

**Stock Code: 2385**  
**Annual Report is available at**  
**Company Website: <http://www.chicony.com.tw/>**  
**Market Observation Post System: <http://mops.twse.com.tw>**

# **Chicony Electronics Co., Ltd.**

## **2021 Annual Report**

**Printed on May 15, 2022**\_\_\_\_\_

**1. The names, title, telephone numbers, and e-mail addresses of the Spokesperson and Deputy spokesperson:**

Spokesperson:

Name: Lin, Yu-Ling

Title: Vice General Manager of the Financial and Administrative Department

Telephone: +886-2-6626-6788

Deputy Spokesperson:

Name: Yang, Wan-Ting

Title: Director of Investor Relations Division of the Financial and Administrative Department

Telephone: +886-2-6626-6788

Spokesperson email address: [public@chicony.com](mailto:public@chicony.com)

**2. Headquarter, branch office and factories:**

Address of Headquarter: No. 69, Sec. 2, Guanfu Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)

Phone number of Headquarter: +886-2-6626-6788

**3. The name, address, website, and telephone number of the stock transfer agent:**

Name: CTBC Bank

Address: 5F, No.83, Sec. 1, Chongcing S. Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)

Phone number: +886-2-6636-5566 (stock code: 2385)

Website: <http://ecorp.ctbcbank.com/cts/index.jsp>

**4. The names, office name, address, website, and telephone number of the verifying CPAs of the most recent financial report:**

CPAs: Chen, Chin-Chang / Weng, Shih-Jung

Company: PricewaterhouseCoopers Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)

Phone number: +886-2-2729-6666

Website: <http://www.pwc.tw/>

**5. The name of the Exchange where the overseas securities are listed and the ethod for querying the information of the overseas securities:**

None

**6. Company website:**

<http://www.chicony.com.tw>

# Chicony Electronics CO., Ltd.

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## I. Letter to Shareholders

Dear Shareholders:

### 1. 2021 performance

#### (1)2021 Operational Result

The company's 2021 consolidated revenue reached \$107,474,079 thousands, operating profit amounted to \$8,613,018 thousands, an increase of 13% and 12% respectively, compared to 2020. Net Profit amounted to \$6,154,426 thousands.

#### (2) Financial Highlights and Profitability Analysis

##### a.Financial Highlight

Units: NTD thousands

Item	2021	2020	Increase (decrease)
Operating Profit	8,613,018	7,662,700	12.40%
Net Profit	6,154,426	5,466,764	12.58%
Average Total Assets	79,584,192	73,443,127	8.36%
Average Shareholder Equity	29,112,465	27,519,809	5.79%

##### b.Profitability

Item	2021	2020
Return on Average Assets (%)	7.73	7.44
Return on Average Shareholder Equity (%)	21.14	19.86
Operating Profit on End-of-Period Shareholder Equity (%)	115.57	103.63
Net Profit Margin (%)	5.72	5.75
Earnings Per Share (Note)	8.71	7.80

Note : Earnings per share is the amount of employee remuneration that is not distributed based on earnings and the number of new shares issued through capitalization of earnings before retroactive adjustment.

#### (3) Research and development

In 2021, the Company and its subsidiaries spent approximately \$3,481,205 thousands on product development, automation production equipment, and process improvement. Solid R&D ability is Chicony's crucial competitiveness to face fast-changing industry environment. To cultivate and attract more and more excellent R&D talents, Chicony has cooperated with National Taipei University of Technology by providing "Chicony R&D scholarship" and has created a "C&T laboratory" for potential R&D candidates. Aiming to innovative technology trend, Chicony will continuously develop cutting edge products including keyboards, power supplies, and smart home products to attract more clients and win more business opportunities

### 2. 2022 Business Project Summary

#### (1) 2022 Business Target and Business Outlook

The global economic recovery in the post-pandemic period is expected to continue into 2022. However, due to the surge of the pandemic in low-income developing countries, the continuing bottleneck of the supply chain and inventory hoarding in advanced economies further pushed up inflation, which may affect the speed of the global economy's

recovery from the pandemic. It is estimated that the economic growth rate of advanced countries in 2022 will be 4.8% (including about 5.2% in the United States and 4.2% in the euro zone); in Asia, the economic growth rate of mainland China will be 5.6%, and the neighboring Japan about 3.2%. However, as COVID-19 vaccines have not been evenly distributed, low income countries cannot get enough vaccines, which may affect the overall economic development of the world. Therefore, the global economic growth rate in 2022 is expected to be about 4.1%.

In 2021, the global demand for laptops was pushed up by the pandemic, and the annual output reached 238 million units, with an annual increase of 18.6%. Looking forward to 2022, although the overall demand for laptops declined slightly due to the continuous unblocking of various places and the convergence of education demand, it is estimated that the global output of laptops in 2022 will remain around 230 million units, only declining slightly by 3.3%, due to the increase of commercial demand and the deferred effect caused by material shortage. Chromebooks and E-sports laptops will still be the key layout direction. In terms of desktops, 81 million desktops were shipped worldwide in 2021, with an annual increase of 0.6%, of which all-in-ones and E-sports desktops grew against the trend during the pandemic. Enterprises will gradually return to the office in 2022, which is expected to drive the demand for commercial desktops. It is estimated that 79.15 million desktops will be shipped worldwide in 2022. In addition, as the update of Win10 will be stopped in 2025, there will be a wave of replacement of commercial desktops from 2024 to 2025, and the demand for desktops will be maintained at 70–80 million in the next five years. According to IDC's prediction, the compound growth rate of PCs including desktops, laptops and workstations will reach 3.2% from 2022 to 2025, but tablet PCs will decline by 1.5%. Although the supply of panels and IC components is limited in the short term, laptops will still be the main driving force for the growth of the PC industry in the future.

In 2021, the global smart home market benefited from the continuous consumer purchase, which was delayed by the pandemic, and nearly 30 million new families joined the procurement of smart systems, which increased the consumption expenditure of global smart home solutions to US\$123 billion. In addition, due to social distancing, consumers had more time to stay at home, and the demand for smart home solutions that can improve the quality of life also began to increase. It is estimated that the overall smart home consumption market will grow to US\$173 billion by 2025; at that time, about 20% of households in the world will buy at least one smart home product, up from 15% in 2021. In terms of regions, North America is still the region with the highest smart home expenditure, accounting for about 40%; Asia Pacific accounts for about 29%, and Western Europe accounts for about 18%. At present, the most popular products are security systems (including surveillance cameras, smart light bulbs).

With the wide application of multi-lens design in mobile phone products at all levels, the sales of mobile CCM (camera module) in 2021 increased significantly by 10.4% compared with that in 2020, reaching 5.4 billion units. Now, in addition to mobile phones, CCM has also begun to be applied in driving assistance systems integrated with 360-degree panoramic photography, as well as robots, AR/VR devices, smart home monitoring systems, etc. With the continuous development and promotion of various emerging application technologies, it is estimated that the global camera module market will grow from US\$36.2 billion in 2021 to US\$59.3 billion in 2026, with a total compound annual growth rate (CAGR) of 9.8%. Among them, the CAGR of the scale of the mobile phone

application CCM market is 9.8%, the CAGR of automobile application is 14%, and the CAGR of consumer electronic device application is 16%.

