cash and cash equivalents | 8,736,700 | - | - | - | - |
| Notes and accounts receivable | 11,612,424 | - | - | - | - |
| Other receivables | 231,394 | - | - | - | - |

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| | | December 31, 2021 | | | |
|---|----------------------------|-------------------|---------------|--------------|---------------|
| | | Fair Value | | | |
| | Net carrying amount as of: | Level 1 | Level 2 | Level 3 | Total |
| Restricted assets | 78,091 | - | - | - | - |
| Refundable deposits | 29,175 | - | - | - | - |
| Subtotal | 20,687,784 | - | - | - | - |
| Total | <u>\$ 20,727,751</u> | <u>-</u> | <u>34,384</u> | <u>5,583</u> | <u>39,967</u> |
| Financial liability at fair value | | | | | |
| through profit or loss | \$ 197 | - | 197 | - | 197 |
| Financial liabilities at amortized cost | | | | | |
| Bank loan | 7,042,779 | - | - | - | - |
| Short-term notes and bills payable | 179,889 | - | - | - | - |
| Notes and accounts payable | 5,012,089 | - | - | - | - |
| Other payables | 3,804,431 | - | - | - | - |
| Lease liabilities | 81,336 | - | - | - | - |
| Deposits received | 128,342 | - | - | - | - |
| Subtotal | 16,248,866 | - | - | - | - |
| Total | <u>\$ 16,249,063</u> | <u>-</u> | <u>197</u> | <u>-</u> | <u>197</u> |
| | | December 31, 2020 | | | |
| | | Fair Value | | | |
| | Net carrying amount as of: | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value through profit or loss | | | | | |
| | \$ 52,445 | - | 52,445 | - | 52,445 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 9,991,196 | - | - | - | - |
| Notes and accounts receivable | 9,519,951 | - | - | - | - |
| Other receivables | 264,420 | - | - | - | - |
| Restricted Assets | 138,664 | - | - | - | - |
| Refundable deposits | 29,212 | - | - | - | - |
| Subtotal | 19,943,443 | - | - | - | - |
| Total | <u>\$ 19,995,888</u> | <u>-</u> | <u>52,445</u> | <u>-</u> | <u>52,445</u> |

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| | December 31, 2020 | | | | |
|---|----------------------------------|------------|---------|---------|-------|
| | Net carrying amount as of: | Fair Value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial liability at fair value | | | | | |
| through profit or loss | \$ 1,963 | - | 1,963 | - | 1,963 |
| Financial liabilities at amortized cost | | | | | |
| Bank loan | 9,274,772 | - | - | - | - |
| Short-term notes and bills payable | 29,973 | - | - | - | - |
| Notes and accounts payable | 4,190,290 | - | - | - | - |
| Other payables | 3,364,639 | - | - | - | - |
| Lease liabilities | 75,104 | - | - | - | - |
| Deposits received | 90,916 | - | - | - | - |
| Subtotal | 17,025,694 | - | - | - | - |
| Total | \$ 17,027,657 | - | 1,963 | - | 1,963 |

(b) Fair value through profit or loss financial instrument-fair value evaluation technique

a. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments is measured by using the market method and net asset value method if there is no public quotation in an active market. The market method refers to the recent fund-raising activities of the investment target, or target with similar market transaction price and conditions; while the net asset value method's main assumption is based on the net value per share of the investee.

b. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. The fair value of forwarding currency is usually determined by the forward currency exchange rate.

(c) Transfers between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2021 and no transfers in either direction in 2020.

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- (d) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions:

| | Measured at fair value through other comprehensive income |
|--|--|
| | Equity instruments without public quotations |
| January 1, 2021 | \$ - |
| Total gains or losses | |
| Recognized in other comprehensive income | 5,583 |
| December 31, 2021 | \$ 5,583 |

The above total gains or losses are reported in series as unrealized gains or losses on financial assets measured at fair value through other comprehensive income. The related assets still held in 2021 are as follows:

| | 2021 |
|---|-------------|
| Total gains or losses | |
| Amount recognized in OCI: | \$ 5,583 |
| (presented in “Unrealized gains from financial assets measured at fair value through other comprehensive income”) | |

- (e) Quantitative information on fair value measurements of material unobservable inputs value (Level 3)

The fair value measurements of the Group are classified as Level 3, mainly financial assets measured at fair value through other comprehensive income - investments in equity securities.

The Group's investments in equity instruments with no active market have multiple significant unobservable inputs. The quantitative information of material unobservable inputs is listed below:

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| <u>Items</u> | <u>Valuation techniques</u> | <u>Significant unobservable inputs</u> | <u>Significant unobservable Relationship between inputs and fair value</u> |
|--|--------------------------------|---|---|
| Financial asset measured at fair value through other comprehensive income - Equity instrument investment without active market | Comparable to listed companies | ·Price-to-book ratio multiplier (1.34 as of December 31, 2021) ·Lack of marketability discount (30% as of December 31, 2021) | ·The higher the multiplier, the higher the fair value ·The higher the discount for lack of marketability, the lower the fair value |

- (f) For Level 3 fair value measurements, the sensitivity of fair value to reasonably possible alternative assumptions is analyzed

The Group's fair value measurement of financial instruments is reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, the effect on the current profit or loss or other comprehensive income if the valuation parameters are changed is as follows:

| | | | <u>Fair value changes reflected in other comprehensive income</u> | |
|--|--------------------------------|----------------------------------|---|---------------------------|
| | | | <u>Favorable change</u> | <u>Unfavorable change</u> |
| | <u>Input value</u> | <u>Upward or downward change</u> | | |
| December 31, 2021 | | | | |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Equity instrument investment without active market | Price-to-book Ratio Multiplier | 3% | \$ 167 | (167) |
| | Liquidity Discount Ratio | 3% | 239 | (239) |
| | | | <u>\$ 406</u> | <u>(406)</u> |

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Favorable and unfavorable changes in the Group represent fluctuations in fair value, which is calculated using valuation techniques based on varying degrees of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input, the above table reflects only the effect of changes in a single input value and does not take into account the correlation and variability among the input values.

(27) Financial risk management

A. Overview

The Group has exposure to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the consolidated financial statements.

B. Structure of risk management

The Group's financial management department provides services for each business, coordinates the operation of entering domestic and international financial markets, as well as supervises and manages the financial risks related to the Group's operations through internal risk reports that analyze the level and range of risks that may occur. The use of derivative financial instruments is regulated by the policies adopted by the Board of Directors. Those policies are written principles for the exchange rate, interest rate, credit risk, the use of derivative financial instruments and nonderivative financial instruments, and the investment of remaining liquid funds. The audit committee and the internal audit will regularly review the policies to limit risk exposures. The financial management department will regularly report to the audit committee and the board. In addition, the Group does not trade financial instruments (including derivative financial instruments) for speculative purposes.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, financial instruments and the Group's receivables from customers.

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(a) Accounts receivable and other receivables

The Group credit risk is affected by individual client circumstances.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the board; these limits are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group does not require any collateral for accounts receivable and other receivables.

(b) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since the Group's counterparties and burden of contract parties are creditworthy banks, financial institutions and corporate organizations with investment grades, there are no materiality concerns, so there is no materiality credit risk.

(c) Guarantees

The Group's policy is to provide financial guarantees only to Companies with business dealings, companies that directly and indirectly hold or hold more than 50% of the voting shares. As of December 31, 2021 and 2020, no other guarantees were outstanding.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount above expected cash flows on financial

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liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2021 and 2020, the Group's unused credit lines amounted to NTD9,662,919,000 and NTD9,172,916,000 respectively.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors.

Currency risks

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. Therefore, the Group engages in derivative transactions to avoid exchange rate risks. The gains and losses of foreign currency assets and liabilities due to exchange rate changes will roughly offset the valuation gains and losses of derivatives. However, derivative transactions can help reduce the number of merged companies but still cannot completely rule out the impact of changes in foreign currency exchange rates.

The Group regularly reviews the risky positions of individual foreign currency assets and liabilities and hedges the risky positions. The main hedging tool used is forward foreign exchange contracts. The maturity dates of the forward foreign exchange contracts undertaken by the Group are all shorter than six months and do not meet the requirements of hedging accounting.

(28) Capital management

The Group's objectives for managing capital are to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

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The Group and other entities in the same industry use the debt to equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Group's capital management strategy in 2021 is consistent with the strategy in 2020. The Group's debt to capital ratios are as follows:

| | December 31, 2021 | December 31, 2020 |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities | \$ 17,534,443 | 18,417,115 |
| Less: Cash and cash equivalents | <u>(8,736,700)</u> | <u>(9,991,196)</u> |
| Net debt | 8,797,743 | 8,425,919 |
| Total equity | <u>14,646,380</u> | <u>13,027,871</u> |
| Total capital | <u>\$ 23,444,123</u> | <u>21,453,790</u> |
| Debt to equity ratio | <u>37.53%</u> | <u>39.27%</u> |

(29) Investing and financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

For obtaining the right of use asset by lease, please refer to Note 6(8).

Reconciliation of liabilities arising from financing activities was as follows:

| | January 1, 2021 | Cash flows | Non-cash changes | | December 31, 2021 |
|---|----------------------------|---------------------------|--|----------------------|------------------------------|
| | | | The change of lease payment | Others | |
| Long-term debts | \$ 6,739,400 | (5,447,758) | - | - | 1,291,642 |
| Short-term debts | 2,535,372 | 3,215,765 | - | - | 5,751,137 |
| Short-term notes and bills payable | 29,973 | 149,916 | - | - | 179,889 |
| Lease liabilities | 75,104 | (37,918) | - | 44,150 | 81,336 |
| Total liabilities from financing activities | <u>\$ 9,379,849</u> | <u>(2,119,995)</u> | <u>-</u> | <u>44,150</u> | <u>7,304,004</u> |

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| | Jan. 1, 2020 | Cash flows | Non-cash changes | | December 31, 2020 |
|---|---------------------|----------------|-----------------------------|---------------|-------------------|
| | | | The change of lease payment | Others | |
| Long-term debts | \$ 5,821,461 | 917,939 | - | - | 6,739,400 |
| Short-term debts | 2,923,070 | (387,698) | - | - | 2,535,372 |
| Short-term notes and bills payable | - | 29,973 | - | - | 29,973 |
| Lease liabilities | 67,602 | (33,701) | (208) | 41,411 | 75,104 |
| Total liabilities from financing activities | <u>\$ 8,812,133</u> | <u>526,513</u> | <u>(208)</u> | <u>41,411</u> | <u>9,379,849</u> |

7. RELATED-PARTY TRANSACTIONS

(1) Key management personnel transactions

Key management personnel comprised:

| | 2021 | 2020 |
|------------------------------|-------------------|----------------|
| Short-term employee benefits | \$ 583,236 | 437,556 |
| Post-employment benefits | 1,174 | 1,181 |
| | <u>\$ 584,410</u> | <u>438,737</u> |

8. PLEDGED ASSETS

The carrying values of pledged assets were as follows:

| Pledged assets | Objects | December 31, 2021 | December 31, 2020 |
|--|---|-------------------|-------------------|
| Property, plant, and equipment | Long-term debts | \$ 375,613 | 443,135 |
| Investment Property | Long-term debts | - | 182,651 |
| Restricted Assets (classified under other current assets and other non-current financial assetst) | Remittance to the earnings according to the special law and customs guarantee | 78,091 | 138,664 |
| Refundable deposits (classified under other current assets and other non-current financial assets) | Lease plant and official vehicle deposit etc. | 29,175 | 29,212 |
| Total | | <u>\$ 482,879</u> | <u>793,662</u> |

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9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- (1) The amount of guarantee notes deposited by the Group for bank loans and bank performance guarantees was as follows:

| | December 31, 2021 | December 31, 2020 |
|-----|------------------------------|------------------------------|
| NTD | \$ - | 1,900,000 |

- (2) Significant commitments and contingencies

The Group's unrecognized contractual commitments for the acquisition of property, plant and equipment were as follows:

| | December 31, 2021 | December 31, 2020 |
|-----|------------------------------|------------------------------|
| USD | \$ 5,460 | - |
| CNY | 208,428 | - |

- (3) Already issued L/C's unused balance:

| | December 31, 2021 | December 31, 2020 |
|-----|------------------------------|------------------------------|
| JPY | \$ 23,165 | - |
| USD | 750 | 79 |

10. LOSSES DUE TO MAJOR DISASTERS: None.

11. SIGNIFICANT SUBSEQUENT EVENTS: None.

12. OTHERS

A summary of current period employee benefits, depreciation, and amortization, by function, is as follows:

| | By function | 2021 | | | 2020 | | |
|----------------------------|--------------------|----------------------|---------------------------|--------------|----------------------|---------------------------|--------------|
| | | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total |
| By nature | | | | | | | |
| Employee benefits | | | | | | | |
| Salaries | | 2,394,564 | 861,672 | 3,256,236 | 2,001,700 | 556,663 | 2,558,363 |
| Labor and health insurance | | 151,991 | 19,470 | 171,461 | 115,597 | 18,785 | 134,382 |
| Pension | | 131,588 | 11,714 | 143,302 | 99,455 | 10,773 | 110,228 |
| Remuneration of directors | | - | 94,516 | 94,516 | - | 77,449 | 77,449 |
| Other employee benefits | | 225,706 | 34,563 | 260,269 | 198,017 | 31,286 | 229,303 |
| Depreciation | | 1,081,510 | 73,051 | 1,154,561 | 1,158,448 | 68,975 | 1,227,423 |
| Amortization | | 3,015 | 2,402 | 5,417 | 2,218 | 2,096 | 4,314 |

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

13. OTHER DISCLOSURES

(1) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

A. Lending to other parties:

(In Thousands of New Taiwan Dollars)

| Number | Name of lender | Name of borrower | Account name Subject | Related party | Highest balance of financing to other parties during the period | Ending balance (Note 3) | Actual usage amount during the period | Interest rate (%) | Purposes of fund financing for the borrower (Note 1) | Transaction amount for business between two parties | Reasons for short term financing | Loss allowance Amount | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|--------|----------------|------------------|-------------------------------------|---------------|---|-------------------------|---------------------------------------|-------------------|--|---|----------------------------------|-----------------------|------------|-------|--------------------------------|---------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | tgt | Other receivables - related parties | Y | 200,000 | - | - | - | 2 | - | Working capital | - | None. | - | 5,617,025 | 5,617,025 |
| 1 | lpts | tmt | Other receivables - related parties | Y | 2,411,208 | - | - | - | 2 | - | Working capital | - | None. | - | 3,876,545 | 3,876,545 |
| 2 | tft | twt | Other receivables - related parties | Y | 1,308,010 | 1,303,202 | 1,194,601 | 4.75 | 2 | - | Working capital | - | None. | - | 4,095,890 | 4,095,890 |

Note 1: 2 Represents companies that have short-term financing needs.

Note 2: According to the regulations of the Company's Fund Loan to Others Operating Procedures, if the Company's funds are loaned to a company or bank that is necessary for short term financing, the total amount of the loan shall and the individual loans not exceed 40% of the Group's net worth Limit. According to the article “Fund Loans to Others Operating Procedures” of Chi Chau Printed Circuit Board Suzhou Co., Ltd and CATAC Electronic (Zhongshan) Co., Ltd, the parent company, directly and indirectly, holds 100% of the voting shares of its foreign companies who engaged in fund loans, wherein the total amounts for financing and individual loans shall not exceed the Group's net value in the most recent financial statements.

Note 3: Fund loan and quota approved by the Board of Directors.

B. Guarantees and endorsements for other parties: None.

C. Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/Per share)

| Name of holder | Category and name of security | Relationship with the Group | Account title | Ending balance | | | | Highest shareholding or capital contribution | Notes |
|-------------------------------|---|-----------------------------|---|----------------|-----------------|--------------------|------------|--|-------|
| | | | | Shares | during the year | Shareholding Ratio | Fair Value | | |
| T-Flex Techvest PCB Co., Ltd. | EVA Technologies Co., Ltd. (Ordinary share) | Non-related party | Financial assets measured at fair value through other comprehensive income, non-current | 560,000 | 5,583 | 2.71% | 5,583 | 2.71% | None |

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

E. Acquisition of individual real estate with an amount exceeding the lower of NTD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Type of property | Transaction date | Transaction amount | Payment details | Transaction Counterparty | Relationship | If the counterparty is a related party, information about the previous transfer | | | | Price Determination Reference | Objectives and Use | Other contractual matters |
|-----------------|--------------------------|------------------|--------------------|-----------------|---|--------------|---|------------------------------|---------------|--------|-------------------------------|--------------------|---------------------------|
| | | | | | | | Holder | Relationship with the Issuer | Transfer Date | Amount | | | |
| twt | Buildings and structures | July 15, 2021 | 340,413 | 179,387 | Jiangsu Changlun Construction Engineering Co., Ltd. | None | - | - | - | - | Not applicable (Note) | Operating | None |

Note: For leasehold construction projects, it is not necessary to obtain an appraisal report.