In 2021, the server market was in short supply, especially in the second half of the year, and the long and short components were even more severe, making the customer demand for servers unable to be fully met and resulting in delayed shipment. In 2021, the global server shipment reached 17 million units, an increase of 4.5%. Looking forward to 2022, driven by favorable factors such as cloud services, e-commerce, online remote services and digital transformation, customers still have strong demand for servers, but the biggest risk still comes from the shortage of IC and components on the supply side. Summarizing the estimation of supply chains, an overall balance of supply and demand may not be achieved until the second half of 2022.

In recent years, the Company's operations have aimed to keep ranking 1st place for the global market share of PC-related products, proactively develop the product lines other than PCs to expand into AIOT industry with its strength in images and power supply, and to generate more revenue and profit. In PC sector, Chicony has ranked 1st place for the global market share of NB keyboards, image camera modules and power supplies. Compared with the strong demand for Chromebooks in 2021, the shipment growth will be transferred to high-end commercial laptops, 2-in-1 tablets and E-sports PCs in 2022, pushing up the unit price of keyboards and the revenue of high value-added keyboards. Smart home imaging products have been successively supplied to the first-tier factories in the United States, and new products such as the vehicle driving monitoring system, commercial monitoring system, smart audio-visual conference system and disposable endoscope will be launched later one after another. The subsidiary Chicony Power is the third largest power plant in the world; in addition to its continuing efforts in NB, desktop, server/cloud application and smart home/AIOT products, the company continues to ship since the end of 2021 new products like high-wattage server power supplies and LEO satellite communication products, which are expected to make a significant contribution to its revenue in 2022. In addition, the company adopts diversified operation, which is not only the diversification of product portfolio, but also the diversification in manufacturing bases. It actively constructs a global manufacturing chain, with the manufacturing bases extended from mainland China to Thailand. Chicony Thailand has now become the manufacturing center of Chicony in Southeast Asia, providing customers with flexible manufacturing solutions while greatly reducing the geopolitical risk.

In 2022, the management team of the Company will remain highly confident to actively face the rapid changes in the industry and external challenges and to integrate resources of the group. In addition to the research, development and sales of niche products like original keyboards, digital image, and power supply, non-PC products, such as gaming, server, smart home and low earth orbit satellite system, are able to enter markets with potential and application areas with high value-added as these products have stable growth. With the support of these high value-added products, the revenues and profits of the Company also shares a stable growth simultaneously. In addition to the market analysis made by the aforementioned major research institutions, the Company also takes production planning and the operating performance in the past into consideration based on the estimated demands of customers. It is estimated that the number of product sale for PC peripheral devices, digital image, consumer electronic products, and other electronic products of the Company will be 242.3 million, and the number of PC peripheral devices, game consoles, and network communication and other electronic products of subsidiaries Chicony Power Technology and XAVi Technologies Corporation is 156.6 million and 5.8 million respectively.

(2) Business strategies

The Company will continue to uphold the faith of sustainable and integrity operation and the principle of “No Quality, No Sales,” to provide customers with satisfying services, and continue to fulfill the growth in Company revenues and profits in order to give back to our shareholders, employees and society. The operating strategies for products, production, marketing, research and development, human resources, and finance perspectives are described as follows:

a. Products:

- (1) Keep developing high gross-margin and differentiated products in keyboard, power supply, and digital image devices.
- (2) Integrate unique technology advantages including image, Wi-Fi, power control, and software to develop higher value-added products.
- (3) Escalate Non-PC products revenue proportion including smart home image products, driver monitoring system, IOT and low earth orbit satellite products.

b. Production:

- (1) Expand economics of scale in keyboard, image, and power supply products, escalate efficiency of productivity, and strictly control the quality of products.
- (2) Enhance the VMI (Vendor Managed Inventory) system with the information provided by EDI and ERP to react customer needs in time, so as to reduce storage cost and improve flexibility and efficiency of delivery and production.
- (3) Enhance bargain power by integrating Chicony group procurement resources and integrating common materials of the Group.
- (4) Purchase key components directly from the original suppliers to reduce raw material costs.
- (5) Keep finding more appropriate suppliers of key components, to create strategic vertical integration to enhance complement and expand economics of scale.
- (6) Construct a global manufacturing chain, with the manufacturing bases extended from mainland China to Thailand, to provide customers with flexible manufacturing solutions and introduce automated equipment to increase the automation ratio and upgrade the production efficiency effectively.

c. Marketing:

- (1) Provide customer “ONE STOP SHOPPING” menu by integrating Chicony group product lines so as to meet the product demands of customers and to create the greatest profits by the most efficient marketing resources.
- (2) Continue to extend the customer base and market share of keyboard, digital image (DV, IPC CAM and lens module) and power supply products.
- (3) Expand new products including digital image products and IOT-wearable devices.
- (4) Create CFT (Customer Focus Team) so as to integrate Chicony group marketing resources and deeply cultivate crucial customers.

d. Research and Development:

- (1) Collaborate with crucial international hardware/software customers and suppliers so as to control key technologies and create valuable new products together.
- (2) Create technology advantages by I.P. Know-How so as to set entry barriers.
- (3) Keep developing VA/VE (value analysis/value engineering) and improve product design to increase productivity efficiency and reduce production cost.
- (4) Provide “Chicony R&D scholarship” and cooperate with colleges and vocational training centers to attract more excellent R&D talents.

- (5) New Product Business Division keeps developing new product opportunities so as to create more blue-ocean market for Chicony.
  - (6) Establish Intellectual Property Center to obtain and protect patents belongs to Chicony group as well as manage cross-licensing of patents.
- e. Human Resources:
- (1) Keep providing profession and management training courses to cultivate employees' professional technique and self-development.
  - (2) Help employees develop stable self-career plan with position rotation and job deputy, and, there through, the work capacity and position experience can be continuously applied and inherited for eternal operation purpose.
  - (3) Promote corporate social responsibility activities and allocate certain ratio of the company's profits to help disadvantaged minorities in the education and medical perspectives. Cooperate with known colleges to cultivate young talents for potential manpower cultivation to present the solid result of corporate social responsibility of the Company.
  - (4) Keep pace with HR development and policy trend globally and react in time to maintain mutual benefits for both employer and employee.
  - (5) Concern our employees thoroughly to inspire and keep excellent manpower with the profound retaining system and employee housing plans.
- f. Finance
- (1) Supervise budget control and carefully manage accounts receivable, inventory, and cash turnover.
  - (2) Strictly manage the tax-preserving materials and ensure the conduct of tax-preserving materials follow the legal regulation in other countries to make sure the company can benefit from the custom tax.
  - (3) Keep improve debt ratio, and enhance corporate governance, stock and finance affairs.
  - (4) Adequately hedge against fluctuations in exchange rates and raw material costs.
  - (5) Conduct the most appropriate tax planning for entire Chicony group by thorough study of relevant tax law and regulation in related countries.
  - (6) Minimize the interest cost and plan the middle and long term fund facility according to the trend of interest rate.
  - (7) Keep seeking companies with growth potential or complementary strengths as for investment object or future strategic alliance.
- (3) Important production and marketing policies
1. Focus on the top 10 global brands of manufacturers in personal computers, notebooks, and image products. By increasing our business shares among these growing companies, we are able to expand our global market shares and strengthen our position.
  2. Integrate our competitive advantages of multiple product lines, cross-selling, and collaborate material procurement resources.
  3. Establish in-time warehouses logistic system to shorten product delivery time and gain advantages compare to our competitors.
  4. Review and adjust production process to the optimum status. Adopt automatic production to increase productivity efficiency.
  5. Establish VMI (Vendor Managed Inventory) system to enhance material delivery efficiency and reduce stocks of inventory.
  6. Enhance current ERP system and provide management index information. Establish Business Policy Making room with timely information for decision making.

3. Company development strategy and impact from external competition, laws and regulations, and the overall operating environment in the future:  
These subjects are covered in the 2022 Business Plan summary. In addition, the operation of the Company is handled in accordance with laws and regulations. The Company operation has not been affected by the amendments of laws and regulations.

We wish our shareholders  
Health and Good Luck

Chairman: Kent Hsu

General Manager: Roger Lu

Chief Accounting Officer: Molly Lin

## II. Company Profile

I. Date of Incorporation: February 22, 1983

II. Company history and development

- 1983 – The Company was found by Mr. Yi Jen Li, the former Vice Chairman and Mr. Wei Nan Lu, the former Vice General Manager, initiated the Company with registered capital of NT\$ 2,000,000 and engaged in the trade of computer peripheral products.
- 1985 – Mr. Kun Tai Hsu, the current Chairman, joined the Company and began to produce compatible product keyboards for APPLE and IBM.  
– In order to add equipment, the Company issued new shares to raise capital of NT\$14,000,000.  
– In 1985, the revenue reached NT\$39,000,000.
- 1986 – In 1986, the revenue reached NT\$293,000,000, which was about 7.5 times compared to 1985.
- 1987 – The Company established the portable PC computer project.  
– In order to add equipment, the Company issued new shares to raise capital of NT\$47,000,000.  
– The Company established the business unit (including the portable product and keyboard business unit).  
– The Company made a contract and purchased a HP-3000 computer to conduct computerization.  
– In 1987, revenue reached NT\$585,000,000, which was doubled compared to 1986.
- 1988 – The Company was selected as one of the five major manufacturers of computer keyboards in the world by PC CLONES MAGAZINE.  
– The Company got formal approval to invest in Chicony Electronics (Thailand) by the Department of International Cooperation, Ministry of Economic Affairs.  
– The Company made new shares to raise capital in cash and capitalization of retained earnings amounting to NT\$57,000,000.  
– The laptop computer LT3400 officially began mass production.  
– In 1988, the revenue reached \$801,000,000, which was an increase of 37% compared to 1987.
- 1989 – Keyboard KB-5581 (KEYBOARD WITH TRACKING BALL) was awarded the Good Design Award.  
– The factory of Thailand officially began to produce, and we created the first overseas products of the business unit.  
– The Company bought the Nankan Factory in Lujhu Township of Taoyuan City (Taoyuan Factory) that covers an area of 4,500 acres.  
– In response to the rapid growth of revenue, the Company issued new shares to raise capital of NT\$78,000,000 with the subsequent capitalization of NT\$198,000,000 for the demand for working capital.  
– The Company established the Motherboard Business Unit.  
– In 1989, the revenue reached NT\$1,585,470,000, which was doubled compared to 1988.

- The Ministry of Economic Affairs approved the Company to establish Chicony Overseas Inc. (COI), which operates PC products and peripheral equipment to strengthen foreign sales networks and customer services.
- 1990
- The Company established Hipro Electronics (TAIWAN) CO., LTD, which operate the Power Supply Unit.
  - Ranked among the Top 100 Taiwan Enterprises by the excellent performance of imports and exports.
  - Awarded with the Minister of the Ministry of Economic Affairs Prize of the Executive Yuan as a Company using the private brand of the trademark in overseas sales.
  - The Company established the completed overseas market sales network and production base through formally investing in Chicony Overseas Inc. (COI), holding 100% of its equity, and reinvested separately in the Company's distributors in the US and Europe, Chicony America Inc. (CAI), Chicony Electronics. GmbH (CEG) and Thailand's production base Chicony Electronics (Thailand) Co., Ltd. (CET).
  - The Nankan Factory in Lujhu Township of Taoyuan City began official operation.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company issued new shares to raise capital of NT\$802,000,000 with subsequent capitalization of NT\$1,000,000,000 and supplemental public issuance.
- 1991
- Mr. I Jen Li, the General Manager, was awarded the 45th National Outstanding Excellent Merchant of the Gold Merchant Awards of the Republic of China.
  - Mr. Mao Kuei Lin, Senior Vice General Manager was awarded the 9th Outstanding Production Manager of the Republic of China.
  - Office building groundbreaking in the Wugu industrial area began.
  - The Company made capitalization of retained earnings amounting to NT\$120,000,000.
- 1992
- The Company planned a Motherboard factory in Thailand.
  - Keyboard KB-5591 was awarded The National Product Image Award.
- 1993
- The head office was completed and opened in Wugu.
- 1994
- The keyboard factory officially opened and began mass production in China.
- 1995
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company issued new shares to raise capital of NT\$380,000,000 with subsequent capitalization of NT\$1,500,000,000.
- 1996
- The Company ended the Motherboard Business Unit.
  - The Company reduced capital and raised capital in cash, NT\$300,000,000 each.
  - Indirect investment in Chicony Electronics (UK) Ltd. through Chicony Overseas Inc. to operate keyboard sales.
- 1997
- Hipro Electronics (TAIWAN) CO., LTD. listed stocks in Thailand.
  - Keyboard KWD-601 was awarded The Best Product Award by the German version of Chip Magazine.
  - Mr. Yi Jen Li was elected as the Vice Chairman by the Board of Directors, and Mr. Mao Kuei Lin was promoted to General Manager from Executive Vice General Manager.

- 1998
- The monthly sales volume of keyboards reached 2.5 million units, and the performance jumped to number one in the world.
  - Indirect investment in Chicony Electronic (Dongguan) Co., Ltd. through Chicony Overseas, Inc. to operate keyboard production and sales.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled the capitalization of additional paid-in capital into new shares (including employee bonuses) and additional paid-in capital amounting to NT\$324,804,270 with subsequent capitalization of NT\$1,824,804,270.
- 1999
- On January 5, 1999, the stock was officially listed on the Taiwan Stock Exchange Corporation.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) and additional paid-in capital amounting to NT\$397,395,730 with subsequent capitalization of NT\$2,222,200,000.
- 2000
- The Company applied for Hipro Electronics (TAIWAN) CO., LTD stock to be delisted in Thailand, and the shareholding ratio increased from 32.29% to 75.33% through buyback by Chicony Overseas, Inc.
  - The Company established the Digital Image Business Unit.
  - The Company ended the Notebook Computer Business Unit.
- 2001
- Indirect investment in Chicony Electronic (Suzhou) Co., Ltd. through Chicony Overseas, Inc. to operate computer keyboard production and sales and computer keyboard domestic sales in China.
- 2002
- The Company raised shares of stock to 99.8% for Hipro Electronics (TAIWAN) CO., LTD.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$273,250,000 with subsequent capitalization of NT\$2,495,450,000.
  - In order to expand to the European market, the Company established Chicony Electronics CEZ s.r.o.
- 2003
- Mr. Yi Jen Li resigned as the Vice Chairman, and Mr. Mao Kuei Lin was elected as the Vice Chairman and General Manager by the Board of Directors.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$492,320,000 with subsequent capitalization of NT\$2,987,770,000.
- 2004
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$747,230,000 with subsequent capitalization of NT\$3,735,000,000.
  - Unikey Electronics Co., Ltd, which indirectly invested in the production and sales of optical instruments through Newmax Technology Co., LTD, has an original shareholding of 28.31%.
- 2005
- Monthly production of keyboards of notebook computers exceeded 1 million units.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$415,000,000 with