F. Disposal of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

| Name of Company | Type of Property | Transaction Date | Acquisition Date | Book Value | Transaction Amount | Amount actually receivable | Gain from Disposal | Counter-party | Nature of relationship | Purpose of disposal | Price reference | Other contractual matters |
|-----------------|---------------------|--------------------|-----------------------------------|------------|--------------------|----------------------------|--------------------|---|------------------------|--|--|---------------------------|
| T-Mac | Investment Property | September 17, 2021 | November 01, 2006~ March 31, 2014 | 252,166 | 1,000,000 | 1,000,000 | 733,30 | Shengming Electronic Technology Co., Ltd. | None | To activate assets, reduce liabilities and improve the financial structure | Refer to the real estate appraisal report of China Property Appraising Center Co., Ltd. and Chia Chu Real Estate Joint Appraisers Agency | None |

G. Related-party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Related party | Nature of relationship | Transaction details | | | | Reasons why and description of how the transaction conditions differ from general transactions | | Notes/ accounts receivable (payable) | | Notes |
|-----------------|---------------|------------------------|---------------------|-----------|-------------------------------------|---|--|----------------|--------------------------------------|---|-------|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| The Company | Chi Yao | Subsidiary | Purchase | 567,208 | 3% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (190,696) | (3)% | None |
| The Company | tft | Subsidiary | Purchase | 2,571,373 | 14% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (887,581) | (13)% | None |
| The Company | twt | Subsidiary | Purchase | 3,957,988 | 22% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (1,542,723) | (23)% | None |
| The Company | tmt | Subsidiary | Purchase | 9,302,901 | 52% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (3,210,216) | (47)% | None |

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

| Name of company | Related party | Nature of relationship | Transaction details | | | | Reasons why and description of how the transaction conditions differ from general transactions | | Notes/ accounts receivable (payable) | | Notes |
|-----------------|---------------|------------------------|---------------------|-------------|--------------------------------------|--|--|----------------|--------------------------------------|---|-------|
| | | | Purchase/ Sale | Amount | Percentage of total purchases/ sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| tht | tmt | Affiliated company | Purchase | 180,479 | 81% | Net 150 days from the end of the month of when invoice is issued | - | Not applicable | (101,538) | (100)% | None |
| tgt | The Company | Parent company | (Sale) | (1,086,718) | (79)% | Net 30 days from the end of the month of when invoice is issued | - | Not applicable | 226,983 | 70% | None |
| Chi Yao | The Company | Parent company | (Sale) | (568,940) | (100)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 190,696 | 100% | None |
| Chi Yao | twf | Affiliated company | Purchase | 567,696 | 100% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (190,260) | (100)% | None |
| tpts | twf | Affiliated company | Purchase | 1,106,708 | 42% | Net 60 days from the end of the month of when invoice is issued | - | Not applicable | (116,616) | (27)% | None |
| tpts | tmt | Affiliated company | Purchase | 1,345,713 | 51% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (267,416) | (62)% | None |
| tpts | tft | Affiliated company | Purchase | 189,700 | 7% | Net 90 days from the end of the month when invoice is issued | - | Not applicable | (45,175) | (11)% | None |
| tft | The Company | Parent company | (Sale) | (2,580,675) | (55)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 888,096 | 46% | None |
| tft | tpts. | Affiliated company | (Sale) | (189,700) | (4)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 45,175 | 2% | None |
| twf | The Company | Parent company | (Sale) | (3,981,366) | (69)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 1,543,619 | 82% | None |
| twf | Chi Yao | Affiliated company | (Sale) | (568,123) | (10)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 190,370 | 10% | None |
| twf | tpts | Affiliated company | (Sale) | (1,106,708) | (19)% | Net 60 days from the end of the month of when invoice is issued | - | Not applicable | 116,616 | 6% | None |
| tmt | The Company | Parent company | (Sale) | (9,339,760) | (84)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 3,212,080 | 86% | None |

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

| Name of company | Related party | Nature of relationship | Transaction details | | | | Reasons why and description of how the transaction conditions differ from general transactions | | Notes/ accounts receivable (payable) | | Notes |
|-----------------|---------------|------------------------|---------------------|-------------|--------------------------------------|--|--|----------------|--------------------------------------|---|-------|
| | | | Purchase/ Sale | Amount | Percentage of total purchases/ sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| tmt | tht | Affiliated company | (Sale) | (180,804) | (2)% | Net 150 days from the end of the month of when invoice is issued | - | Not applicable | 101,597 | 3% | None |
| tmt | tpts | Affiliated company | (Sale) | (1,345,713) | (12)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 267,416 | 7% | None |

Note 1: Purchasing goods belonging to an agency relationship have been eliminated.

Note 2: The above transactions have been written off in the preparation of the consolidated financial statements.

H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In thousands of New Taiwan Dollars)

| Name of related party | Related-party | Nature of relationship | Ending balance | Turnover rate | Overdue Receivables from Related Parties | | Amount received in subsequent period | Loss allowance Amount |
|-----------------------|---------------|------------------------|----------------|---------------|--|----------------|--------------------------------------|-----------------------|
| | | | | | Amount | Action taken | | |
| tgt (Note 2) | The Company | Parent company | 226,983 | 5.59 times | - | Not applicable | 226,983 | - |
| tgt (Note 3) | The Company | Parent company | 6,746 | -times | - | Not applicable | 6,633 | - |
| Chi Yao (Note 2) | The Company | Parent company | 190,696 | 3.42 times | - | Not applicable | 129,185 | - |
| tft (Note 2) | The Company | Parent company | 888,096 | 2.98 times | - | Not applicable | 674,715 | - |
| tft (Note 3) | twf. | Affiliated company | 1,196,335 | -times | - | Not applicable | 108,600 | - |
| twf (Note 2) | The Company | Parent company | 1,543,619 | 3.12 times | - | Not applicable | 751,965 | - |
| tpts (Note 2) | Chi Yao | Affiliated company | 190,370 | 3.43 times | - | Not applicable | 128,968 | - |
| twf (Note 2) | tpts | Affiliated company | 116,616 | 10.13 times | - | Not applicable | 209,583 | - |
| tmt (Note 2) | The Company | Parent company | 3,212,080 | 3.03 times | - | Not applicable | 2,445,865 | - |
| tmt (Note 2) | tht | Affiliated company | 101,597 | 3.56 times | - | Not applicable | 52,952 | - |
| tmt (Note 2) | tpts | Affiliated company | 267,416 | 5.77 times | - | Not applicable | 267,416 | - |
| tmt (Note 3) | tpts | Affiliated company | 4,474 | -times | - | Not applicable | - | - |

Note 1: The main sales volume has been eliminated when the purchase and sale are repeated.

Note 2: Accounts receivable.

Note 3: Other receivable.

Note 4: The above transactions have been written off in the preparation of the consolidated financial statements.

I. Trading in derivative instruments:

Please refer to Note 6(2).

J. Business relationships and significant transactions between parent and subsidiary companies

| Number | Name of Trader | Object of Transaction | Relationship with Trader | Circumstance of the Transaction | | | |
|--------|----------------|-----------------------|--------------------------|---------------------------------|--------|---|---|
| | | | | Accounting Heading | Amount | Transaction Condition | Ratio of Current Assets to Total Assets |
| 0 | The Company | tgt | 1 | Sales revenue | 26,583 | Net 150 days from the end of the month when the invoice is issued | 0.10% |
| 0 | The Company | tgt | 1 | Accounts receivable | 11,813 | Net 150 days from the end of the month when the invoice is issued | 0.04% |

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

| Number | Name of Trader | Object of Transaction | Relationship with Trader | Circumstance of the Transaction | | | |
|--------|----------------|-----------------------|--------------------------|---------------------------------|-----------|---|---|
| | | | | Accounting Heading | Amount | Transaction Condition | Ratio of Current Assets to Total Assets |
| 0 | The Company | tft | 1 | Sales revenue | 66,471 | Net 90 days from the end of the month when the invoice is issued | 0.24% |
| 0 | The Company | tft | 1 | Accounts receivable | 33,837 | Net 90 days from the end of the month when the invoice is issued | 0.11% |
| 0 | The Company | tmt | 1 | Other receivables | 27,680 | Negotiated | 0.09% |
| 1 | tgt | The Company | 2 | Sales revenue | 1,086,718 | Net 30 days from the end of the month when the invoice is issued | 3.95% |
| 1 | tgt | The Company | 2 | Accounts receivable | 226,983 | Net 30 days from the end of the month when the invoice is issued | 0.71% |
| 1 | tgt | The Company | 2 | Management fees deduction | 61,937 | Net 15 days from the end of the month when the invoice is issued | 0.23% |
| 2 | Chi Yao | The Company | 2 | Sales revenue | 568,940 | Net 90 days from the end of the month when the invoice is issued | 2.07% |
| 2 | Chi Yao | The Company | 2 | Accounts receivable | 190,696 | Net 90 days from the end of the month when the invoice is issued | 0.59% |
| 3 | twf | The Company | 2 | Sales revenue | 3,981,366 | Net 90 days from the end of the month when the invoice is issued | 14.48% |
| 3 | twf | The Company | 2 | Accounts receivable | 1,543,619 | Net 90 days from the end of the month when the invoice is issued | 4.80% |
| 3 | twf | Chi Yao | 3 | Sales revenue | 568,123 | Net 90 days from the end of the month when the invoice is issued | 2.07% |
| 3 | twf | Chi Yao | 3 | Accounts receivable | 190,370 | Net 90 days from the end of the month when the invoice is issued | 0.59% |
| 3 | twf | tpts | 3 | Sales revenue | 1,106,708 | Net 60 days from the end of the month of when the invoice is issued | 4.02% |
| 3 | twf | tpts | 3 | Accounts receivable | 116,616 | Net 60 days from the end of the month of when the invoice is issued | 0.36% |
| 3 | twf | tmt | 3 | Non-operating income | 10,191 | Net 120 days from the end of the month when the invoice is issued | 0.04% |
| 4 | tft | The Company | 2 | Sales revenue | 2,580,675 | Net 90 days from the end of the month when the invoice is issued | 9.38% |
| 4 | tft | The Company | 2 | Accounts receivable | 888,096 | Net 90 days from the end of the month when the invoice is issued | 2.76% |
| 4 | tft | twf | 3 | Interest income | 18,981 | Negotiated | 0.07% |
| 4 | tft | twf | 3 | Other receivables | 1,196,335 | Negotiated | 3.72% |
| 4 | tft | tpts | 3 | Sales revenue | 189,700 | Net 90 days from the end of the month when the invoice is issued | 0.69% |
| 4 | tft | tpts | 3 | Accounts receivable | 45,175 | Net 90 days from the end of the month when the invoice is issued | 0.14% |
| 4 | tft | tmt | 3 | Sales revenue | 58,299 | Net 120 days from the end of the month when the invoice is issued | 0.21% |
| 4 | tft | tmt | 3 | Accounts receivable | 65,919 | Net 120 days from the end of the month when the invoice is issued | 0.20% |
| 5 | tmt | The Company | 2 | Sales revenue | 9,339,760 | Net 90 days from the end of the month when the invoice is issued | 33.96% |
| 5 | tmt | The Company | 2 | Accounts receivable | 3,212,080 | Net 90 days from the end of the month when the invoice is issued | 9.98% |
| 5 | tmt | tht | 3 | Sales revenue | 180,804 | Net 150 days from the end of the month when the invoice is issued | 0.66% |
| 5 | tmt | tht | 3 | Accounts receivable | 101,597 | Net 150 days from the end of the month when the invoice is issued | 0.32% |
| 5 | tmt | tpts | 3 | Sales revenue | 1,345,713 | Net 90 days from the end of the month when the invoice is issued | 4.89% |
| 5 | tmt | tpts | 3 | Accounts receivable | 267,416 | Net 90 days from the end of the month when the invoice is issued | 0.83% |

Note 1: The numbers are filled in as follows:

(1)0 represents the parent company

(2) The subsidiary company is numbered according to the Group category in order starting with number 1.

Note 2: The types of relationships with the counterparty are indicated as follows.

(1)Parent company to subsidiary company.

(2) Subsidiary to the parent company.

(3) Subsidiary to the subsidiary company.

Note 3: Transaction amounts less than NT\$10,000,000 are not disclosed. Only sales transactions, accounts receivable and other receivables that are written off are disclosed.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(2) Information on investees :

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars/Per share)

| Investors Name of Company | Investees | Location | Main businesses and products ITEM | Original investment amount | | Balance as of December 31, 2021 | | | Highest balance during the year | Net income (losses) of the investee | Share of profits/losses of the investee | Notes |
|----------------------------------|----------------|-----------|--|----------------------------|-------------------|---------------------------------|---------|----------------------------|---------------------------------|-------------------------------------|---|--------------|
| | | | | December 31, 2021 | December 31, 2020 | No. of Shares | Ratio | Net carrying amount as of: | | | | |
| The Company | Chi Yang. | Taiwan | General investment | 85,000 | 85,000 | - | 100.00% | 187,453 | 100.00% | (3,819) | (3,819) | None |
| The Company | T-Mac | Taiwan | General investment | 2,065,497 | 2,065,497 | 170,957,200 | 100.00% | 5,537,404 | 100.00% | 1,195,248 | 1,264,795 | Note 1 and 2 |
| The Company | tht | Taiwan | General investment and selling of circuit boards | 385,357 | 385,357 | 30,821,897 | 44.21% | 331,478 | 44.21% | 82,177 | 36,333 | None. |
| The Company | TPT | Samoa | General investment | 19,207 | 19,207 | 500,000 | 100.00% | 33,285 | 100.00% | 580 | 580 | None. |
| The Company | Chi Chau | Samoa | General investment | 273,300 | 1,627,043 | 1,153,524 | 96.13% | 3,782,844 | 96.13% | 182,148 | 175,093 | None. |
| The Company | Brilliant Star | Cayman | General investment | 2,125,349 | 2,125,349 | 68,126,618 | 97.28% | 4,486,482 | 97.28% | 556,010 | 538,752 | Note 1 and 2 |
| The Company | Chi Chen | Samoa | General investment | 1,079,519 | 1,079,519 | 35,600,000 | 80.73% | 2,247,174 | 80.73% | 372,483 | 300,128 | Note 1 |
| The Company | Sinact HK | Hong Kong | General investment | - | 74,383 | - | - % | - | 100.00% | 1,348 | 1,348 | Note 5 |
| The Company | tgt | Taiwan | Manufacturing, selling of circuit boards | 134,057 | 88,114 | 9,680,606 | 20.70% | 58,975 | 20.70% | 20,875 | 2,058 | Note 1 and 2 |
| The Company | CCT | Thailand | Manufacturing, selling of circuit boards | 37,645 | 37,645 | 14,850,000 | 99.00% | 31,020 | 99.00% | 26 | 25 | None. |
| Chi Yang | Chi Chau | Samoa | General investment | 11,252 | 65,794 | 46,476 | 3.87% | 150,797 | 3.87% | 182,418 | 7,055 | None. |
| Chi Yang | CCT | Thailand | Manufacturing, selling of circuit boards | 131 | 131 | 50,000 | 0.33% | 104 | 0.33% | 26 | - | None. |
| T-Mac | Chang Tai | Samoa | General investment | 2,292,370 | 2,292,370 | 73,580,000 | 100.00% | 5,486,537 | 100.00% | 533,112 | 533,112 | None. |
| T-Mac | CCT | Thailand | Manufacturing, selling of circuit boards | 261 | 261 | 100,000 | 0.67% | 209 | 0.67% | 26 | - | None. |
| Chang Tai | Yang An | Samoa | General investment | 2,105,341 | 2,105,341 | 76,060,000 | 100.00% | 5,484,090 | 100.00% | 533,150 | 533,150 | None. |
| tht | Chi Chen | Samoa | General investment | 252,297 | 252,297 | 8,500,000 | 19.27% | 538,223 | 19.27% | 372,483 | 71,794 | None. |
| tht | tgt | Taiwan | Manufacturing, selling of circuit boards | 405,977 | 290,977 | 26,757,000 | 57.21% | 186,191 | 57.21% | 20,874 | 12,074 | Note 2 |
| Chi Chau | Chi Yao | Hong Kong | General investment and international trading | 32,894 | 1,429,074 | 1,188,379 | 100.00% | 3,879,816 | 100.00% | 181,750 | 181,750 | None. |

Note 1: The difference is due to the unrealized gain/loss.

Note 2: The difference is due to the amortization between the investment cost and the fair value of the identifiable net assets.

Note 3: If the relevant figures in this table involve foreign currencies, except for the amount remitted from Taiwan at the historical exchange rate, the profit and loss are calculated at the average exchange rate, and the rest are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 4: The above transactions have been written off in the preparation of the consolidated financial statements.

Note 5: Referring to Sinact's liquidation in December 2021, as of December 31, 2021, the liquidation process is still in progress, and the related investment shares have been remitted to the Company per the investment path.

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information :

(In thousands of New Taiwan Dollars)

| Investees Name of Company | Main businesses and products Items | Paid-in capital | Method of investment (Note 1) | Accumulated outflow of investment from Taiwan as of January 1, 2021 | Investment flows for the period | | Accumulated outflow of investment from Taiwan as of December 31, 2021 | Net profits (losses) of the investee for the period | The Company percentage of shareholding ratio of direct or indirect investment | Highest shareholding or capital contribution during the year | Investment income (losses) (Note 2.2) | Book value of investments at the end | Accumulated remittance of earnings for the period |
|---------------------------|--|-----------------|-------------------------------|---|---------------------------------|-----------|---|---|---|--|---------------------------------------|--------------------------------------|---|
| | | | | | Outflow | Inflow | | | | | | | |
| tpts (Note 7) | Selling of circuit boards | 138,400 | (2) | 1,429,395 | - | 1,396,179 | 33,216 | 181,954 | 100.00% | 100.00% | 181,954 | 3,876,545 | 127,720 |
| tft (Note 8) | Manufacturing, selling of circuit boards | 1,882,240 | (2) | 1,835,867 | - | - | 1,835,867 | 556,317 | 97.28% | 97.28% | 541,197 | 3,984,565 | - |
| twt (Note 9) | Manufacturing, selling of circuit boards | 1,530,938 | (2) | 1,217,920 | - | - | 1,217,920 | 468,214 | 91.26% | 91.26% | 427,295 | 3,201,577 | - |
| Sinact (Note 11) | Selling of circuit boards | - | (2) | 11,072 | - | 11,072 | - | 4,536 | - % | 100.00% | 4,536 | - | - |
| tmt (Note 5 and 10) | Manufacturing, selling of circuit boards | 2,380,480 | (2) | 2,020,640 | - | - | 2,020,640 | 533,189 | 100.00% | 100.00% | 533,189 | 5,479,352 | - |
| Sin Siang (Note 12) | Selling of circuit boards | 13,840 | (2) | - | - | - | - | 570 | 100.00% | 100.00% | 570 | 21,172 | - |

2. Limitation on investment in Mainland China:

| Company Name | Accumulated Investment in Mainland China as of December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note 3) |
|--------------|--|--|------------------------------------|
| The Company | 2,851,723 | 3,136,827 | 8,787,828 |
| T-Mac | 2,020,640 | 2,380,480 | 3,351,382 |
| tht | 235,280 | 235,280 | 534,061 |

Note 1: The investment method is divided into three types:

- (1) Direct investments in mainland China.
- (2) Investment in mainland China through third region companies.
- (3) Other methods.

Note 2: The investment profit and loss column recognized in this period:

- (1) If it is in preparation and there is no investment gain or loss, it should be indicated.
- (2) The recognition basis of investment gains and losses is divided into the following three types, which should be specified.
 - (1) Financial statements verified by international accounting firms in partnership with the Republic of China Accounting Firm.
 - (2) The financial statements have been reviewed by the Taiwanese parent company's certified accountant.
 - (3) Others.

Note 3: According to the "Principles of Investing or Technical Cooperation Review in Mainland China", the limit is calculated based on 60% of the group net value.

Note 4: If the relevant figures in this table involve foreign currencies, profit and loss are calculated at the average exchange rate, and others are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 5: Yang An International (Samoa) Co., Ltd. used its retained earnings amounting to USD 10,000,000 to participate in the capital increase of T-Mac Techvest (Wuxi) PCB Co., Ltd.

Note 6: The above transactions have been written off in the preparation of the consolidated financial statements.

Note 7: The parent company indirectly invested in Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. through Chi Yao Ltd., the difference between the amount of paid-in capital and the amount of accumulated investment transferred was USD3,800,000, in form of common stock dividends.

Note 8: The parent company indirectly invested in CATAC Electronic (Zhongshan) CO., Ltd through Brilliant Star Holdings Ltd.

Note 9: The parent company indirectly invested in Chi Chau Printed Circuit Board (Suining) Co., Ltd. through Chi Chen Investment Co., Ltd., Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. and CATAC Electronic (Zhongshan) CO., Ltd.

Note 10: The parent company indirectly invested in T-Mac Techvest (Wuxi) PCB Co., Ltd. through Yang An International (Samoa) Co., Ltd.

Note 11: The parent company indirectly invested in Sinact Electronics Co., Ltd. through Sinact (Hong Kong) International Company Limited. Sinact Electronics Co., Ltd. was liquidated in June 2021. As of December 31, 2021, the liquidation procedures have been completed and the related investment shares have been remitted to the Company under the investment path.

Note 12: The parent company indirectly invested in Sin Siang (Xiamen) Technology Co., Ltd. through TPT International Co., Ltd.

3. Significant transactions

The significant intercompany transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(4) Major shareholder information

Unit: Share

| Shareholding | | |
|-------------------------------|------------|--------------------|
| Name of Major Shareholder | Shares | Shareholding ratio |
| Macquarie Bank Limited - MAIN | 15,428,000 | 5.68% |

14. SEGMENT INFORMATION

(1) General information

The Group is mainly engaged in the manufacturing, processing and selling of electronic components and printed circuit boards, and its overall manufacturing process and sales model are similar. In addition, the operating decision-maker also manages and allocates the resources of the Group as a whole, so the Group is a single operating division.

(2) Product and service categories information

The Group's revenue information from external customers is as follows:

| Name of Products and Services | 2021 | 2020 |
|------------------------------------|-----------------------------|--------------------------|
| Printed circuit boards | \$ 27,336,696 | 22,821,161 |
| Processing fees revenue and others | 163,482 | 26,106 |
| Total | <u><u>\$ 27,500,178</u></u> | <u><u>22,847,267</u></u> |

(3) Geographical information

Information by territorial location of the Group is shown below, where revenues are categorized based on the geographical location of customers and non-current assets are categorized based on the geographical location of assets.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

| <u>By region</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------|-----------------------------|--------------------------|
| Revenue from external customers: | | |
| China | \$ 17,614,597 | 15,441,141 |
| Taiwan | 3,641,429 | 2,721,860 |
| Singapore | 3,235,676 | 2,102,657 |
| Others | 3,008,476 | 2,581,609 |
| Total | <u>\$ 27,500,178</u> | <u>22,847,267</u> |

| <u>By region</u> | <u>December 31, 2021</u> | <u>December 31, 2020</u> |
|---------------------|------------------------------|------------------------------|
| Non-current assets: | | |
| Taiwan | \$ 1,533,408 | 1,452,555 |
| China | 6,222,611 | 6,523,964 |
| Total | <u>\$ 7,756,019</u> | <u>7,976,519</u> |

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and investment property, but exclude financial instruments, deferred income tax assets, assets for post-employment benefits and non-current assets arising from the rights of insurance contracts.

(4) Information on major clients

A breakdown of the Group's clients whose operating revenues accounted for 10% or more of the net operating revenues on the Consolidated Statements of Comprehensive Income is as follows:

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|-------------------------|
| Dell Global BV (Singapore Branch) | \$ 3,177,952 | 2,034,852 |
| Tech Front (Chongqing) Computer Co., Ltd. | 2,948,717 | 2,367,010 |
| Total | <u>\$ 6,126,669</u> | <u>4,401,862</u> |

Independent Auditor's Report

To the Board of Directors and Shareholders of Taiwan Printed Circuit Board Techvest Co., Ltd.:

Opinion

We have audited the accompanying parent company only financial statements of Taiwan Printed Circuit Board Techvest Co., Ltd. ("the "Company"), which comprise the parent company only balance sheets as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and its parent company only 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 following 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 Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities under 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 parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories

Please refer to Notes 4(7), 5 and 6(5) of the parent company only financial statements for accounting policies on measuring inventory, assumptions used, and uncertainties considered in determining net realizable value, and description of inventories, respectively.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value in the financial statements. The Company produces and sells printed circuit boards, whose industry changes rapidly, and old models may quickly be replaced with new ones, resulting in a difficulty to meet market demands, which may impact the inventory closeout sale and sales price, causing the carrying value to exceed the net realizable value. Therefore, we determined that the assessment of the valuation of inventories is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedure included: inspecting and analyzing the aging report of the inventory; assessing the rationality of policies of allowance for inventory valuation and obsolescence losses; inspecting the estimated inventory allowance to verify the evaluation accuracy, assessing the rationality of the inventory net realizable value with the Company's selling price and subsequent market price; evaluating whether the disclosure of the key management regarding the allowance of the inventory is appropriate.

2. Timing of revenue recognition

Please refer to Note 4(13) "Revenue recognition", and Note 6(20) "Revenue disclosures" of the financial statements.

Description of key audit matter:

Sales revenue is the leading indicator for investors, wherein the management assesses the Company's financial performance. The timing for the recognition of revenue is significant to the financial statements. Therefore, the test of the timing for recognition of revenue was one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedure included: random sampling of material sales before and after the year-end; assessing sales policies and revenue achievement by inspecting contracts with customers and verifying buyer's documents to confirm the accuracy of the timing for recognition of revenue.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements following the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's 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 based on these parent company only financial statements.

As part of an audit under the auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or regulations preclude 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.

KPMG

CPA:

Approval No.: JIN-GUAN-ZHENG-SHEN-ZI
No. 1000011652
(88) TAI-CAI-ZHENG (6)
No.18311

March 18, 2022

Note to Readers

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

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

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Parent Company Only Balance Sheets

For the years ended December 31, 2021 and 2020

(Amounts in Thousands of New Taiwan Dollars)

| | | <u>December 31, 2021</u> | | <u>December 31, 2020</u> | | | | <u>December 31, 2021</u> | | <u>December 31, 2020</u> | |
|----------------------------|---|--------------------------|------------|--------------------------|------------|------|--|--------------------------|------------|--------------------------|------------|
| Assets | | Amount | % | Amount | % | | | Amount | % | Amount | % |
| Current assets | | | | | | | | | | | |
| 1100 | Cash and cash equivalents (Note 6(1)) | \$ 2,668,016 | 9 | 3,219,792 | 11 | 2100 | Short-term debts (Note 6(10)) | \$ 4,810,138 | 16 | 1,908,160 | 7 |
| 1110 | Current financial assets at fair value through profit or loss (Note 6(2)) | 399 | - | 1,409 | - | 2111 | Short-term notes and bills payable (Note 6(11)) | 179,889 | 1 | - | - |
| 1170 | Notes and accounts receivable from non-related parties, net (Note 6(3)) | 8,471,876 | 29 | 6,765,063 | 24 | 2120 | Current financial liabilities at fair value through profit or loss (Note 6(2)) | 40 | - | 1,589 | - |
| 1180 | Accounts receivable due from related parties, net (Note 6(3) and 7) | 46,093 | - | 156,423 | 1 | 2170 | Notes and accounts payable | 788,007 | 3 | 659,224 | 2 |
| 1200 | Other receivables (Note 6(4) and 7) | 79,391 | - | 50,408 | - | 2180 | Accounts payable to related parties (Note 7) | 6,058,198 | 21 | 5,126,486 | 19 |
| 1220 | Current tax assets | - | - | 228 | - | 2200 | Other payables (Note 7) | 1,794,181 | 6 | 1,407,747 | 5 |
| 1310 | Inventories (Note 6(5)) | 626,297 | 2 | 567,787 | 2 | 2230 | Current tax liabilities | 138,476 | - | - | - |
| 1470 | Other current assets (Note 6(9) and 8) | 106,743 | 1 | 155,973 | 1 | 2322 | Current portion of long-term debts (Note 6(13)) | 395,753 | 1 | 1,273,214 | 5 |
| | Total current assets | 11,998,815 | 41 | 10,917,083 | 39 | 2365 | Current refund liabilities (Note 6(12)) | 364,328 | 1 | 314,542 | 1 |
| Non-current assets: | | | | | | 2280 | Current lease liabilities (Note 6(14)) | 20,302 | - | 17,483 | - |
| 1550 | Investment accounted for using equity method (Note 6(6)) | 16,696,115 | 56 | 16,138,210 | 59 | 2300 | Other current liabilities | 12,227 | - | 8,093 | - |
| 1600 | Property, plant and equipment (Note 6(7)) | 887,572 | 3 | 539,245 | 2 | | Total current liabilities | 14,561,539 | 49 | 10,716,538 | 39 |
| 1755 | Right-of-use assets (Note 6(8)) | 34,676 | - | 34,045 | - | | Non-current liabilities: | | | | |
| 1980 | Other non-current financial assets (Note 6(9) and 8) | 10,037 | - | 10,037 | - | 2540 | Long-term debts (Note 6(13)) | 774,599 | 3 | 4,250,447 | 15 |
| 1995 | Other non-current assets (Note 6(9)) | 8,852 | - | 11,003 | - | 2580 | Non-current lease liabilities (Note 6(14)) | 14,630 | - | 16,782 | - |
| | Total non-current assets | 17,637,252 | 59 | 16,732,540 | 61 | 2600 | Other non-current liabilities (Note 6(16)) | 242,737 | 1 | 132,540 | 1 |
| | | | | | | | Total non-current liabilities | 1,031,966 | 4 | 4,399,769 | 16 |
| | | | | | | | Total liabilities | 15,593,505 | 53 | 15,116,307 | 55 |
| | | | | | | | Equity: (Note 6(17)) | | | | |
| | | | | | | 3110 | Ordinary shares | 2,712,425 | 9 | 2,712,425 | 10 |
| | | | | | | 3200 | Capital surplus | 3,282,591 | 11 | 3,119,032 | 11 |
| | | | | | | | Retained earnings: | | | | |
| | | | | | | 3310 | Legal reserve | 1,504,059 | 5 | 1,308,160 | 5 |
| | | | | | | 3320 | Special reserve | 875,898 | 3 | 1,133,730 | 4 |
| | | | | | | 3350 | Unappropriated retained earnings | 6,868,499 | 23 | 5,463,917 | 19 |
| | | | | | | | Others: | | | | |
| | | | | | | 3410 | Exchange differences on translation of foreign financial statements | (968,217) | (3) | (866,764) | (3) |
| | | | | | | 3420 | Unrealized gains or losses on financial assets measured at fair value through other comprehensive income | (6,667) | - | (9,135) | - |
| | | | | | | 3500 | Treasury shares | (226,026) | (1) | (328,049) | (1) |
| | | | | | | | Total equity | 14,042,562 | 47 | 12,533,316 | 45 |
| Total assets | | \$ 29,636,067 | 100 | 27,649,623 | 100 | | Total liabilities and equity | \$ 29,636,067 | 100 | 27,649,623 | 100 |

See accompanying notes to parent company only financial statements.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Amounts in Thousands of New Taiwan Dollars)

| | | 2021 | | 2020 | |
|------|---|---------------------|------------|------------------|-----------|
| | | Amount | % | Amount | % |
| 4110 | Operating revenue (Note 6(20)) | \$ 21,127,953 | 100 | 17,995,054 | 100 |
| 5110 | Cost of sales (Note 6(5)) | 19,467,298 | 92 | 16,921,673 | 94 |
| | Gross Profit | 1,660,655 | 8 | 1,073,381 | 6 |
| | Operating expenses: | | | | |
| 6100 | Selling expenses | 608,788 | 3 | 574,152 | 3 |
| 6200 | Administrative expenses | 708,189 | 4 | 450,281 | 2 |
| 6450 | Expected credit loss | 36,292 | - | (74,942) | - |
| | Total operating expenses | 1,353,269 | 7 | 949,491 | 5 |
| | Net operating income | 307,386 | 1 | 123,890 | 1 |
| | Non-operating income and expenses: (Note 6(22)) | | | | |
| 7100 | Interest revenue | 2,506 | - | 4,424 | - |
| 7010 | Other income | 421 | - | 24,832 | - |
| 7020 | Other gains and losses | (51,902) | - | (29,742) | - |
| 7050 | Finance costs | (65,773) | - | (95,937) | - |
| 7070 | Share of profit (losses) of subsidiaries, associates and joint ventures accounted for using equity method | 2,315,293 | 11 | 2,043,275 | 11 |
| | Total non-operating income and expenses | 2,200,545 | 11 | 1,946,852 | 11 |
| 7900 | Income before income tax | 2,507,931 | 12 | 2,070,742 | 12 |
| 7951 | Less: Income tax expense (Note 6(16)) | 249,002 | 1 | 151,881 | 1 |
| | Net income | 2,258,929 | 11 | 1,918,861 | 11 |
| 8300 | Other comprehensive income (loss): | | | | |
| 8310 | Items that will not be reclassified into profit or loss | | | | |
| 8330 | Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method that will not be reclassified into profit or loss | 3,560 | - | 40,134 | - |
| 8349 | Less: Income tax related to items that will not be reclassified | - | - | - | - |
| | Total | 3,560 | - | 40,134 | - |
| 8360 | Items that may be reclassified subsequently into profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | (101,453) | (1) | 257,831 | 1 |
| 8399 | Less: Income tax related to items that may be reclassified subsequently | - | - | - | - |
| | Total | (101,453) | (1) | 257,831 | 1 |
| 8300 | Other comprehensive income (loss), net of income tax | (97,893) | (1) | 297,965 | 1 |
| 8500 | Total comprehensive income (loss) | \$ 2,161,036 | 10 | 2,216,826 | 12 |
| | Basic earnings per share (NTD) (Note 6(19)) | | | | |
| 9750 | Basic earnings per share (Unit: NTD) | \$ 8.60 | | 7.28 | |
| 9850 | Diluted earnings per share (Unit: NTD) | \$ 8.26 | | 7.00 | |