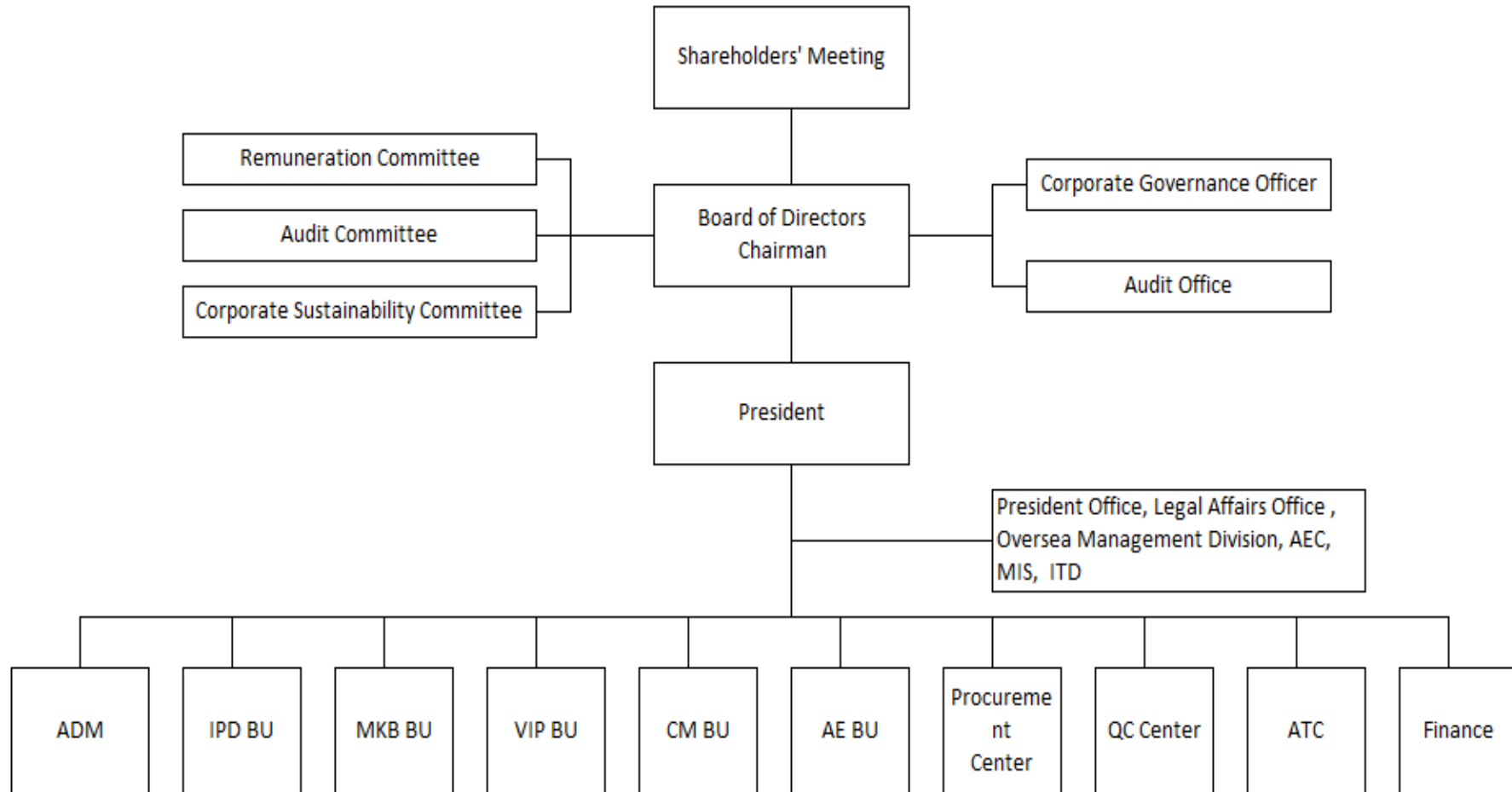
- subsequent capitalization of NT\$4,150,000,000.
- 2006
  - Built-in camera modules and computer cameras performance jumped to the top in the world.
  - Monthly production of computer cameras exceeded 1 million units.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$275,500,000 with subsequent capitalization of NT\$4,425,500,000.
- 2007
  - Monthly production of notebook computers exceeded 3 million units.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$583,500,000 with subsequent capitalization of NT\$5,009,000,000.
  - Indirect investment in Chicony Electronics (UK) Ltd went out of business.
- 2008
  - Ranked 73th among the Top 100 in Global Technology selected by Business Week Magazine.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$561,000,000 with subsequent capitalization of NT\$5,570,000,000.
- 2009
  - The Company stock was selected into the MSCI Taiwan Index.
  - In order to restructure of the organization, according to the Business Mergers and Acquisitions Act, HIPRO ELECTRONICS (TAIWAN) CO., LTD. that invests 100% in the Company transferred related business (including assets and liabilities) of the power supply business to Chicony Power Technology Co., Ltd. and simultaneously increased capital by NT\$2,081 billion so that the Company's direct and indirect shareholding reached 70.39%.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$342,778,320 with subsequent capitalization of NT\$5,912,778,320.
- 2010
  - After approval of the change of registration by the Department of Commerce of the Ministry of Economic Affairs, the remaining treasury shares of stock swap of the 1st issue of domestic unsecured corporate bonds have been completed write-off and the reduction of capital of NT\$10,008,820 with subsequent capitalization of NT\$5,912,669,500.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$343,474,480 with subsequent capitalization of NT\$6,256,143,980.
  - Chicony Power Technology Co., Ltd. of the reinvestment company, which was recognized by the equity method, established the LED Business Unit.
  - Newmax Technology Co., LTD. of the indirect reinvestment company, which was recognized by the equity method, listed stock at the over-the-counter market.
- 2011
  - Indirect investment in Chicony Electronics (Chongqing) Co., Ltd. through Chicony Overseas, Inc. to operate keyboard and digital imaging products production and sales.
  - Indirect investment in Chicony Electronics (Chongqing) Co., Ltd. through