See accompanying notes to parent company only financial statements.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Parent Company Only Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Amounts in Thousands of New Taiwan Dollars)

| | <u>Share capital</u> | | <u>Retained earnings</u> | | | <u>Others</u> | | | |
|---|------------------------|------------------------|--------------------------|------------------------|---|--|---|------------------------|---------------------|
| | <u>Ordinary shares</u> | <u>Capital surplus</u> | <u>Legal reserve</u> | <u>Special reserve</u> | <u>Unappropriated retained earnings</u> | <u>Exchange differences in translation of foreign financial statements</u> | <u>Unrealized gains or losses on financial assets measured at fair value through other comprehensive income</u> | <u>Treasury shares</u> | <u>Total equity</u> |
| | | | | | | | | | |
| Balance on January 1, 2020 | \$ 2,712,425 | 3,119,032 | 1,208,728 | 548,401 | 4,854,987 | (1,124,595) | (9,135) | (62,920) | 11,246,923 |
| Net income in 2020 | - | - | - | - | 1,918,861 | - | - | - | 1,918,861 |
| Other comprehensive income (loss) in 2020 | - | - | - | - | (776) | 257,831 | 40,910 | - | 297,965 |
| Total comprehensive income (loss) in 2020 | - | - | - | - | 1,918,085 | 257,831 | 40,910 | - | 2,216,826 |
| Appropriation and distribution of retained earnings: | | | | | | | | | |
| Legal reserve | - | - | 99,432 | - | (99,432) | - | - | - | - |
| Special reserve | - | - | - | 585,329 | (585,329) | - | - | - | - |
| Cash dividends on common shares | - | - | - | - | (665,301) | - | - | - | (665,301) |
| Repurchase of treasury shares | - | - | - | - | - | - | - | (328,049) | (328,049) |
| Conversion of treasury shares | - | - | - | - | (3) | - | - | 62,920 | 62,917 |
| Disposal of equity instrument measured at fair value through other comprehensive income | - | - | - | - | 40,910 | - | (40,910) | - | - |
| Balance on December 31, 2020 | 2,712,425 | 3,119,032 | 1,308,160 | 1,133,730 | 5,463,917 | (866,764) | (9,135) | (328,049) | 12,533,316 |
| Net income in 2021 | - | - | - | - | 2,258,929 | - | - | - | 2,258,929 |
| Other comprehensive income (loss) in 2021 | - | - | - | - | 1,092 | (101,453) | 2,468 | - | (97,893) |
| Total comprehensive income (loss) in 2021 | - | - | - | - | 2,260,021 | (101,453) | 2,468 | - | 2,161,036 |
| Appropriation and distribution of retained earnings: | | | | | | | | | |
| Legal reserve | - | - | 195,899 | - | (195,899) | - | - | - | - |
| Cash dividends on ordinary shares | - | - | - | - | (914,349) | - | - | - | (914,349) |
| Reversal of special reserve | - | - | - | (257,832) | 257,832 | - | - | - | - |
| Changes in ownership interests in subsidiaries | - | - | - | - | (3,023) | - | - | - | (3,023) |
| Conversion of treasury shares | - | 163,559 | - | - | - | - | - | 102,023 | 265,582 |
| Balance on December 31, 2021 | <u>\$ 2,712,425</u> | <u>3,282,591</u> | <u>1,504,059</u> | <u>875,898</u> | <u>6,868,499</u> | <u>(968,217)</u> | <u>(6,667)</u> | <u>(226,026)</u> | <u>14,042,562</u> |

See accompanying notes to parent company only financial statements.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Parent Company Only Cash Flow Statements

For the years ended December 31, 2021 and 2020

(Amounts in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|---------------------|------------------|
| Cash flows from operating activities: | | |
| Income before income tax | \$ 2,507,931 | 2,070,742 |
| Adjustments for: | | |
| Adjustments to reconcile net income (loss) | | |
| Depreciation expense | 68,192 | 68,762 |
| Amortization expense | 653 | 611 |
| Expected credit loss (gain) | 36,292 | (74,942) |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | (359) | 180 |
| Interest expense | 65,773 | 95,937 |
| Interest revenue | (2,506) | (4,424) |
| Share-based compensation cost | 163,574 | - |
| Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method | (2,315,293) | (2,043,275) |
| Gain on disposal of property, plant and equipment | (2,724) | (6,407) |
| Loss on disposal of investments accounted for using the equity method | 33,463 | - |
| Total adjustments | (1,952,935) | (1,963,558) |
| Changes in assets and liabilities relating to operating activities: | | |
| Net changes in assets relating to operating activities: | | |
| Financial assets that are forced to be measured at fair value through profit or loss | 1,409 | 667 |
| Notes and accounts receivable | (1,632,775) | (773,015) |
| Other receivables | (28,983) | (25,465) |
| Inventories | (58,510) | (25,293) |
| Other current assets | (12,843) | (9) |
| Total net changes in assets relating to operating activities | (1,731,702) | (823,115) |
| Net changes in liabilities relating to operating activities: | | |
| Financial liabilities held for trading | (1,589) | (16) |
| Notes and accounts payable | 1,060,495 | 1,689,921 |
| Other payables | 231,458 | 289,615 |
| Current refund liabilities | 49,786 | 55,730 |
| Other current liabilities | 4,134 | 1,507 |
| Total net changes in liabilities relating to operating activities | 1,344,284 | 2,036,757 |
| Total net changes in assets and liabilities relating to operating activities | (387,418) | 1,213,642 |
| Total adjustments | (2,340,353) | (749,916) |
| Cash provided by operations | 167,578 | 1,320,826 |
| Interest received | 2,506 | 4,424 |
| Interest paid | (65,682) | (98,363) |
| Income taxes paid | (100) | (84,838) |
| Net cash provided by operating activities | 104,302 | 1,142,049 |
| Cash flows from investing activities: | | |
| Acquisition of investments accounted for using equity method | (45,943) | - |
| Proceeds from capital reduction of invested companies accounted for using equity method | 1,511,219 | 29,550 |
| Acquisition of property, plant, and equipment | (241,453) | (62,490) |
| Disposal of property, plant, and equipment | 1,615 | 25,480 |
| Acquisition of intangible assets | (304) | (140) |
| Other financial assets | 62,073 | (143,868) |
| Other non-current assets | - | (5,602) |
| Dividends received | 160,384 | 162,525 |
| Net cash provided by investing activities | 1,447,591 | 5,455 |
| Cash flows from financing activities: | | |
| Short-term debts | 2,901,978 | (984,910) |
| Short-term notes and bills payable | 179,889 | - |
| Proceeds from long-term debts | 600,000 | 2,400,000 |
| Repayment of long-term debts | (4,953,309) | (682,589) |
| Repayment of the principal portion of lease liabilities | (19,886) | (16,507) |
| Distribution of cash dividends | (914,349) | (665,301) |
| Repurchase cost of treasury shares | - | (328,049) |
| Treasury shares purchased by employees | 102,008 | 62,917 |
| Net cash used in financing activities | (2,103,669) | (214,439) |
| Increase (decrease) in cash and cash equivalents | (551,776) | 933,065 |
| Cash and cash equivalents at beginning of period | 3,219,792 | 2,286,727 |
| Cash and cash equivalents at end of period | \$ 2,668,016 | 3,219,792 |

See accompanying notes to parent company only financial statements.

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.
Notes to Parent Company Only Financial Statements
For the years ended December 31, 2021 and 2020
(Amounts in Thousands of New Taiwan Dollars, unless specified otherwise)

1. HISTORY AND ORGANIZATION

Taiwan Printed Circuit Board Techvest Co., Ltd. (“the Company”) was incorporated as a company limited by shares on April 21, 1998 under the approval of the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No. 12, Gongye 2nd Rd., Pingzhen Dist., Taoyuan City. On December 25, 2009, the Company’s shares were listed on the Taiwan Stock Exchange (TWSE). The Company is primarily involved in the business of producing and selling electronic components and printed circuit boards.

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

These parent company only financial statements were authorized for issue by the Board of Directors on March 18, 2022.

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

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

Effective January 1, 2021, the Company adopted the following newly revised International Financial Reporting Standards, which had no significant effect on its parent company only financial statements.

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendment to IFRS 16 “Covid-19-Related Rent Concessions after June 30, 2021”

- (2) Effect of new standards and amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

The Company has assessed that the application of the following newly revised IFRSs effective from January 1, 2022, would not have a significant effect on its parent company only financial statements.

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

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

- (3) IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

The new standards, interpretations issued and amended by the IASB but not yet endorsed by the FSC, and which may have relevance to the Company are as below:

| New, Revised or Amended Standards and Interpretations | Major Amendments | Effective Date of Introduction by IASB |
|--|---|---|
| Amendment to IAS 1 “Classification of Liabilities as Current or Non-current” | The amendment is intended to improve consistency in the application of the standard to assist companies in determining whether debt or other liabilities with uncertain settlement dates should be classified as current (due or likely to be due within one year) or non-current on the Balance Sheet. The amendment also clarifies the classification of debt that may be converted to equity for settlement purposes. | January 1, 2023 |
| Amendment to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction” | The amendment restricts the scope of the recognition exemption, which is no longer applicable when the original recognition of the transaction results in an equal amount of taxable and deductible temporary differences. | January 1, 2023 |

The Company is continuously evaluating the impact of the above standards and interpretations on the Company's financial condition and results of operations, and the related impact will be disclosed upon completion of the evaluation.

The Company does not expect the following other newly issued and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements.

- Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

(1) Statement of compliance

These parent company only financial statements have been prepared following the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- (a) Financial instruments at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Foreign Currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for the difference relating to investments in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average rate. Exchange differences are recognized in other comprehensive incomes.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. The Company holds the asset primarily for trading;
- C. The Company expects to realize the asset within twelve months after the reporting period;
- D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. The Company expects to settle the liability in its normal operating cycle;
- B. The Company holds the liability primarily for trading;
- C. The liability is due to be settled within twelve months after the reporting period;
- D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

(5) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held to meet short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(6) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL.

Financial assets are not reclassified after their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

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

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

(b) Financial assets measured at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument by instrument basis.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

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

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

Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, Notes and trade receivables, other receivables, guarantee deposits paid and other financial assets), debt investments measured at FVOCI, and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12 month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of a default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive). ECL is discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The borrower will probably enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for financial assets because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually assesses respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

(e) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters transactions whereby it transfers its assets recognized in the balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In this case, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument following the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

(b) Equity transaction

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

(c) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written offset).

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

(d) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(e) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(f) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

(7) Inventories

Inventories are measured at the lower of cost and net realizable value in the financial statements. The cost of inventories is calculated using the weight average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Subsidiaries

The subsidiaries which the Company is holding for control are measured under the equity method in the financial statement. Under the equity method, the net income, other comprehensive income and equity in the financial statement are equivalent to the net income, other comprehensive income and equity which are attributable to the owners of the parent company in the financial statement.

The changes in ownership of the subsidiaries are recognized as an equity transaction.

(9) Property, plant, and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent costs

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, except for land.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

- | | |
|--------------------------------|------------------|
| (a) Buildings and structures | 2 years~50 years |
| (b) Machinery and equipment | 2 years~12 years |
| (c) Office and other equipment | 2 years~12 years |

Depreciation methods, useful lives and residual values, are reviewed at each reporting date and adjusted if appropriate.

(10) Lease

At the inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for some time in exchange for consideration.

A. As a lessee

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (a) Fixed payments, including in-substance fixed payments;
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) Amounts expected to be payable under a residual value guarantee; and
- (d) Payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) There is a change in future lease payments arising from the change in an index or rate; or
- (b) There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or (c) Amounts expected to be payable under a residual value guarantee;
- (c) There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- (d) There is a change of its assessment on whether it will exercise an extension or termination option; or
- (e) There is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as separate line items respectively in the Balance Sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of staff dormitories, warehouses, parts of the transportation and other equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

(11) Intangible assets

A. Recognition and measurement

Intangible assets, including computer software, that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(12) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

For non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

(13) Revenue recognition

Revenue from contracts with customers

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

A. Sale of goods—Electronic components

The Company manufactures and sells electronic components to customers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to a specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products under the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often recognizes revenue based on the total amount if the sale according to aggregate sales of electronic components is over a 6-month period and had a discount agreement previously or its highly possible to have sales discounts in marketing experience. The Company evaluates the amount of discounts on the day of the occurrence of that fact or the date of the balance sheet, offsets sales revenue or recognizes sales allowance, and recognizes the revenue only to the extent that it is highly probable that a significant reversal will not occur. As of the reporting date, the expecting amount paid to customers relating to the unit price discounts and defects of the product is recognized as refund liabilities.

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

B. Financing components

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

(14) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

cash refund or a reduction in future payments is available.

B. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(15) Share-based payment transaction

The equity-settled share-based payment agreement recognizes an expense and increases the relative equity over the vesting period of the award based on the fair value of the award on the vesting date. The expense recognized is adjusted for the number of awards that are expected to meet the service condition and the non-market vesting condition. The final amount recognized is based on the number of awards that meet the service conditions and non-marketable vesting conditions on the vesting date.

Non-vested conditions relating to share-based benefit awards are reflected in the measurement of the fair value of the share-based benefit awards at the vesting date and no adjustment is required to be made to verify the difference between the expected and actual results.

The amount of the fair value of the share appreciation rights payable to employees in cash settlements is recognized as an expense and an increase in the corresponding liability in the period in which the employees reach the point where they can receive unconditional compensation. The liability is remeasured at the fair value of the share appreciation rights at each reporting date and settlement date, and any change is recognized as profit or loss.

The share-based vesting date of the Company, such as the date of transfer of treasury shares to employees, is the date on which the Board of Directors approves the transfer of treasury shares to employees.

(16) Income taxes

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

It is measured using tax rates enacted or substantively enacted at the reporting date. Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- A. Temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. Taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (a) The same taxable entity; or
 - (b) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(17) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

The Company's potentially dilutive ordinary shares include employee compensation.

(18) Segment information

The operating segment information is disclosed in the Company's consolidated financial statements; therefore, the Company does not disclose segment information in parent company only financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to the net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(5) for further description of the valuation of inventories.

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6. STATEMENTS OF MAJOR ACCOUNTING ITEMS

(1) Cash and cash equivalents

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Cash in hand | \$ 100 | 100 |
| Cash in banks | | |
| Demand deposits | 2,667,916 | 1,929,692 |
| Time deposits | - | 1,290,000 |
| Cash and cash equivalents in statement of cash flows | <u>\$ 2,668,016</u> | <u>3,219,792</u> |

Please refer to Note 6(23) for the disclosure of credit, interest, currency risks and sensitivity analysis of the financial instruments of the Company.

The Company's cash and cash equivalents have not been pledged as collateral. Cash and cash equivalents are expressed not pledged.

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

A. Details were as follows:

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Financial assets measured at fair value through profit or loss: | | |
| Derivative instruments not used for hedging | <u>\$ 399</u> | <u>1,409</u> |
| Financial liability measured at fair value through profit or loss: | | |
| Derivative instruments not used for hedging | <u>\$ 40</u> | <u>1,589</u> |

Please refer to Note 6(23) for the disclosure of the Company's fair value of financial instruments, credit and currency risks related to financial instruments.

B. Derivative financial instruments not designated as hedging instruments

The Company uses derivative financial instruments to hedge the certain foreign exchange risk the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as held for trading financial instruments:

Forward exchange contracts:

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| December 31, 2021 | | | | |
|------------------------------------|---------------|-----------------------------------|------------|----------------|
| | Book value | Notional amount (In Thousands) | Currency | Maturity dates |
| <u>Derivative financial assets</u> | | | | |
| Forward exchange sold | \$ <u>399</u> | USD 5,000 | USD to NTD | Jan. 07, 2022 |

Derivative financial liabilities

| | | | | |
|-----------------------|--------------|-----------|------------|---------------|
| Forward exchange sold | \$ <u>40</u> | USD 2,000 | USD to NTD | Jan. 07, 2022 |
|-----------------------|--------------|-----------|------------|---------------|

| December 31, 2020 | | | | |
|------------------------------------|-----------------|-----------------------------------|------------|--------------------------|
| | Book value | Notional amount (In Thousands) | Currency | Maturity dates |
| <u>Derivative financial assets</u> | | | | |
| Forward exchange sold | \$ <u>1,409</u> | USD 7,000 | USD to NTD | Jan.8, 2021~Mar.10, 2021 |

Derivative financial liabilities

| | | | | |
|-----------------------|-----------------|-----------|------------|--------------------------|
| Forward exchange sold | \$ <u>1,589</u> | USD 8,000 | USD to NTD | Jan.8, 2021~Mar.10, 2021 |
|-----------------------|-----------------|-----------|------------|--------------------------|

(3) Notes and accounts receivable

| | December 31, 2021 | December 31, 2020 |
|----------------------|----------------------|----------------------|
| Notes receivable | \$ 3,279 | - |
| Accounts receivable | 8,672,688 | 7,047,109 |
| Less: Loss allowance | (157,998) | (125,623) |
| Total | <u>\$ 8,517,969</u> | <u>6,921,486</u> |

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses for notes and accounts receivable were determined as follows:

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| | December 31, 2021 | | |
|------------------------|----------------------------------|---------------------------------------|---|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| Not yet due | \$ 8,517,361 | 0.00%~17.53% | 94,171 |
| Overdue within 30 days | 125,300 | 0.00%~100.00% | 30,552 |
| Overdue 31-90 days | 33,304 | 0.00%~100.00% | 33,273 |
| Overdue above 91 days | <u>2</u> | 100.00% | <u>2</u> |
| | <u>\$ 8,675,967</u> | | <u>157,998</u> |

| | December 31, 2020 | | |
|------------------------|----------------------------------|---------------------------------------|---|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| Not yet due | \$ 7,012,769 | 0.00%~15.72% | 106,286 |
| Overdue within 30 days | 19,371 | 0.00%~100.00% | 4,515 |
| Overdue 31-90 days | 2,692 | 11.75%~100.00% | 2,545 |
| Overdue above 91 days | <u>12,277</u> | 100.00% | <u>12,277</u> |
| | <u>\$ 7,047,109</u> | | <u>125,623</u> |

The movement in the loss allowance for notes and accounts receivable was as follows:

| | 2021 | 2020 |
|---|--------------------------|-----------------------|
| Balance, beginning of year | \$ 125,623 | 258,611 |
| Impairment losses (reversed) recognized | 36,292 | (74,942) |
| Amounts written off | <u>(3,917)</u> | <u>(58,046)</u> |
| Balance, end of year | <u>\$ 157,998</u> | <u>125,623</u> |

Please refer to 6(23) for the credit and the currency risks of the Company's accounts receivables.

The Company's notes and accounts receivable have not been pledged as collateral.

(4) Other receivables

| | December 31, 2021 | December 31, 2020 |
|----------------------|------------------------------|------------------------------|
| Other receivables | \$ 84,065 | 55,082 |
| Less: Loss allowance | <u>(4,674)</u> | <u>(4,674)</u> |
| Total | <u>\$ 79,391</u> | <u>50,408</u> |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.**Notes to Parent Company Only Financial Statements**

As of December 31, 2021 and 2020, the Company assessed that no other receivables were overdue. For further credit and currency risk information, please refer to note 6(23).

The Company's other receivables have not been pledged as collateral.

(5) Inventories

| | December 31, 2021 | December 31, 2020 |
|----------------------------|------------------------------|------------------------------|
| Finished goods | \$ 432,537 | 397,783 |
| Work in progress | 154,946 | 146,344 |
| Raw materials and supplies | 38,814 | 23,660 |
| Total | <u>\$ 626,297</u> | <u>567,787</u> |

The details of the cost of sales of the Company were as follows:

| | 2021 | 2020 |
|---------------------------------|-----------------------------|--------------------------|
| Cost of goods sold | \$ 19,512,146 | 16,931,753 |
| Inventory scrap loss | 19,652 | 17,967 |
| Write down of inventories | 13,917 | 29,469 |
| Revenue from the sale of scraps | (78,417) | (57,516) |
| Total | <u>\$ 19,467,298</u> | <u>16,921,673</u> |

The Company's inventories have not been pledged as collateral.

(6) Investments accounted for using the equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date was as follows:

| | December 31, 2021 | December 31, 2020 |
|------------|------------------------------|------------------------------|
| Subsidiary | <u>\$ 16,696,115</u> | <u>16,138,210</u> |

For information on subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2021.

The Company did not provide any investment accounted for using the equity method as collateral for its loans.

(7) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant, and equipment of the Company were as follows:

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

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| | Land | Buildings and structures | Machinery equipment | Other equipment | Construction in progress and equipment to be inspected | Total |
|--|-------------------|-----------------------------|------------------------|--------------------|--|------------------|
| Cost or deemed cost: | | | | | | |
| Balance on January 1, 2021 | \$ 202,597 | 379,245 | 804,178 | 104,049 | 30,180 | 1,520,249 |
| Additions | - | 152,554 | 239,868 | 2,818 | 1,098 | 396,338 |
| Disposal | - | (629) | (48,111) | (235) | - | (48,975) |
| Transfer (out) in | - | 30,180 | 1,801 | - | (30,180) | 1,801 |
| Balance on December 31, 2021 | <u>\$ 202,597</u> | <u>561,350</u> | <u>997,736</u> | <u>106,632</u> | <u>1,098</u> | <u>1,869,413</u> |
| | | | | | | |
| Balance on January 1, 2020 | \$ 202,597 | 361,225 | 820,021 | 99,916 | - | 1,483,759 |
| Additions | - | 18,789 | 31,210 | 4,686 | 30,180 | 84,865 |
| Disposal | - | (3,397) | (47,953) | (553) | - | (51,903) |
| Transfer (out) in | - | 2,628 | 900 | - | - | 3,528 |
| Balance on December 31, 2020 | <u>\$ 202,597</u> | <u>379,245</u> | <u>804,178</u> | <u>104,049</u> | <u>30,180</u> | <u>1,520,249</u> |
| Accumulated depreciation and impairment loss: | | | | | | |
| Balance on January 1, 2021 | \$ - | 268,967 | 625,880 | 86,157 | - | 981,004 |
| Depreciation | - | 6,325 | 38,983 | 2,962 | - | 48,270 |
| Disposal | - | (629) | (46,569) | (235) | - | (47,433) |
| Balance on December 31, 2021 | <u>\$ -</u> | <u>274,663</u> | <u>618,294</u> | <u>88,884</u> | <u>-</u> | <u>981,841</u> |
| Balance on January 1, 2020 | \$ - | 266,775 | 604,977 | 83,824 | - | 955,576 |
| Depreciation | - | 5,589 | 43,648 | 2,886 | - | 52,123 |
| Disposal | - | (3,397) | (22,745) | (553) | - | (26,695) |
| Balance on December 31, 2020 | <u>\$ -</u> | <u>268,967</u> | <u>625,880</u> | <u>86,157</u> | <u>-</u> | <u>981,004</u> |
| Book value | | | | | | |
| December 31, 2021 | <u>\$202,597</u> | <u>286,687</u> | <u>379,442</u> | <u>17,748</u> | <u>1,098</u> | <u>887,572</u> |
| January 1, 2020 | <u>\$202,597</u> | <u>94,450</u> | <u>215,044</u> | <u>16,092</u> | <u>-</u> | <u>528,183</u> |
| December 31, 2020 | <u>\$202,597</u> | <u>110,278</u> | <u>178,298</u> | <u>17,892</u> | <u>30,180</u> | <u>539,245</u> |

The Company's property, plant and equipment have not been pledged as collateral.

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(8) Right-of-use assets

The cost and depreciation of the leasing transportation equipment of the Company were as follows:

| | Transportation equipment |
|------------------------------|-------------------------------------|
| Cost: | |
| Balance on January 1, 2021 | \$ 53,171 |
| Additions | 20,553 |
| Disposal | <u>(7,270)</u> |
| Balance on December 31, 2021 | <u>\$ 66,454</u> |
| Balance on January 1, 2020 | \$ 27,128 |
| Additions | 33,326 |
| Disposal | <u>(7,283)</u> |
| Balance on December 31, 2020 | <u>\$ 53,171</u> |
| Accumulated depreciation: | |
| Balance on January 1, 2021 | \$ 19,126 |
| Depreciation | 19,922 |
| Disposal | <u>(7,270)</u> |
| Balance on December 31, 2021 | <u>\$ 31,778</u> |
| Balance on January 1, 2020 | \$ 9,669 |
| Depreciation | 16,639 |
| Disposal | <u>(7,182)</u> |
| Balance on December 31, 2020 | <u>\$ 19,126</u> |
| Book value | |
| December 31, 2021 | <u>\$ 34,676</u> |
| December 31, 2020 | <u>\$ 34,045</u> |

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Notes to Parent Company Only Financial Statements

(9) Other current assets, financial assets - non-current and other non-current assets

| | December 31, 2021 | December 31, 2020 |
|-------------------------------------|------------------------------|------------------------------|
| Other financial assets, current | \$ 74,296 | 136,369 |
| Other financial assets, non-current | 10,037 | 10,037 |
| Other current assets | 32,447 | 19,604 |
| Other non-current assets | 8,852 | 11,003 |
| Total | <u>\$ 125,632</u> | <u>177,013</u> |

Other financial assets are refundable deposits and restricted bank deposits.

Other current and non-current assets are intangible assets, prepayments and others.

(10) Short-term debts

| | December 31, 2021 | December 31, 2020 |
|--------------------------------|------------------------------|------------------------------|
| Unsecured bank loans | <u>\$ 4,810,138</u> | <u>1,908,160</u> |
| Unused short-term credit lines | <u>\$ 5,284,251</u> | <u>4,558,800</u> |
| Interest Rates | <u>0.63%~0.91%</u> | <u>0.63%~0.70%</u> |

The Company did not provide any asset as collateral for its short-term debts.

(11) Short-term notes and bills payable

| | December 31, 2021 | |
|---|---|--------------------------|
| | Guarantors | Interest Rates |
| | | Amount |
| Commercial promissory notes payable | China Bills Finance Corporation and Dah Chung Bills Finance Corporation | 0.93%~0.94% \$ 180,000 |
| Less: Short-term notes and bills payable discount | | (111) |
| Total | | <u>\$ 179,889</u> |

The Company did not provide any asset as collateral for its short-term notes and bills payable.

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(12) Refund liabilities, current

| | December 31, 2021 | December 31, 2020 |
|-----------------------------|----------------------|----------------------|
| Refund liabilities, current | <u>\$ 364,328</u> | <u>314,542</u> |

Refund liability is mainly due to the characteristics of the industry in which the sales of electronic components may generate a sales discount due to product defects or price drops, which are expected to be paid to customers.

(13) Long-term debts

| December 31, 2021 | | | | |
|-------------------------------|--------------------|----------------|------------------------------------|-------------------|
| | Currency | Interest Rates | Period | Amount |
| Unsecured bank loans | New Taiwan Dollars | 1.11%~1.21% | July 1, 2024 ~ October 20, 2025 | \$ 1,170,352 |
| Less: Current portion | | | | (395,753) |
| Total | | | | <u>\$ 774,599</u> |
| Unused long-term credit lines | | | | <u>\$ 150,000</u> |

| Dec. 31, 2020 | | | | |
|-------------------------------|--------------------|----------------|--|---------------------|
| | Currency | Interest Rates | Period | Amount |
| Unsecured bank loans | New Taiwan Dollars | 1.11%~1.41% | February 2, 2021~ December 25, 2025 | \$ 5,523,661 |
| Less: Current portion | | | | (1,273,214) |
| Total | | | | <u>\$ 4,250,447</u> |
| Unused long-term credit lines | | | | <u>\$ -</u> |

The Company did not provide any asset as collateral for its bank borrowings.

For information on the risk of exposure to interest rates, exchange rates and liquidity risks of the Company, please see Note 6(23).

(14) Lease liabilities

The Company lease liabilities were as follows:

| | December 31, 2021 | December 31, 2020 |
|-------------|----------------------|----------------------|
| Current | <u>\$ 20,302</u> | <u>17,483</u> |
| Non-current | <u>\$ 14,630</u> | <u>16,782</u> |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.**Notes to Parent Company Only Financial Statements**

For the maturity analysis, please refer to Note 6(23).

The amounts recognized in profit or loss were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|-----------------|--------------|
| Interest on lease liabilities | <u>\$ 472</u> | <u>478</u> |
| Expenses relating to short-term leases | <u>\$ 2,771</u> | <u>1,615</u> |
| Expenses relating to leases of low-value assets, excluding short term leases of low-value assets | <u>\$ 420</u> | <u>410</u> |

The amounts recognized in the statement of cash flows for the Company were as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|------------------|---------------|
| Total cash outflow for leases | <u>\$ 23,549</u> | <u>19,010</u> |

The Company leases transportation equipment with lease terms of three years.

In addition, the lease period of the employee dormitory, warehouse, and parts of the transportation equipment and other equipment of the Company is one to three years. These leases are short-term or low-value leases. The Company chooses to apply the exemption requirements and not recognize its related right of use assets and lease liabilities.

(15) Employee benefits

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance under the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company's pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to NTD 11,961,000 and NTD 13,265,000 for the years ended December 31, 2021 and 2010, respectively.

(16) Income taxes

A. Income tax expense

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|----------------|--------------|
| Current income tax expense | | |
| Arising during the period | \$ 126,331 | - |
| Adjustments for the previous period | <u>-</u> | <u>6,617</u> |
| | <u>126,331</u> | <u>6,617</u> |

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| | 2021 | 2020 |
|---|--------------------------|-----------------------|
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 134,466 | 132,354 |
| Recognition of unrecognized tax losses from the previous period | (11,795) | - |
| Others | - | 12,910 |
| | <u>122,671</u> | <u>145,264</u> |
| Income tax expense | <u>\$ 249,002</u> | <u>151,881</u> |

Reconciliation of income tax and profit before tax for 2021 and 2020 were as follows:

| | 2021 | 2020 |
|--|--------------------------|-----------------------|
| Income before tax | <u>\$ 2,507,931</u> | <u>2,070,742</u> |
| Income tax using the Company's domestic tax rate | \$ 501,586 | 414,148 |
| Non-deductible expenses | 65 | 7 |
| Tax-exempt income | (259,873) | (79,559) |
| Tax incentives | - | 12,910 |
| Recognition of unrecognized tax losses from the previous period | (11,795) | - |
| Current year losses for which no deferred tax asset was recognized | - | 11,484 |
| Change in unrecognized temporary differences | (57,918) | (213,726) |
| Underestimation for the previous period | - | 6,617 |
| Undistributed earnings additional tax | 55,329 | - |
| Others | <u>21,608</u> | <u>-</u> |
| Total | <u>\$ 249,002</u> | <u>151,881</u> |

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

The Company entity can control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2021 and 2020. Also, Management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities. Details were as follows:

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Aggregate amount of temporary differences related to investments in subsidiaries | <u>\$ 1,054,683</u> | <u>1,255,859</u> |

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(b) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

| | December 31, 2021 | December 31, 2020 |
|--|------------------------------|------------------------------|
| Tax effect of deductible Temporary Differences | \$ 109,141 | 99,970 |
| The carryforward of unused tax losses | - | 11,484 |
| | <u>\$ 109,141</u> | <u>111,454</u> |

(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax liabilities were as follows:

| | Others |
|----------------------------------|--------------------------|
| Deferred Tax Liabilities: | |
| Balance on January 1, 2021 | \$ 132,484 |
| Recognized in profit or loss | <u>110,196</u> |
| Balance on December 31, 2021 | <u>\$ 242,680</u> |
| Balance on January 1, 2020 | \$ 130 |
| Recognized in profit or loss | <u>132,354</u> |
| Balance on December 31, 2020 | <u>\$ 132,484</u> |

C. Assessment of tax

The Company's tax returns through 2019 have been assessed and approved by the Tax Authority.

(17) Capital and other equity

A. Ordinary shares

As of December 31, 2021 and 2020, the authorized shares of 300,000,000, with a par value of \$10 per share, amounted to \$3,000,000,000, of which, 271,242,000 ordinary shares were issued. All issued shares were paid up upon issuance.

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B. Capital reserve

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Additional paid-in capital | \$ 2,384,724 | 2,384,724 |
| Differences between acquisition price and carrying amount arising from the acquisition of subsidiaries | 612,761 | 612,761 |
| Changes in ownership interests in subsidiaries | 114,641 | 114,641 |
| Conversion of treasury shares | 163,559 | - |
| Others | 6,906 | 6,906 |
| | <u>\$ 3,282,591</u> | <u>3,119,032</u> |

According to the R.O.C. Company Act, the capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on the issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus above par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed as new stacks according to the distribution plan or shares newly issued proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

If the Company distributes dividend bonus, legal reserve, special reserve, or part/whole of the capital surplus by cash payment, two of the three authorized board members must be present during the meeting, and half of the attendees' approval must be obtained before reporting the agreed appropriation at the shareholders' meeting.

To consider stable development and complete financial structure, the Company's surplus distribution shall be no less than 10% of the distributable surplus, minus the previous year's surplus. However, if the distributable surplus, minus the previous year's surplus, is less than the percentage of paid-in capital, the Company may decide to transfer all of the retained surplus to unappropriated retained earnings.