- Chicony Power Technology Co., Ltd. to operate power supply and LED lamps production and sales.
- After approval of the change of registration by the Department of Commerce of the Ministry of Economic Affairs, the treasury shares completed write-off by the 8th buyback of 10,000 thousand and the reduction of capital of NT\$100,000,000 with subsequent capitalization of NT\$6,156,143,980.
  - Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$288,291,920 with subsequent capitalization of NT\$6,444,435,900.
- 2012
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$313,346,190 with subsequent capitalization of NT\$6,757,782,090.
- 2013
- Chicony Power Technology Co., Ltd. of the reinvestment company, which was recognized by the equity method, listed stocks on the emerging stock market on January 3rd and was listed on November 8th.  
Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$109,434,050 with subsequent capitalization of NT\$6,867,216,140.
- 2014
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$81,437,990 with subsequent capitalization of NT\$6,948,654,130.  
The Company was listed as component stocks on the “TWSE RAFIR Taiwan High Compensation 100 Index” by the Taiwan Stock Exchange.  
The Company established the research and development center of National Taipei University of Technology with National Taipei University of Technology.
- 2015
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$89,447,010 with subsequent capitalization of NT\$7,038,101,140.  
The Company was listed in the top 20% of the first corporate governance evaluation score by the Taiwan Stock Exchange.  
The Company was listed as component stocks on the “TWSE Corporate Governance 100 Index” by the Taiwan Stock Exchange.  
The industrial category of the Company was adjusted from “computer and peripheral equipment industry” to “electronic components industry” by the Taiwan Stock Exchange on July 1st.
- 2016
- Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$82,719,020 with subsequent capitalization of NT\$7,120,820,160.  
The Company was listed in the top 20% of the second corporate governance evaluation score by the Taiwan Stock Exchange.  
The headquarters building of Chicony Group was awarded the Diamond Green Building Mark by the Ministry of the Interior.

- The Company was relocated to the headquarters building of Chicony Group, Sanchung District, New Taipei City.
- 2017 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$85,230,960 with subsequent capitalization of NT\$7,206,051,120.  
 “Chicony Smart and Green Building” won the Platinum Award of Taiwan's Intelligent Green Building and the Diamond Award of Environmental Impact Assessment issued by the New Taipei City Government.
- 2018 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of retained earnings (including employee bonuses) amounting to NT\$97,747,620 with subsequent capitalization of NT\$7,303,798,740.
- 2019 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of employee bonuses amounting to NT\$41,176,470 with subsequent capitalization of NT\$7,344,975,210.  
 The construction of Chicony Thailand plant started.
- 2020 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of employee bonuses amounting to NT\$49,627,790 with subsequent capitalization of NT\$7,394,603,000.  
 The Company was listed as component stocks on the "Taiwan Market CSR Small /Mid-Cap Index" of the TAIEX.
- 2021 – Approved by the Securities and Futures Management Committee of the Ministry of Finance, the Company handled capitalization of employee bonuses amounting to NT\$58,324,490 with subsequent capitalization of NT\$7,452,927,490.  
 The Company was listed as the Best Top 100 Carbon Reduction Companies by Bysiness Weekly.

### III. Corporate Governance Report

- 1. Organization system
  - (1) Organizational Structure of the Company



## (2) Job Functions of Major Departments

<u>Department</u>	<u>Primary Functions</u>
Input Device Department	The Department handles materials procurement, production management, marketing, business management, post-sales service, etc. of input device products and wearable products of the head office and subsidiaries.
Portable Keyboard Business Unit	The Department handles materials procurement, production management, marketing, business management, research and development, post-sales service, etc. of portable keyboard products of the head office and subsidiaries.
Video Image Business Unit	The Department handles production management, marketing, business management, and post-sales services of video image products of the head office and subsidiaries.
Image Module Business Unit	The Department handles production management, marketing, business management, and post-sales services of digital image module products of the head office and subsidiaries.
Automotive Electronics Business Unit	The Department handles production management, marketing, business management, and post-sales services of automotive electronics products of the head office and subsidiaries.
Unified Purchasing Center	The Department handles materials procurement of information peripheral products and digital image products of the head office and subsidiaries.
Quality Control Center	The Department handles post-sales services of quality control of the head office and subsidiaries.
Financial and Administrative Department	The Department handles financial, accounting, stock affairs, customs affairs, and import and export business of the head office, manages the financial and accounting business of the subsidiaries.
Administration Department	The Department handles human resources, general affairs, and corporate social responsibility business of the head office and assists the subsidiary's human resources, industrial safety, and health business.
Auditing Office	Audits and evaluates the internal control system and audits the implementation of various rules and regulations

of the head office and subsidiaries.

Investors Relations	Develop Company operation strategies and manage investors and media relationships.
New Product Development Center	The Center handles the development and research of new products and imports technological transfer to various business units of the head office and subsidiaries.
Intellectual Property Rights Center	The Center handles patent application, patent infringement, patent retrieval, and designing around and assists in handling patent litigation of the head office and subsidiaries.
Computer Center	The Center handles information business of the head office and assists in the planning of subsidiary information services.
Legal Affairs Division	The Division handles contract review, drafting, litigation and dispute cases, and other legal matters of the head office and affiliated enterprises.
Automation Engineering Center	The Center integrates and utilizes the Group's automation technology resources, and develops automation projects for each department, implements mass production by technology transfer to various business units, promotes business units to develop production automation, and has developed and accumulated automated production technology for a long time.

2. Profiles of the Directors, General Manager, Vice General Managers, Assistant Vice General Managers, Function Heads, and Branch Heads:

(1.1) Information on the Directors:

4/12/2022 Units: share

Occupational Title	Nationality or Place of Registration	Name	Gender Age	Date of Election to Office	Tenure	Date of Election to Office for the First Time	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		Major Experience (education)	Holding Other Positions of the Company and Other Companies	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.		
							Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Quantity of Shares	Proportion of Shareholding (note)	Occupational Title
Chairman	Republic of China	Hsu, Kun-Tai	Male 61-70	June 5, 2019	3 years	3.4.1985	81,615,782	11.11%	56,615,782	7.53%	9,021,401	1.20%	-	-	Provincial Taipei Institute of Technology Honorary Doctorate of National Taipei University of Technology Chairman of Clevo Co.	Chairman of Clevo Co., Ching Yuan, Hua Tai, Dong Ling, Hongwell Co., Ltd, Shanghai Hongwell, Changchun Hongwell, Taipei Twin Towers Co., Ltd, GuoFuLongFeng(Shanghai) Chairman (Legal Representative) of Hipro Electronics CO., Kuang Sheng Investment CO., Chun Ching Power Technology Co., Ltd, Hongwell Siyuan Co., Ltd, Hongwell New Taipei Co., Ltd, Hongwell Ruiguang Co., Ltd, Hongwell Cheng Co., Ltd Chairman of subsidiaries: Chicony Dungen, Suzhou, Chongqing, Xavi Su Cho. Director of subsidiaries: Chicony Overseas Inc., Chicony Global Inc., America, Czech Republic, Thailand, Mao Feng, Jui Yang, Guang Mau, Chicony America Group Inc., HIPRO Overseas, XAVI Overseas, Directmax, Systemax Director and General Manager of Maorui Director of Legal Representative of Unikey Electronics Co., Ltd.	-	-	-