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When distributing surplus, cash dividend shall not be less than 10% of the total dividend.

(a) Legal reserve

When a company incurs no loss, it may, according to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

When the Company distributes the distributable surplus, the net deduction of other shareholders' equity in the current year is reported, and the special surplus reserve is made up of the current profit and loss and the undistributed surplus in the previous period; it is the deduction of other shareholders' equity accumulated in the previous period's amount, from the undistributed surplus of the previous period, the special surplus reserve shall not be distributed. When the deduction amount of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.

(c) Earnings Distribution

The earnings distribution for 2020 and 2019 had been approved during the board's meeting and shareholder's meeting on April 20, 2021 and April 23, 2020, respectively.

The relevant dividend distributions to shareholders were as follows:

| | 2020 | | 2019 | |
|---|--------------------------------|----------------|--------------------------------|----------------|
| | Dividend per share (NTD) | Amount | Dividend per share (NTD) | Amount |
| Dividends distributed to ordinary shareholders | | | | |
| Cash | \$ 3.50 | <u>914,349</u> | 2.55 | <u>665,301</u> |

D. Treasury shares

A resolution was approved during the board meeting held on May 7, 2018 for the issuance of employee stock options between May 8 and July 7, 2018, following the requirements of section 28(2) of the Securities and Exchange Act, resulting in the Company to buy back 2,100,000 of its treasury shares. All related conversion procedures had been completed on May 19, 2020.

A resolution was approved during the board meeting held on March 23, 2020 for the issuance of employee stock options between March 25 and May 13, 2020, following the requirements of section 28(2) of the Securities and Exchange Act, resulting in the Company to buy back 10,000,000 of its treasury shares. In addition, 3,110,000 shares were transferred to employees on April 20, 2021 by resolution of the Board of Directors, and the transfer

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was completed on July 16, 2021. Please refer to Note 6(18) for details. The remaining 6,890,000 shares were transferred to employees on December 29, 2021 by resolution of the Board of Directors.

As of December 31, 2021, the total number of non-cancelled shares was 6,890,000 shares.

Following the provisions of the Securities and Exchange Act mentioned in the preceding paragraph, the proportion of shares purchased by the Company shall not exceed 10% of its total issued shares, and the total amount of shares purchased shall not exceed the Company's retained earnings, plus the premium on the issued shares and the realized amount of capital reserve. As of December 31, 2021, the number of stocks bought back by the Company and the amount of repurchased shares met all the requirements.

Treasury shares held by the Company shall not be pledged under the provisions of the Securities and Exchange Act and shall not enjoy shareholder rights before being transferred.

E. Other equity

The items listed under other equity are Exchange Differences on Translation of Foreign Financial Statements and the accumulated amount of unrealized gains and losses of financial assets at fair value through other comprehensive gains and losses.

(18) Share-based payment

As of December 31, 2021, the Company had the following two share-based payment transactions:

| | Equity-Settlement | |
|-------------------------|---|---|
| | Transfer of treasury stocks to employees | Transfer of treasury stocks to employees |
| Vesting date | April 20, 2021 | December 29, 2021 |
| Quantity made available | 3,110,000 shares | 6,890,000 shares |
| Vesting condition | Instantly vested | Instantly vested |

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A. Fair value measurement parameters on the vesting date

The Company's subsidiaries used the Black Scholes option pricing model to estimate the fair value of share-based payment on the vesting date, and the input value of this model was as follows:

| | 2021 | |
|------------------------------|---|---|
| | Transfer of treasury stocks to employees | Transfer of treasury stocks to employees |
| Fair value on vesting date | 18.70 | 15.30 |
| Stock value on vesting date | 52.70 | 48.40 |
| Striking price | 32.80 | 32.80 |
| Volatility forecasting (%) | 28.25% | 23.56% |
| Share option lifetime (days) | 87 days | 29 days |
| Risk-free interest rate (%) | 0.12% | 0.27% |

B. Related information on the transfer of treasury stocks to employees

| | 2021 | |
|---|--|---|
| | Weighted average exercise price (NTD) | Share option quantity (000's shares) |
| Number of shares waiting to be transferred on January 1 | \$ 32.80 | 10,000 |
| Number of current period executions | 32.80 | (3,110) |
| Number of shares waiting to be transferred on December 31 | - | 6,890 |

C. Staff expenses

| | 2021 |
|--|-------------------|
| Expenses arising from the transfer of treasury stocks to employees | \$ 163,574 |

(19) Earnings per share

| | 2021 | 2020 |
|---|---------------------|------------------|
| Basic earnings per share | | |
| Profit attributable to ordinary shareholders of the Company | \$ 2,258,929 | 1,918,861 |
| Weighted average number of ordinary shares (In Thousands) | 262,682 | 263,562 |
| Basic earnings per share (NTD) | \$ 8.60 | 7.28 |

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| | <u>2021</u> | <u>2020</u> |
|--|----------------------------|-------------------------|
| Diluted earnings per share | | |
| Profit attributable to ordinary shareholders of the Company | <u><u>\$ 2,258,929</u></u> | <u><u>1,918,861</u></u> |
| Effect of dilutive potential ordinary shares | | |
| Weighted average number of ordinary shares (In Thousands) | 262,682 | 263,562 |
| Effect of dilutive potential ordinary shares | | |
| — Effect of employee share bonus | <u>10,961</u> | <u>10,382</u> |
| Effect of conversion of convertible bonds (In Thousands) (diluted) | <u><u>273,643</u></u> | <u><u>273,944</u></u> |
| Diluted earnings per share (NTD) | <u><u>\$ 8.26</u></u> | <u><u>7.00</u></u> |

(20) Revenue from contracts with customers

A. Details of revenue

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|-----------------------------|--------------------------|
| Primary geographical markets: | | |
| China | \$ 12,468,633 | 11,025,610 |
| Singapore | 3,178,253 | 2,035,324 |
| Taiwan | 2,919,172 | 2,708,581 |
| Others | <u>2,561,895</u> | <u>2,225,539</u> |
| | <u><u>\$ 21,127,953</u></u> | <u><u>17,995,054</u></u> |
| Major products/services lines | | |
| Printed circuit boards | \$ 20,948,297 | 17,931,688 |
| Processing fees revenue and others | <u>179,656</u> | <u>63,366</u> |
| | <u><u>\$ 21,127,953</u></u> | <u><u>17,995,054</u></u> |

B. Contract balances

| | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>Jan. 1, 2020</u> |
|-------------------------------|------------------------------|------------------------------|-------------------------|
| Notes and accounts receivable | \$ 8,675,967 | 7,047,109 | 6,332,140 |
| Less: Loss allowance | <u>(157,998)</u> | <u>(125,623)</u> | <u>(258,611)</u> |
| Total | <u><u>\$ 8,517,969</u></u> | <u><u>6,921,486</u></u> | <u><u>6,073,529</u></u> |

For details on notes and accounts receivable and allowance for impairment, please refer to Note 6(3).

For refund liabilities disclosure please refer to Note 6(12).

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(21) Employee compensation and directors' remuneration

Following the Articles of Incorporation, the Company should contribute 5% to 15% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits (including adjustments to the amount of undistributed surplus), the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The estimated amount of remuneration for the Company's employees and directors is as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------|--------------------------|-----------------------|
| Employees' remuneration | \$ 458,768 | 378,794 |
| Directors' remuneration | <u>91,754</u> | <u>75,759</u> |
| | <u>\$ 550,522</u> | <u>454,553</u> |

The estimated amounts mentioned above are calculated based on the income before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors and as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available on the Market Observation Post System website.

The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2021 and 2020.

(22) Non-operating income and expenses

A. Interest income

The details of interest income were as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------------|------------------------|---------------------|
| Interest income | \$ 2,444 | 4,372 |
| Other interest income | <u>62</u> | <u>52</u> |
| | <u>\$ 2,506</u> | <u>4,424</u> |

B. Other income

The details of other income were as follows:

| | <u>2021</u> | <u>2020</u> |
|--------|----------------------|----------------------|
| Others | <u>\$ 421</u> | <u>24,832</u> |

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C. Other gains and losses

The details of other gains and losses were as follows:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------------|------------------------|
| Foreign exchange gains (losses) | \$ (18,013) | (55,168) |
| Net gains (losses) on financial assets (liabilities) at fair value through profit or loss | (46) | 21,335 |
| Net gains on disposal of property, plant and equipment | 2,724 | 6,407 |
| Losses on disposal of investments | (33,463) | - |
| Others | (3,104) | (2,316) |
| | <u><u>\$ (51,902)</u></u> | <u><u>(29,742)</u></u> |

D. Finance costs

The details of finance costs were as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|-------------------------|----------------------|
| Interest on bank loans | \$ 65,301 | 95,459 |
| Interest on lease liabilities | 472 | 478 |
| | <u><u>\$ 65,773</u></u> | <u><u>95,937</u></u> |

(23) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The customers of the Company are concentrated in a broad customer base, and there is no significant concentration of transactions with a single customer, and the sales area is dispersed, so the credit risk of accounts receivable is not likely to be significantly concentrated. To reduce credit risk, the Company also regularly and continuously assesses the financial status of its customers, but usually does not require customers to provide collateral.

(c) Credit risk of receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to Note 6(3).

Other financial assets at amortized cost include cash and cash equivalents and other receivables, please refer to Notes 6(1) and 6(4).

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All these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months of expected credit losses. The fixed deposit certificates held by the Company, the transaction counterparty, and the performing party are financial institutions with investment grades and above, so the credit risk is deemed to be low.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

| | <u>Carrying amount</u> | <u>Contractual cash flows</u> | <u>Within 6 months</u> | <u>6-12 months</u> | <u>1~2 years</u> | <u>2~5 years</u> |
|--------------------------------------|----------------------------|-----------------------------------|----------------------------|------------------------|------------------|------------------|
| December 31, 2021 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | \$ 5,980,490 | 6,009,708 | 5,023,712 | 202,851 | 402,195 | 380,950 |
| Short-term notes and bills payable | 179,889 | 180,000 | 180,000 | - | - | - |
| Notes and accounts payable | 6,846,205 | 6,846,205 | 6,846,205 | - | - | - |
| Other payables | 1,794,181 | 1,794,181 | 1,793,968 | 213 | - | - |
| Lease liabilities | 34,932 | 35,397 | 10,786 | 9,662 | 10,708 | 4,241 |
| Derivative financial liabilities | | | | | | |
| Others forward exchange contracts: | | | | | | |
| Outflow | (359) | 193,830 | 193,830 | - | - | - |
| Inflow | - | (194,189) | (194,189) | - | - | - |
| | <u>\$ 14,835,338</u> | <u>14,865,132</u> | <u>13,854,312</u> | <u>212,726</u> | <u>412,903</u> | <u>385,191</u> |
| December 31, 2020 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans | \$ 7,431,821 | 7,554,818 | 2,556,526 | 684,073 | 1,736,722 | 2,577,497 |
| Notes and accounts payable | 5,785,710 | 5,785,710 | 5,785,710 | - | - | - |
| Other payables | 1,407,747 | 1,407,747 | 1,407,453 | 294 | - | - |
| Lease liabilities | 34,265 | 34,807 | 9,185 | 8,432 | 13,465 | 3,725 |
| Derivative financial liabilities | | | | | | |
| Others forward exchange contracts: | | | | | | |
| Outflow | 180 | 425,108 | 425,108 | - | - | - |
| Inflow | - | (424,928) | (424,928) | - | - | - |
| | <u>\$ 14,659,723</u> | <u>14,783,262</u> | <u>9,759,054</u> | <u>692,799</u> | <u>1,750,187</u> | <u>2,581,222</u> |

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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C. Currency risks

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

| | | December 31, 2021 | | | December 31, 2020 | | |
|------------------------------|----|---------------------|------------------|--------------------------|---------------------|------------------|--------------------------|
| | | Foreign Currency | Exchange Rate | New Taiwan Dollars | Foreign Currency | Exchange Rate | New Taiwan Dollars |
| <u>Financial assets</u> | | | | | | | |
| <u>Monetary items</u> | | | | | | | |
| USD | \$ | 355,065 | 27.68 | 9,828,205 | 283,307 | 28.48 | 8,068,581 |
| CNY | | 7,789 | 4.34 | 33,837 | 10,018 | 4.38 | 43,850 |
| <u>Financial liabilities</u> | | | | | | | |
| <u>Monetary items</u> | | | | | | | |
| USD | | 332,910 | 27.68 | 9,214,949 | 262,050 | 28.48 | 7,463,170 |
| JPY | | 1,490 | 0.24 | 358 | 1,490 | 0.28 | 412 |

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings; and notes and accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the NTD against each transaction currencies currency on December 31, 2021 and 2020 would have increased (decreased) the net income by \$25,869,000 and \$25,954,000. The analysis in 2021 is performed on the same basis for 2020.

(c) Foreign exchange gain and loss on monetary items

The exchange gains and losses of the Company's monetary items (including realized and unrealized) converted into functional currency, and converted to the parent company's functional currency, New Taiwan dollar (that is, the Company's presentation currency), are as follows:

| | 2021 | | 2020 | |
|--------------------|-------------------------------|-----------------|-------------------------------|-----------------|
| | Exchange gains (losses) | Average Rate | Exchange gains (losses) | Average Rate |
| New Taiwan Dollars | \$ (18,013) | - | (55,168) | - |

D. Interest rate analysis

Please refer to the notes on liquidity risk management about the interest rate exposure of the Company's financial assets and liabilities.

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The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis assumes that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to Management internally, which also represents The Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased /decreased by 1 %, the Company's net income would have decreased /increased by \$27,940,000 in 2021 and \$44,017,000 in 2020 with all other variable factors remaining constant. Mainly due to group variable interest rate deposits and loans.

E. Fair value of financial instruments

(a) Fair value hierarchy

The fair value of financial assets and liabilities through profit or loss is measured regularly. The carrying amount and fair value of The Company's financial assets and liabilities, including the information on the fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, for equity investments that have no quoted prices in the active markets and whose fair value cannot be reliably measured, and lease liabilities, for which disclosure of fair value information is not required.

| | Net carrying amount as of: | December 31, 2021 | | | |
|---|-------------------------------|-------------------|------------|----------|------------|
| | | Fair Value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair value through profit or loss | \$ 399 | - | 399 | - | 399 |
| Financial assets measured at amortized cost | | | | | |
| Cash and cash equivalents | 2,668,016 | - | - | - | - |
| Notes and accounts receivable | 8,517,969 | - | - | - | - |
| Other receivables | 79,391 | - | - | - | - |
| Restricted assets | 74,091 | - | - | - | - |
| Refundable deposits | 10,242 | - | - | - | - |
| Subtotal | 11,349,709 | - | - | - | - |
| Total | \$ 11,350,108 | - | 399 | - | 399 |

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| | Net carrying amount as of: | December 31, 2021 | | | |
|---|----------------------------------|-------------------|--------------|----------|--------------|
| | | Fair Value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial liability at fair value | \$ 40 | - | 40 | - | 40 |
| through profit or loss | | | | | |
| Financial liabilities at amortized | | | | | |
| cost | | | | | |
| Bank loan | 5,980,490 | - | - | - | - |
| Short-term notes and bills payable | 179,889 | - | - | - | - |
| Notes and accounts payable | 6,846,205 | - | - | - | - |
| Other payables | 1,794,181 | - | - | - | - |
| Lease liabilities | 34,932 | - | - | - | - |
| Subtotal | 14,835,697 | - | - | - | - |
| Total | \$ 14,835,737 | - | 40 | - | 40 |
| | | | | | |
| | Net carrying amount as of: | December 31, 2020 | | | |
| | | Fair Value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets measured at fair | \$ 1,409 | - | 1,409 | - | 1,409 |
| value through profit or loss | | | | | |
| Financial assets measured at | | | | | |
| amortized cost | | | | | |
| Cash and cash equivalents | 3,219,792 | - | - | - | - |
| Notes and accounts receivable | 6,921,486 | - | - | - | - |
| Other receivables | 50,408 | - | - | - | - |
| Restricted Assets | 136,164 | - | - | - | - |
| Refundable deposits | 10,242 | - | - | - | - |
| Subtotal | 10,338,092 | - | - | - | - |
| Total | \$ 10,339,501 | - | 1,409 | - | 1,409 |
| Financial liability at fair value | \$ 1,589 | - | 1,589 | - | 1,589 |
| through profit or loss | | | | | |

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| | December 31, 2020 | | | |
|--|----------------------|----------|--------------|----------|
| | Fair Value | | | |
| Financial liabilities at amortized cost | | | | |
| Bank loan | 7,431,821 | - | - | - |
| Notes and accounts payable | 5,785,710 | - | - | - |
| Other payables | 1,407,747 | - | - | - |
| Lease liabilities | 34,265 | - | - | - |
| Subtotal | 14,659,543 | - | - | - |
| Total | <u>\$ 14,661,132</u> | <u>-</u> | <u>1,589</u> | <u>-</u> |

(b) Fair value through profit or loss financial instrument-fair value evaluation technique

a. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial instruments is measured by using the market method and net asset value method if there is no public quotation in an active market. The market method refers to the recent fundraising activities of the investment target, or target with similar market transaction price and conditions; while the net asset value method's main assumption is based on the net value per share of the investee.

b. Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. The fair value of forwarding currency is usually determined by the forward currency exchange rate.