Occupational Title	Nationality or Place of Registration	Name	Gender Age	Date of Election to Office	Tenure	Date of Election to Office for the First Time	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		Major Experience (education)	Holding Other Positions of the Company and Other Companies	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.		
							Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Quantity of Shares	Proportion of Shareholding (note)	Occupational Title
Director	Republic of China	Lu, Chin-Chung	Male 51~60	June 5, 2019	3 years	5.18.2004	2,432,971	0.33%	3,782,125 (Note 1)	0.50%	1,992,628	0.27%			Department of Business Administration and MBA Program, National Chengchi University Chicony Electronic Co., Ltd. Business Supervisor, Manager, Director, Assistant General Manager, Vice General Manager	General Manager of the Company Chairman of Legal Representative of Chicony Power Technology Co., Ltd., XAVI Technologies Corporation, Unikey Electronics Co., Ltd. Director of Legal Representative of Hipro Electronics CO., Kuang Sheng Investment CO., Chun Ching Power Technology Co., Ltd. Director of subsidiaries: Chicony Overseas, Czech Republic, Japan, Suzhou, Thailand, HIPRO Overseas, Jui Yang, Mao Feng, Kuang Hsin, Mau Chiun, Guang Mau, Chicony America Group Inc., Chicony Power Technology Hong Kong, Suzhou, Chung Ching, Dongguan, Thailand, Chicony Power America Holding, International, Dungguan Trading Company, Chicony Energy Shanghai, Guang Sheng Electronics Nan Chang, XAVI Overseas, XAVI Thailand XAVI Suzhou, Directmax, and Systemax. Director and Secretary of Chicony America Director and General Manager of Chicony Dungguan Director and Supervisor of Maorui Supervisor of Chicony Chongqing Director of Legal Representative of Shun On Electronics CO., LTD. and Newmax Technology Co., LTD.	-	-	-
Director	Republic of China	Tsai, Ming-Hsien	Male 61~70	June 5, 2019	3 years	5.30.2001	29,355	-	29,355	-	59,175	0.01%			Provincial Taipei Institute of Technology MBA program, National Chengchi University General Manager of Clevo Co.	Vice Chairman and General Manager of Clevo Co. Vice Chairman of Legal Representative of Taipei Twin Towers Co., Ltd	-	-	-
Director	Republic of China	Li, Cih-Jing	Female 61~70	June 5, 2019	3 years	6.05.2019	828,037	0.11%	7,780,730	1.03%					Provincial Taipei Institute of Business	Director of Chicony Power Technology Co., Ltd., XAVI Technologies Corporation			
Director	Republic of China	Dong Ling Investment Co., Ltd.	Legal Person	June 5, 2019	3 years	5.18.2004	11,171,329	1.52%	11,171,329	1.49%	-	-	-	-			-	-	-

Occupational Title	Nationality or Place of Registration	Name	Gender Age	Date of Election to Office	Tenure	Date of Election to Office for the First Time	Quantity of Shareholding at the Time of Election to Office		Quantity of Shareholding at Present		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		Major Experience (education)	Holding Other Positions of the Company and Other Companies	Other Executives, Directors, or Supervisors who are a Spouse or Kindred Within the 2nd Tier Under the Civil Code.		
							Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation
	Republic of China	Liu, Chia-Sheng	Male 61~70	June 5, 2019	3 years	5.30.2001	590,261	0.08%	590,261	0.08%	-	-	-	-	Provincial Taipei Institute of Technology Director of Kuo Fong Motors	Director of Legal Representative of Taipei Twin Towers Co., Ltd			
Independent Director	Republic of China	Lee, Yen-Sung	Male 61~70	June 5, 2019	3 years	6.08.2016	-	-	-	-	-	-	-	-	Master's degree, Department of Accounting, Soochow University Director, Accounting Research and Development Foundation	Independent Director and Remuneration Committee Member of FamilyMart Co., LTD., Charoen Pokphand Enterprise Co., LTD., Co., LTD., Sincere Navigation Co., LTD.	-	-	-
Independent Director	Republic of China	Lin, Ming-Ji	Male 71~75	June 5, 2019	3 years	6.08.2016	21,433	-	21,433	-	-	-	-	-	Doctorate in Business Administration, National Chengchi University Department Chairman of Business Administration, National Central University	Independent Director member and Remuneration Committee Member and Audit Committee Member of GMI Technology Inc. and CSUN Co., LTD.	-	-	-
Independent Director	Republic of China	Chu, Jia-Siang	Male 51~60	June 5, 2019	3 years	6.05.2019	-	-	-	-	-	-	-	-	Graduated from the department of Electrical Engineering of National Tsing Hua University Chairman of WK Technology Fund IX	Chairman and General Manager of WK Technology IX and WK Innovation Ltd. Supervisor of GooGol Tech Supervisor of GooGol Technology (TWN) Limited and eTouch Medical Inc. Independent Director of Q Technology (Group) Company Limited	-	-	-

Note: The shareholding ratio is equal to the number of holding shares/the total number of issued shares.

Note: Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers) : None.

Table 1: Directors are corporate shareholder representatives and the major shareholders of corporate shareholders.

Name of Corporate Shareholder	Main Shareholders (Name and shareholding of the Top 10 shareholders of the corporate)
Dong Ling Investment Co., Ltd.	Hsu, Kun-Tai(82%); Kang, Min-Chen (10.2%); Hongwell Co., Ltd (5.4%);Lin, Feng-Chu (1.8%); Hsu, Wen-Hsin (0.6%)

Table 2: Directors are corporate shareholder representatives and the major shareholders of corporate shareholders

Name of Corporate Shareholder	Main Shareholders (Name and shareholding of the Top 10 shareholders of the corporate)
Hongwell Co., Ltd	Hsu, Kun-Tai(63.8%); Hua Tai Investment Co., Ltd. (14.3%); Dong Ling Investment Co., Ltd.(9.1%); Ching Yuan Investment Co., Ltd. (6.9%); Kang, Min-Chen (4.8%); Hsu, Wen-Hsin (1%) ; Lin, Feng-Chu (0.1 %)

(1.2-1) Information on the Professional Qualification of Directors and Supervisors and the Status of Independence of Independent Directors:

Name	Condition	Experience and Professional Qualifications	Status of Independence	Number of public companies that the Director also holds the position as independent director in.
Chairman: Hsu, Kun-Tai	<p>Honorary Doctorate of National Taipei University of Technology</p> <p>Chairman of Clevo Co., Taipei Twin Towers Co., Ltd., Buynow Group, and Hongwell Group</p> <p>He specializes in the operational planning and business management of computer and peripheral electronic components industry, information 3C product channels, and new business creation.</p> <p>In addition to this person's 40 years of extensive industrial experience in the computer and peripheral electronic components industry, this person also has the decision-making and leadership ability, international market perspective, operational judgment, crisis management, financial and accounting, and business management capabilities required by the Company.</p> <p>Not in conditions specified in any of the subparagraphs of Article 30 of the Company Act.</p>	<p>1. Hold more than 5% shares, the biggest shareholder of the company</p> <p>2. Chairman of the top 10 shareholders: Hongwell Co., Ltd., Hipro Electronics CO., Dong Ling Investment Co., Ltd., Ching Yuan Investment Co., Ltd.</p>	0	
Director: Lu, Chin-Chung	<p>Department of Business Administration and MBA Program, National Chengchi University</p> <p>General Manager of the company</p> <p>Starting off as a grassroots sales manager of Chicony Electronics, this person has a deep understanding of the Company's industry and knowledge required for upstream and downstream computer-related electronic components and products. This person is familiar with international market business and specializes in the management and strategy of the industry. This person has practical capabilities with respect to corporate governance, business and finance, marketing, and business planning for the technology industry.</p> <p>Not in conditions specified in any of the subparagraphs of Article 30 of the Company Act.</p>	<p>Concurrently as the Chairman of a subsidiary company</p>	0	