(c) Transfers between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2021 and no transfers in either direction in 2020.

(d) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions: None.

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(24) Financial risk management

A. Overview

The Company has exposure to the following risks from its financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the abovementioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the parent company only financial statements.

B. Structure of risk management

The Company's financial management department provides services for each business, coordinates the operation of entering domestic and international financial markets, as well as supervises and manages the financial risks related to the Company's operations through internal risk reports that analyze the level and range of risks that may occur. The use of derivative financial instruments is regulated by the policies adopted by the Board of Directors. Those policies are written principles for the exchange rate, interest rate, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of remaining liquid funds. The Audit Committee and the internal audit will regularly review the policies to limit risk exposures. The financial management department will regularly report to the Audit Committee and the Board. In addition, the Company does not trade financial instruments (including derivative financial instruments) for speculative purposes.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from cash and cash equivalents, financial instruments and the Company's receivables from customers.

(a) Accounts receivable and other receivables

The Company credit risk is affected by individual client circumstances.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the board; these limits are reviewed regularly.

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Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company does not require any collateral for accounts receivable and other receivables.

(b) Investments

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's counterparties and burden of contract parties are creditworthy banks, financial institutions and corporate organizations with investment grades, there are no materiality concerns, so there is no materiality credit risk.

(c) Guarantees

The Company's policy is to provide financial guarantees only to companies with business dealings, companies that directly and indirectly hold or hold more than 50% of the voting shares. As of December 31, 2021 and 2020, no other guarantees were outstanding.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount above expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2021 and 2020, The Company's unused credit line were amounted to \$5,634,251,000 and \$4,738,800,000 respectively.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect The Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

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The Company buys and sells derivatives, and also incurs financial liabilities, to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors.

(a) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities. Therefore, the group engages in derivative transactions to avoid exchange rate risks. The gains and losses of foreign currency assets and liabilities due to exchange rate changes will roughly offset the valuation gains and losses of derivatives. However, derivative transactions can help reduce the number of merged companies but still cannot completely rule out the impact of changes in foreign currency exchange rates.

The Company regularly reviews the risky positions of individual foreign currency assets and liabilities and hedges the risky positions. The main hedging tool used is forward foreign exchange contracts. The maturity dates of the forward foreign exchange contracts undertaken by the group are all shorter than six months and do not meet the requirements of hedging accounting.

(b) Interest rate risk

The Company's policy is to reduce the exposure of the risk changes in borrowing interest rates.

(25) Capital management

The Company's objectives for managing capital are to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

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The Company's capital management strategy in 2021 is consistent with the strategy in 2020. The Company's debt to capital ratios are as follows:

| | December 31, 2021 | December 31, 2020 |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities | \$ 15,593,505 | 15,116,307 |
| Less: Cash and cash equivalents | <u>(2,668,016)</u> | <u>(3,219,792)</u> |
| Net debt | 12,925,489 | 11,896,515 |
| Total equity | <u>14,042,562</u> | <u>12,533,316</u> |
| Total capital | <u>\$ 26,968,051</u> | <u>24,429,831</u> |
| Debt to equity ratio | <u>47.93%</u> | <u>48.70%</u> |

(26) Investing and financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

For obtaining the right of use asset by lease, please refer to Note 6(8).

Reconciliation of liabilities arising from financing activities was as follows:

| | January 1, 2021 | Cash flows | Non-cash changes Others | December 31, 2021 |
|---|----------------------------|---------------------------|--|------------------------------|
| Long-term debts | \$ 5,523,661 | (4,353,309) | - | 1,170,352 |
| Short-term debts | 1,908,160 | 2,901,978 | - | 4,810,138 |
| Lease liabilities | 34,265 | (19,886) | 20,553 | 34,932 |
| Short-term notes and bills payable | <u>-</u> | <u>179,889</u> | <u>-</u> | <u>179,889</u> |
| Total liabilities from financing activities | <u>\$ 7,466,086</u> | <u>(1,291,328)</u> | <u>20,553</u> | <u>6,195,311</u> |

| | Jan. 1, 2020 | Cash flows | Non-cash changes Others | December. 31, 2020 |
|---|----------------------------|-----------------------|--|-------------------------------|
| Long-term debts | \$ 3,806,250 | 1,717,411 | - | 5,523,661 |
| Short-term debts | 2,923,070 | (1,014,910) | - | 1,908,160 |
| Lease liabilities | <u>17,547</u> | <u>(16,507)</u> | <u>33,225</u> | <u>34,265</u> |
| Total liabilities from financing activities | <u>\$ 6,746,867</u> | <u>685,994</u> | <u>33,225</u> | <u>7,466,086</u> |

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

7. RELATED-PARTY TRANSACTIONS

(1) Related parties and relationship

The followings are entities that have had transactions with the related party during the periods covered in the parent company only financial statements.

| Name of related parties | Relationship with the Company |
|--|-------------------------------|
| TPT International Co., Ltd. (TPT) | Subsidiary of The Company |
| Chi Yao Ltd. (Chi Yao) | Subsidiary of The Company |
| T-Flex Techvest PCB Co., Ltd. (tht) | Subsidiary of The Company |
| tgt Techvest Co., Ltd. (tgt) | Subsidiary of The Company |
| T-Mac Techvest PCB Co., Ltd. (T-Mac) | Subsidiary of The Company |
| CATAC Electronic (Zhongshan) Co., Ltd. (tft) | Subsidiary of The Company |
| T Mac Techvest (Wuxi) PCB Co., Ltd. (tmt) | Subsidiary of The Company |
| Chi Chau Printed Circuit Board (Suining) Co., Ltd. (twf) | Subsidiary of The Company |
| Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. (tpts) | Subsidiary of The Company |
| Sinact Electronics Co., Ltd. (Sinact) | Subsidiary of The Company |
| Brilliant Star Holdings Ltd. (Brilliant Star) | Subsidiary of The Company |
| Chi Chau International Co., Ltd. (Chi Chau) | Subsidiary of The Company |
| Chi Chen Investment Co., Ltd. (Chi Chen) | Subsidiary of The Company |
| Chi Yang Investment Ltd. (Chi Yang) | Subsidiary of The Company |
| Chang Tai International Ltd. (Chang Tai) | Subsidiary of The Company |
| Yang An International (Samoa) Co., Ltd. (Yang An) | Subsidiary of The Company |
| Sinact (Hong Kong) International Company Limited (Sinact HK) | Subsidiary of The Company |
| Sin Siang (Xiamen) Technology Co., Ltd. (Sin Siang) | Subsidiary of The Company |
| Chi Chau (Thailand) Co., Ltd. (CCT) | Subsidiary of The Company |

(2) Significant transactions with the related parties

A. Operating Revenue

The amounts of significant sales (including processing fees revenue) by the Company to related parties were as follows:

| | 2021 | 2020 |
|------------|------------|--------|
| Subsidiary | \$ 101,441 | 82,128 |

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.**Notes to Parent Company Only Financial Statements**

The pricing of purchase transactions with related parties was not comparable with those offered by general clients. The payment terms for general clients are ranged from Net 30 days from the end of the month of when the invoice is issued to Net 180 days from the end of the month of when the invoice is issued, and the payment terms for related parties are ranged from Net 90 days from the end of the month of when invoice is issued to Net 150 days from the end of the month of when the invoice is issued.

B. Purchases

The amounts of significant purchases (including processing costs) by the Company from related parties were as follows:

| | 2021 | 2020 |
|--------------------|-----------------------------|--------------------------|
| Subsidiary — twt | \$ 3,957,988 | 3,144,850 |
| Subsidiary — tpts | - | (3,330) |
| Subsidiary — tft | 2,571,373 | 2,249,893 |
| Subsidiary — tmt | 9,302,901 | 8,599,286 |
| Other subsidiaries | 596,330 | 533,846 |
| | <u>\$ 16,428,592</u> | <u>14,524,545</u> |

The pricing of purchase transactions with related parties was not comparable with those offered by general clients. The payment terms for general clients are ranged from Net 30 days from the end of the month of when the invoice is issued to Net 150 days from the end of the month of when the invoice is issued, and the payment terms for related parties are ranged from Net 30 days from the end of the month of when invoice is issued to Net 90 days from the end of the month of when the invoice is issued.

The Company's transactions with its subsidiary act as agents, so the purchase and sales transactions are presented on a net basis.

C. Receivables from Related Parties

The receivables from related parties were as follows:

| Account | Relationship | December 31, 2021 | December 31, 2020 |
|---------------------|---------------------|------------------------------|------------------------------|
| Accounts receivable | Subsidiaries | \$ 46,093 | 156,423 |
| Other receivables | Subsidiary — tmt | 27,680 | 2,363 |
| Other receivables | Other subsidiaries | 5,971 | 864 |
| | | <u>\$ 79,744</u> | <u>159,650</u> |

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

D. Payables from Related Parties

The payables to related parties were as follows:

| Account | Relationship | December 31, 2021 | December 31, 2020 |
|------------------|---------------------|------------------------------|------------------------------|
| Accounts payable | Subsidiary – twt | \$ 1,542,723 | 1,012,959 |
| Accounts payable | Subsidiary – tft | 887,581 | 847,461 |
| Accounts payable | Subsidiary – tmt | 3,210,216 | 2,962,190 |
| Accounts payable | Other subsidiaries | 417,678 | 303,876 |
| Other payables | Subsidiary | 6,746 | 5,016 |
| | | \$ 6,064,944 | 5,131,502 |

E. Property transaction

(a) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties were summarized as follows:

| | 2021 | 2020 |
|--------------------|------------------|--------------|
| Subsidiary – tmt | \$ 9,568 | 317 |
| Other subsidiaries | 3,040 | 2,381 |
| | \$ 12,608 | 2,698 |

(b) Disposal of property, plant, and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

| Relationship | 2021 | | 2020 | |
|---------------------|---------------------------|--|---------------------------|--|
| | Disposal price | Gain (loss) from disposal | Disposal price | Gain (loss) from disposal |
| Subsidiary-tgt | \$ 1,615 | 73 | 631 | 50 |
| Other subsidiaries | - | - | 2,390 | 43 |
| | \$ 1,615 | 73 | 3,021 | 93 |

F. Others

| Relationship | Items | 2021 | 2020 |
|---------------------|--|-------------|-------------|
| Other subsidiaries | Temporary payments | \$ 4 | 4 |
| Other subsidiaries | Other income | 7 | 84 |
| Other subsidiaries | Miscellaneous purchase and mold costs | 1,280 | 2,880 |
| Other subsidiaries | Other expenses | 114 | 4 |
| Other subsidiaries | Labor fees | 68,131 | 11,076 |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

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During the year 2021, the Company participated in the Cash Capital Increase of its subsidiary - tgt Techvest Co., Ltd. by subscribing to 4,594,000 shares of stock at NTD10 per share for an investment amount of NTD45,943,000.

(3) Key management personnel compensation

Key management personnel comprised:

| | 2021 | 2020 |
|------------------------------|-------------------|----------------|
| Short-term employee benefits | \$ 566,506 | 424,606 |
| Post-employment benefits | 954 | 1,043 |
| | <u>\$ 567,460</u> | <u>425,649</u> |

8. PLEDGED ASSETS

The carrying values of pledged assets were as follows:

| Pledged assets | Objects | December 31, 2021 | December 31, 2020 |
|--|--|----------------------|----------------------|
| Restricted Assets (classified under other current assets) | Remittance to the earnings according to the special law | \$ 74,091 | 136,164 |
| Refundable deposits (classified under other current assets and other non-current financial assets) | Lease plant and official vehicle deposit etc. | 10,242 | 10,242 |
| | | <u>\$ 84,333</u> | <u>146,406</u> |

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Company's outstanding standby letter of credit was as follows:

| | December 31, 2021 | December 31, 2020 |
|-----|----------------------|----------------------|
| USD | \$ 750 | - |
| JPY | 23,165 | - |

10. LOSSES DUE TO MAJOR DISASTERS: None

11. SIGNIFICANT SUBSEQUENT EVENTS: None

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

12. OTHERS

- (1) A summary of current period employee benefits, depreciation, and amortization, by function, is as follows:

| By function By nature | 2021 | | | 2020 | | |
|----------------------------|---------------|--------------------|-----------|---------------|--------------------|---------|
| | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total |
| Employee benefits | | | | | | |
| Salaries | 696,165 | 619,208 | 1,315,373 | 597,835 | 401,596 | 999,431 |
| Labor and health insurance | 33,469 | 7,967 | 41,436 | 28,514 | 7,707 | 36,221 |
| Pension | 9,328 | 2,633 | 11,961 | 9,480 | 3,785 | 13,265 |
| Remuneration of directors | - | 93,395 | 93,395 | - | 77,152 | 77,152 |
| Other employee benefits | 36,373 | 3,558 | 39,931 | 30,353 | 4,686 | 35,039 |
| Depreciation | 48,050 | 20,142 | 68,192 | 52,138 | 16,624 | 68,762 |
| Amortization | - | 653 | 653 | - | 611 | 611 |

Additional information on the number of employees and employee benefits of the company in 2021 and 2020 were as follows:

| | 2021 | 2020 |
|--|-----------------|---------------|
| Number of employees | <u>396</u> | <u>416</u> |
| Number of directors who were not employees | <u>12</u> | <u>10</u> |
| Average employee benefit expense | <u>\$ 3,668</u> | <u>2,670</u> |
| Average employee salary | <u>\$ 3,425</u> | <u>2,462</u> |
| Average employee salary adjustment | <u>39.11%</u> | <u>38.31%</u> |
| Supervisor's remuneration | <u>\$ -</u> | <u>-</u> |

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

- A. If the Company has a surplus, it shall be distributed as remuneration to directors under the Company's Articles of Incorporation and the directors' salary standards, which are reviewed by the Compensation Committee and approved by the Board of Directors, thereafter, to be proposed during the shareholders' meeting.
- B. Furthermore, the remuneration to managers is determined by reference to the Company's overall operating performance, as well as the individual's performance achievement rate and contribution to the Company. It will be implemented after being reviewed by the Compensation Committee and approved by the Board of Directors.

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

C. In addition, the employee remuneration is based on one's ability, contribution to the Company and the correlation between individual performance and business performance, wherein the overall salary and remuneration package mainly include base salary, position bonus, performance bonus, employee dividends, and others. The standard payment for employee remuneration is based on one's position and seniority, as well as a reference to the same level within the industry and the Company's policy. Also, bonuses and employee dividends are issued following each employee's performance and the Company's operating performance.

13. OTHER DISCLOSURES

(1) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2021:

A. Lending to other parties:

(In Thousands of New Taiwan Dollars)

| Number | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance (Note 3) | Actual usage amount during the period | Interest rate (%) | Purposes of fund financing for the borrower (Note 1) | Transaction amount for business between two parties | Reasons for short term financing | Loss allowance Amount | Collateral | | Individual undrawn loan limits | Maximum limit of fund financing |
|--------|----------------|------------------|-------------------------------------|---------------|---|-------------------------|---------------------------------------|-------------------|--|---|----------------------------------|-----------------------|------------|-------|--------------------------------|---------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | tgt | Other receivables - related parties | Y | 200,000 | - | - | - | 2 | - | Working capital | - | None. | - | 5,617,02 | 5,617,02 |
| 1 | tpts | tmt | Other receivables - related parties | Y | 2,411,208 | - | - | - | 2 | - | Working capital | - | None. | - | 3,876,54 | 3,876,54 |
| 2 | tft | twt | Other receivables - related parties | Y | 1,308,010 | 1,303,20 | 1,194,601 | 4.75 | 2 | - | Working capital | - | None. | - | 4,095,89 | 4,095,89 |

Note 1: 2 Represents companies that have short-term financing needs.

Note 2: According to the regulations of the Company's Fund Loan to Others Operating Procedures, if the Company's funds are loaned to a company or bank that is necessary for short term financing, the total amount of the loan shall and the individual loans not exceed 40% of the Company's net worth Limit.

According to the article "Fund Loans to Others Operating Procedures" of Chi Chau Printed Circuit Board Suzhou Co., Ltd and CATAC Electronic (Zhongshan) Co., Ltd, the parent company, directly and indirectly, holds 100% of the voting shares of its foreign companies who engaged in fund loans, wherein the total amounts for financing and individual loans shall not exceed the Company's net value in the most recent financial statements.