<p>Director: Tsai, Ming-Hsien</p>	<p>Provincial Taipei Institute of Technology MBA program, National Chengchi University General Manager and Vice Chairman of Clevo Co. With over 40 years of business management experience in notebook computer production and sales and information 3C product channel management, this person is able to timely offer opinions on business and management to the Company's upstream customers. As well as this, this person is also equipped with business, marketing and industrial technology capabilities. This person is able to help the Company to be more diversified in its thinking on business management strategies. Not in conditions specified in any of the subparagraphs of Article 30 of the Company Act.</p>	<p>Vice Chairman of Clevo Co. and Taipei Twin Towers Co., Ltd.</p>	<p>0</p>
<p>Director: Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng</p>	<p>Provincial Taipei Institute of Technology Director of Legal Representative of Taipei Twin Towers Co., Ltd This person is equipped with governance, business, marketing and industrial technology capabilities. This person is able to timely propose corporate governance and business management opinions and guidelines to the Company's board of directors in order to assist the business team in planning for operational strategies for implementation. Not in conditions specified in any of the subparagraphs of Article 30 of the Company Act.</p>	<p>Director of Taipei Twin Towers Co., Ltd.</p>	<p>0</p>
<p>Director: Li, Cih-Jing</p>	<p>Provincial Taipei Institute of Business Director of Chicony Power Technology Co., Ltd., XAVI Technologies Corporation Possess the capability in commerce, accounting information , financial analysis and management Not in conditions specified in any of the subparagraphs of Article 30 of the Company Act.</p>	<p>Concurrently as the Director of a subsidiary company</p>	<p>0</p>
<p>Independent Director: Lee, Yen-Sung</p>	<p>Master's degree, Department of Accounting, Soochow University Used to be Lecturer of Department of Accounting, Soochow University and National Taiwan University, CPA, Vice Chairman of PriceWaterHouse Coopers Taiwan and Director of Taiwan Accounting Association Currently as the Independent Director of FamilyMart Co., LTD., Charoen Pokphand Enterprise Co., LTD., and Sincere Navigation Co., LTD. Possess the capability in corporate governance and financial accounting, able to elevate the quality of corporate governance of the board and supervision function of the audit committee Not in conditions specified in any of the subparagraphs of Article 30 of the Company Act.</p>	<p>In accordance with the provisions set out in the Company's Articles of Incorporation and the Corporate Governance Best Practice Principles, directors are elected by the nomination system. Upon nomination and selection of the Company's Board members, a statement of each director's academic qualifications and work experience must be obtained.</p>	<p>3</p>

Independent Director: Lin, Ming-Chieh	<p>Doctorate in Business Administration, National Chengchi University</p> <p>Used to be Department Chairman of Business Administration, National Central University, Member of Industry Committee of Ministry of Economic Affairs, Consultant of Taiyen Biotech Co., Ltd., Director of Taiwan Power Company</p> <p>Currently as the Independent Director of GMI Technology Inc. and CSUN Co., LTD.</p> <p>Possess the capability of analysis and management in corporate governance, financial accounting, commerce, marketing and industry technology, able to elevate the quality of corporate governance of the board and supervision function of the audit committee</p> <p>Not in conditions specified in any of the subparagraphs of Article 30 of the Company Act.</p>	<p>As well as this, their independence from the Company regarding themselves, their spouses and relatives within the second degree of kinship must also be confirmed. Moreover, it has been verified that the three independent directors listed are in line with the qualifications set forth in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by the FSC and Article 14-2 of the Securities and Exchange Act during the two years prior to the election and during their term of office.</p>	2
Independent Director: Chu, Jia-Siang	<p>Graduated from the department of Electrical Engineering of National Tsing Hua University</p> <p>MBA, National Cheng Kung University</p> <p>Currently as the Chairman of WK Technology Fund, and WK Innovation Ltd. Supervisor of GooGol Technology (TWN) Limited and eTouch Medical Inc., and Independent Director of Q Technology (Group) Company Limited</p> <p>Knowledgable in computer related supply chain, specializing in investment management, having the capabilities in corporate governance, accounting information, financial analysis, industry development and insights of technology applications, able to elevate the quality of corporate governance of the board and supervision function of the audit committee</p> <p>Not in conditions specified in any of the subparagraphs of Article 30 of the Company Act.</p>	<p>As well as this, their independence from the Company regarding themselves, their spouses and relatives within the second degree of kinship must also be confirmed. Moreover, it has been verified that the three independent directors listed are in line with the qualifications set forth in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by the FSC and Article 14-2 of the Securities and Exchange Act during the two years prior to the election and during their term of office.</p>	0

(1.2-2) Diversity and Independence of the Board:

In accordance with Article 20 of the Company's “Corporate Governance Best Practice Principles”, in addition to taking into account the basic criteria of gender, age, nationality and culture, the Board members of the Company must also be equipped with the knowledge, capabilities and quality necessary to perform their duties.

1. Upon the establishment of the Board members, the Company considers the diversity of the Board from various aspects. At present, the Company's list of the 13th Board members has 8 directors (including 3 independent directors). The Board members on the list are in line with the criteria in Paragraph 3, Article 20 of the Company's “Corporate Governance Best Practice Principles”, as follows

## Diversity of the Board

Condition Name	Basic Information.						Industry Experience (Note)			Professionalism (Note)							
	Nationality	Gender	Age			Company Employee	Seniority of Independent Director			Information Technology	Finance	Marketing	International Market Perspective	Business Management	Crisis Management	Leadership & Decision-Making	Accounting & Financial Analysis
			51 ~ 60	61 ~ 70	71 ~ 75		< 3 years	3~9 years	>9 years								
Hsu, Kun-Tai	Republic of China	Male		✓					✓	⊙	✓	✓	✓	✓	✓	⊙	
Lu, Chin-Chung	Republic of China	Male	✓			✓			✓	⊙	✓	✓	✓	✓	✓	⊙	
Tsai, Min-Hsien	Republic of China	Male		✓					✓	⊙	✓	✓	✓	✓	✓	⊙	
Dong Ling Investment Co., Ltd. Legal Representative: Liu, Jia-Sheng	Republic of China	Male		✓						✓						✓	
Li, Cih-Jing	Republic of China	Female		✓						✓	✓	⊙	✓	✓			
Li, Yan-Song	Republic of China	Male		✓				✓		✓		⊙	⊙	✓	⊙	✓	
Lin, Ming-Chieh	Republic of China	Male			✓			✓		✓	✓	⊙	⊙	✓	⊙	✓	
Chu, Jia-Siang	Republic of China	Male	✓				✓		✓	✓	✓	✓	✓	✓	⊙	✓	

Note: “✓” means fully capable of, “⊙” means partially capable of.