Note 3: Fund loan and quota approved by the Board of Directors.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/Per share)

| Name of holder | Category and name of security | Relationship with the Company Relationship with marketable securities Issuer | Account title | Ending balance | | | | Note |
|----------------|---|---|---|----------------|-----------------|--------------------|------------|-------|
| | | | | Shares | Carrying amount | Shareholding Ratio | Fair Value | |
| tht | EVA Technologies Co., Ltd. (Ordinary share) | Non-related party | Financial assets measured at fair value through other comprehensive income, non-current | 560,000 | 5,583 | 2.71% | 5,583 | None. |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate with an amount exceeding the lower of NTD300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of Company | Type of Property Item | Transaction Date | Transaction Amount | Payment Details | Transaction Counterparty | Relationship | If the counterparty is a related party, information about the previous transfer | | | | Price Determination Reference | Objectives and Use | Other contractual matters |
|-----------------|--------------------------|------------------|--------------------|-----------------|---|--------------|---|------------------------------|---------------|--------|-------------------------------|--------------------|---------------------------|
| | | | | | | | Holder | Relationship with the Issuer | Transfer Date | Amount | | | |
| twc | Buildings and structures | July 15, 2021 | 340,413 | 179,387 | Jiangsu Changlun Construction Engineering Co., Ltd. | None | - | - | - | - | Not applicable (Note) | Operating | None. |

Note: The project is built by the leasing commission and no appraisal report is required.

- F. Disposal of real estate in the amount exceeding the lower of NTD300 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Type of property | Transaction date | Acquisition date | Book value | Transaction amount | Amount actually receivable | Gain from disposal | Counter-party | Nature of relationship | Purpose of disposal | Price reference | Other terms |
|-----------------|---------------------|--------------------|---------------------------------|------------|--------------------|----------------------------|--------------------|---|------------------------|--|--|-------------|
| T-Mac | Investment Property | September 17, 2021 | November 1, 2006–March 31, 2014 | 252,166 | 1,000,000 | 1,000,000 | 733,301 | Shengming Electronic Technology Co., Ltd. | None | To activate assets, reduce liabilities and improve the financial structure | Refer to the real estate appraisal report of China Property Appraising Center Co., Ltd. and Chia Chu Real Estate Joint Appraisers Agency | None |

- G. Related-party transactions for purchases and sales amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Related party | Nature of relationship | Transaction details | | | | Reasons why and description of how the transaction conditions differ from general transactions | | Notes/ accounts receivable (payable) | | Remarks |
|-----------------|---------------|------------------------|---------------------|-----------|-------------------------------------|---|--|----------------|--------------------------------------|---|---------|
| | | | Purchase /Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| The Company | Chi Yao | Subsidiary | Purchase | 567,208 | 3% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (190,696) | (3)% | None. |
| The Company | tft | Subsidiary | Purchase | 2,571,373 | 14% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (887,581) | (13)% | None. |
| The Company | twc | Subsidiary | Purchase | 3,957,988 | 22% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (1,542,723) | (23)% | None. |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

| Name of company | Related party | Nature of relationship | Transaction details | | | | Reasons why and description of how the transaction conditions differ from general transactions | | Notes/ accounts receivable (payable) | | Remarks |
|-----------------|---------------|------------------------|---------------------|-------------|--------------------------------------|--|--|----------------|--------------------------------------|---|---------|
| | | | Purchase /Sale | Amount | Percentage of total purchases/ sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| The Company | tmt | Subsidiary | Purchase | 9,302,901 | 52% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (3,210,216) | (47)% | None. |
| tht | tmt | Affiliated company | Purchase | 180,479 | 81% | Net 150 days from the end of the month of when invoice is issued | - | Not applicable | (101,538) | (100)% | None. |
| tgt | The Company | Parent company | (Sale) | (1,086,718) | (79)% | Net 30 days from the end of the month of when invoice is issued | - | Not applicable | 226,983 | 70% | None |
| Chi Yao. | The Company | Parent company | (Sale) | (568,940) | (100)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 190,696 | 100% | None |
| Chi Yao | twf | Affiliated company | Purchase | 567,696 | 100% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (190,260) | (100)% | None. |
| tpts | twf | Affiliated company | Purchase | 1,106,708 | 42% | Net 60 days from the end of the month of when invoice is issued | - | Not applicable | (116,616) | (27)% | None. |
| tpts | tmt | Affiliated company | Purchase | 1,345,713 | 51% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | (267,416) | (62)% | None. |
| tpts | tft | Affiliated company | Purchase | 189,700 | 7% | Net 90 days from the end of the month when invoice is issued | - | Not applicable | (45,175) | (11)% | None. |
| tft | The Company | Parent company | (Sale) | (2,580,675) | (55)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 888,096 | 46% | None |
| tft | tpts | Affiliated company | (Sale) | (189,700) | (4)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 45,175 | 2% | None |
| twf | The Company | Parent company | (Sale) | (3,981,366) | (69)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 1,543,619 | 82% | None |
| twf | Chi Yao | Affiliated company | (Sale) | (568,123) | (10)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 190,370 | 10% | None |
| twf | tpts | Affiliated company | (Sale) | (1,106,708) | (19)% | Net 60 days from the end of the month of when invoice is issued | - | Not applicable | 116,616 | 6% | None |

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

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| Name of company | Related party | Nature of relationship | Transaction details | | | | Reasons why and description of how the transaction conditions differ from general transactions | | Notes/ accounts receivable (payable) | | Remarks |
|-----------------|---------------|------------------------|---------------------|-------------|-------------------------------------|--|--|----------------|--------------------------------------|---|---------|
| | | | Purchase /Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| tmt | The Company | Parent company | (Sale) | (9,339,760) | (84)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 3,212,080 | 86% | None |
| tmt | tht | Affiliated company | (Sale) | (180,804) | (2)% | Net 150 days from the end of the month of when invoice is issued | - | Not applicable | 101,597 | 3% | None |
| tmt. | tpts | Affiliated company | (Sale) | (1,345,713) | (12)% | Net 90 days from the end of the month of when invoice is issued | - | Not applicable | 267,416 | 7% | None |

Note 1: Purchasing goods belonging to an agency relationship has been eliminated.

H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

| Name of related party | Related-party | Nature of relationship | Ending balance | Turnover rate | Past-due receivables from related party | | Amount received in subsequent period | Loss allowance Amount |
|-----------------------|---------------|------------------------|----------------|---------------|---|----------------|--------------------------------------|-----------------------|
| | | | | | Amount | Action taken | | |
| tgt .(Note 2) | The Company | Parent company | 226,983 | 5.59 times | - | Not applicable | 226,983 | - |
| tgt (Note 3) | The Company | Parent company | 6,746 | -times | - | Not applicable | 6,633 | - |
| Chi Yao (Note 2) | The Company | Parent company | 190,696 | 3.42 times | - | Not applicable | 129,185 | - |
| tft (Note 2) | The Company | Parent company | 888,096 | 2.98 times | - | Not applicable | 674,715 | - |
| tft (Note 3) | twf | Affiliated company | 1,196,335 | -times | - | Not applicable | 108,600 | - |
| twf (Note 2) | The Company | Parent company | 1,543,619 | 3.12 times | - | Not applicable | 751,965 | - |
| twf (Note 2) | Chi Yao | Affiliated company | 190,370 | 3.43 times | - | Not applicable | 128,968 | - |
| twf ((Note 2) | tpts | Affiliated company | 116,616 | 10.13 times | - | Not applicable | 209,583 | - |
| tmt (Note 2) | The Company | Parent company | 3,212,080 | 3.03 times | - | Not applicable | 2,445,865 | - |
| tmt (Note 2) | tht | Affiliated company | 101,597 | 3.56 times | - | Not applicable | 52,952 | - |
| tmt (Note 2) | tpts | Affiliated company | 267,416 | 5.77 times | - | Not applicable | 267,416 | - |
| tmt (Note 3) | tpts | Affiliated company | 4,474 | -times | - | Not applicable | - | - |

Note 1: The main sales volume has been eliminated when the purchase and sale are repeated.

Note 2: Account receivable.

Note 3: Other receivable.

I. Trading in derivative instruments:

Please refer to Note 6(2).

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TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

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(2) Information on investees :

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Per share)

| Investors | Investees | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2021 | | | Net income (losses) of the investee | Share of profits/losses of the investee | Note |
|-------------|----------------|-----------|--|----------------------------|-------------------|---------------------------------|---------|-----------------|-------------------------------------|---|---------------|
| | | | | December 31, 2021 | December 31, 2020 | No. of Shares | Ratio | Carrying amount | | | |
| The Company | Chi Yang | Taiwan | General investment | 85,000 | 85,000 | - | 100.00% | 187,453 | (3,819) | (3,819) | None. |
| The Company | T-Mac | Taiwan | General investment | 2,065,497 | 2,065,497 | 170,957,200 | 100.00% | 5,537,404 | 1,195,248 | 1,264,795 | Notes 1 and 2 |
| The Company | tht | Taiwan | General investment and selling of circuit boards | 385,357 | 385,357 | 30,821,897 | 44.21% | 331,478 | 82,177 | 36,333 | None. |
| The Company | TPT | Samoa | General investment | 19,207 | 19,207 | 500,000 | 100.00% | 33,285 | 580 | 580 | None. |
| The Company | Chi Chau | Samoa | General investment | 273,300 | 1,627,043 | 1,153,524 | 96.13% | 3,782,844 | 182,148 | 175,093 | None. |
| The Company | Brilliant Star | Cayman | General investment | 2,125,349 | 2,125,349 | 68,126,618 | 97.28% | 4,486,482 | 556,010 | 538,752 | Notes 1 and 2 |
| The Company | Chi Chen | Samoa | General investment | 1,079,519 | 1,079,519 | 35,600,000 | 80.73% | 2,247,174 | 372,483 | 300,128 | Note 1 |
| The Company | Sinact HK | Hong Kong | General investment | - | 74,383 | - | - % | - | 1,348 | 1,348 | Note 4 |
| The Company | tgt | Taiwan | Manufacturing, selling of circuit boards | 134,057 | 88,114 | 9,680,606 | 20.70% | 58,975 | 20,875 | 2,058 | Notes 1 and 2 |
| The Company | CCT | Thailand | Manufacturing, selling of circuit boards | 37,645 | 37,645 | 14,850,000 | 99.00% | 31,020 | 26 | 25 | None. |
| Chi Yang | Chi Chau | Samoa | General investment | 11,252 | 65,794 | 46,476 | 3.87% | 150,797 | 182,148 | 7,055 | None. |
| Chi Yang. | CCT | Thailand | Manufacturing, selling of circuit boards | 131 | 131 | 50,000 | 0.33% | 104 | 26 | - | None. |
| T-Mac | Chang Tai | Samoa | General investment | 2,292,370 | 2,292,370 | 73,580,000 | 100.00% | 5,486,537 | 533,112 | 533,112 | None. |
| T-Mac | CCT | Thailand | Manufacturing, selling of circuit boards | 261 | 261 | 100,000 | 0.67% | 209 | 26 | - | None. |
| Chang Tai | Yang An | Samoa | General investment | 2,105,341 | 2,105,341 | 76,060,000 | 100.00% | 5,484,090 | 533,150 | 533,150 | None. |
| tht | Chi Chen | Samoa | General investment | 252,297 | 252,297 | 8,500,000 | 19.27% | 538,223 | 372,483 | 71,794 | None. |
| tht | tgt | Taiwan | Manufacturing, selling of circuit boards | 405,977 | 290,977 | 26,757,000 | 57.21% | 186,191 | 20,874 | 12,074 | Note 2 |
| Chi Chau | Chi Yao | Hong Kong | General investment and international trading | 32,894 | 1,429,074 | 1,188,379 | 100.00% | 3,879,816 | 181,750 | 181,750 | None. |

Note 1: The difference is due to the unrealized gain/loss.

Note 2: The difference is due to the amortization between the investment cost and the fair value of the identifiable net assets.

Note 3: If the relevant figures in this table involve foreign currencies, except for the amount remitted from Taiwan at the historical exchange rate, the profit and loss are calculated at the average exchange rate, and the rest are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 4: Referring to Sinact's liquidation in December 2021, as of December 31, 2021, the liquidation process is still in progress, and the related investment shares have been remitted to the Company per the investment path.

(Continued)

TAIWAN PRINTED CIRCUIT BOARD TECHVEST CO., LTD.

Notes to Parent Company Only Financial Statements

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information :

(In Thousands of New Taiwan Dollars)

| Investees | Main businesses and products | Paid-in capital | Method of investment (Note 1) | Accumulated outflow of investment from Taiwan as of January 1, 2021 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2021 | Net income (losses) of the investee | The company percentage of ownership | Investment income (losses) (Note 2. (2)) | Book value | Accumulated remittance of earnings in the current period |
|---------------------|--|-----------------|-------------------------------|---|------------------|-----------|---|-------------------------------------|-------------------------------------|--|------------|--|
| | | | | | Outflow | Inflow | | | | | | |
| tpts (Note 6) | Selling of circuit boards | 138,400 | (2) | 1,429,395 | - | 1,396,179 | 33,216 | 181,954 | 100.00% | 181,954 | 3,876,545 | 127,720 |
| tft (Note 7) | Manufacturing, selling of circuit boards | 1,882,240 | (2) | 1,835,867 | - | - | 1,835,867 | 556,317 | 97.28% | 541,197 | 3,984,565 | - |
| tw (Note 8) | Manufacturing, selling of circuit boards | 1,530,938 | (2) | 1,217,920 | - | - | 1,217,920 | 468,214 | 91.26% | 427,295 | 3,201,577 | - |
| Sinact (Note 10) | Selling of circuit boards | - | (2) | 11,072 | - | 11,072 | - | 4,536 | - % | 4,536 | - | - |
| tmt (Note 5 and 9) | Manufacturing, selling of circuit boards | 2,380,480 | (2) | 2,020,640 | - | - | 2,020,640 | 533,189 | 100.00% | 533,189 | 5,479,352 | - |
| Sin Siang (Note 11) | Selling of circuit boards | 13,840 | (2) | - | - | - | - | 570 | 100.00% | 570 | 21,172 | - |

B. Limitation on investment in Mainland China:

| Company Name | Accumulated Investment in Mainland China as of December 31, 2021 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment (Note 3) |
|--------------|--|--|------------------------------------|
| The Company | 2,851,723 | 3,136,827 | 8,787,828 |
| T-Mac | 2,020,640 | 2,380,480 | 3,351,382 |
| tht | 235,280 | 235,280 | 534,061 |

Note 1: The investment method is divided into three types:

- (1) Direct investments in mainland China.
- (2) Investment in mainland China through third region companies.
- (3) Other methods.

Note 2: The investment profit and loss column recognized in this period:

- (1) If it is in preparation and there is no investment gain or loss, it should be indicated.
- (2) The recognition basis of investment gains and losses is divided into the following three types, which should be specified.
 - A. Financial statements verified by international accounting firms in partnership with the Republic of China Accounting Firm.
 - B. The financial statements have been reviewed by the Taiwanese parent company's certified accountant.
 - C. Others.

Note 3: According to the "Principles of Investing or Technical Cooperation Review in Mainland China", the limit is calculated based on 60% of the group net value.

Note 4: If the relevant figures in this table involve foreign currencies, profit and loss are calculated at the average exchange rate, and others are listed in Taiwan dollars at the exchange rate on the balance sheet date.

Note 5: Yang An International (Samoa) Co., Ltd. used its retained earnings amounting to USD 10,000,000 to participate in the capital increase of T-Mac Techvest (Wuxi) PCB Co., Ltd.

Note 6: The parent company indirectly invested in Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. through Chi Yao Ltd., the difference between the amount of paid-in capital and the amount of accumulated investment transferred was USD3,800,000, in form of common stock dividends.

Note 7: The parent company indirectly invested in CATAC Electronic (Zhongshan) CO., Ltd through Brilliant Star Holdings Ltd..

Note 8: The parent company indirectly invested in Chi Chau Printed Circuit Board (Suining) Co., Ltd. through Chi Chen Investment Co., Ltd., Chi Chau Printed Circuit Board (Suzhou) Co., Ltd. and CATAC Electronic (Zhongshan) CO., Ltd.

Note 9: The parent company indirectly invested in T-Mac Techvest (Wuxi) PCB Co., Ltd. through Yang An International (Samoa) Co., Ltd.

Note 10: The parent company indirectly invested in Sinact Electronics Co., Ltd. through Sinact (Hong Kong) International Company Limited. Sinact Electronics Co., Ltd. was liquidated in June 2021. As of December 31, 2021, the liquidation procedures have been completed and the related investment shares have been remitted to the Company under the investment path.

Note 11: The parent company indirectly invested in Sin Siang (Xiamen) Technology Co., Ltd. through TPT International Co., Ltd.

(Continued)

C. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(4) Major shareholder information

Unit: Share

| Name of Major Shareholder | Shareholding | Shares | Shareholding ratio |
|----------------------------------|---------------------|---------------|---------------------------|
| Macquarie Bank Limited - MAIN | | 15,428,000 | 5.68% |

14. SEGMENT INFORMATION

Please refer to the consolidated financial statements for the year ended December 31, 2021.

**TAIWAN PRINTED CIRCUIT
BOARD TECHVEST CO., LTD.**

Chairman : Hsu, Cheng-Min