2. Board Members of the 13<sup>th</sup> Term: 1 Director, concurrently as company employee, accounts for 12.5%, 3 Independent Directors accounts for 37.5%, 1 female Director (reached 1 seat target) accounts for 12.5% ° Not in conditions specified in Article 26-3-3~4 of the Securities and Exchange Act.

(2) Manager Information

4/12/2022 Units: share

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager			Note (Note 2)
					Quantity of Shares (note 1)	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation	
General Manager	Republic of China	Lu, Chin-Chung	Male	12.1.2016	3,782,125	0.50%	1,992,628	0.27%	-	-	Department of Business Administration and MBA Program, National Chengchi University Business Supervisor, Manager, Director, Assistant General Manager, Vice General Manager of Chicony Electronics	General Manager of the Company Chairman of Legal Representative of Chicony Power Technology Co., Ltd., XAVI Technologies Corporation, Unikey Electronics Co., Ltd. Director of Legal Representative of Hipro Electronics CO., Kuang Sheng Investment CO., Chun Ching Power Technology Co., Ltd. Director of subsidiaries: Chicony Overseas, Czech Republic, Japan, Suzhou, Thailand, HIPRO Overseas, Jui Yang, Mao Feng, Kuang Hsin, Mau Chiun, Guang Mau, Chicony America Group Inc., Chicony Power Technology Hong Kong, Suzhou, Chung Ching, Dongguan, Thailand, Chicony Power America Holding, International, Dungguan Trading Company, Chicony Energy Shanghai, Guang Sheng Electronics Nan Chang, XAVI Overseas, XAM Thailand, XAVI Suzhou, Directmax, and Systemax. Director and Secretary of Chicony America Director and General Manager of Chicony Dungguan Director and Supervisor of Maorui Supervisor of Chicony Chongqing Director of Legal Representative of Shun On Electronics CO., LTD. and Newmax Technology Co., LTD.	-	-	-	-
Chicony America Company General Manager	Republic of China	Chang, Yao-Ching	Male	10.17.1993	473,310	0.06%	-	-	-	-	Graduated from the Department of Law, National Chung Hsing University Chicony Electronic Corporate Business Director, Assistant General Manager, Vice General Manager	Director and CFO of Chicony America Director and Secretary of Chicony America Director of Chicony Power America Co., Ltd.	-	-	-	-
Special Assistant	Republic of China	Chen, Shao-Lung	Male	6.1.2011	1,561,556	0.21%	63,432	0.01%	-	-	Graduated from the Department of Applied Mathematics, National Chiao Tung University Head of the Planning Department and Head of the Marketing Planning Department of LiteOn Co., Ltd. Business Manager, Purchasing Director of Chicony Co., Ltd. and General Manager of Chicony Thailand Co., Ltd. and Chicony Germany Co., Ltd.	Nil	-	-	-	-
General Manager of the IPD Business Unit	Republic of China	Huang, Chien-Yu	Male	10.26.2011	1,942,533	0.26%	178,288	0.02%	-	-	Graduated from the Department of Electrical Engineering, Fu Jen Catholic University Vice General Manager of the IPD Development Division of Chicony Electronic Co., Ltd., General Manager of Chicony Dongguan Company, Acting General Manager of the Business unit	Chairman of Suzhou Chunyang, Suzhou Maochun, Mao Jui Director of the Subsidiaries: Chicony Japan, Chicony Chongqing, Chicony Dongguan, Jui Yang Supervisor of Chicony Suzhou	-	-	-	-

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager			Note (Note 2)
					Quantity of Shares (note 1)	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation	
General Manager of the MKB Business Unit	Republic of China	Tsai, Chin-Cheng	Male	7.1.2020	499,017	0.07%	-	-	-	-	- MBA Master of Business Management, Da-Yeh University Assistant General Manager of the MKB Development Division of Chicony Electronics Co., Ltd.	Director of Chicony Suzhou Supervisor of Suzhou Chunyang Director and General Manager of Chicony Chongqing	-	-	-	-
General Manager of the VIP Business Unit	Republic of China	Tsai, Mei-I	Female	7.1.2020	440,426	0.06%	-	-	-	-	- Graduated from the EMBA Program, Department of International Business, National Taiwan University Executive Vice General Manager of Ho Hsun Digital Co., Ltd. and Assistant General Manager of the VIP Development Division of Chicony Electronics Co., Ltd.	Nil	-	-	-	-
General Manager of the CM Business Unit	Republic of China	Dung, Yan-Liang	Male	5.1.2019	406,163	0.05%	-	-	-	-	- Graduated from the Department of Electronics, Hsin-pu Industrial and Technological Junior College Company Special Assistant of XAVi Technologies Corporation Senior Assistant General Manager of Hon Hai Precision Industry Co., Ltd.	Nil	-	-	-	-
General Manager of the AE Business Unit	Republic of China	Cheng, Wei-Hao	Male	3.1.2018	227,483	0.03%	-	-	-	-	- Graduated from the MBA Program, National Cheng Kung University General Manager of the Business Unit of Chicony Power Technology Co., Ltd.	Nil	-	-	-	-
General Manager of MP Business Unit	Republic of China	Chou, Yung-Chang	Male	12.1.2016	574,266	0.08%	-	-	-	-	- National Taipei University of Business MBA Master's, California State University Business Manager of Super Company Business Manager, Director, Vice General Manager of the CM Business Division of Chicony Electronic Co., Ltd.	Nil	-	-	-	-
Chief Purchasing Officer	Republic of China	Chang, Chao-Hsien	Male	5.1.2019	227,610	0.03%	-	-	-	-	- Graduated from the Department of Electrical Engineering, Ming Chi Industrial and Technological Junior College Vice General Manager of Compal Electronics, Inc. and Assistant General Manager of Taiwan Lu Pa Co., Ltd.	Nil	-	-	-	-
Vice General Manager of the CM Business Division	Republic of China	Li, Pei-Jan	Male	7.1.2011	508,141	0.07%	-	-	-	-	- Graduated from the Department of Shipping and Transportation Management, National Taiwan Ocean University Assistant General Manager of the Business Division of Chicony Electronics Co., Ltd.	Nil	-	-	-	-
Vice General Manager of the New Product Development Center	Republic of China	Huang, Kuang-Yu	Male	11.1.2006	1,252,225	0.17%	-	-	-	-	- Graduated from the Department of Business Mathematics, Soochow University Manager and Director of the IPD Development Division of Chicony Electronics Co., Ltd.	Nil	-	-	-	-

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager			Note (Note 2)
					Quantity of Shares (note 1)	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation	
Senior Vice General Manager of the Financial and Administrative Department	Republic of China	Lin, Yu-Ling	Female	7.1.2020	418,644	0.06%	-	-	-	-	Graduated from the Department of Finance, National Taiwan University Master of Accounting, George Washington University CPA of Chiun Ye Accountancy Firm Accounting Manager and Director of Chicony Electronic Co., Ltd.	Director of Chicony Czech Republic, Chicony Thailand Supervisor of Subsidiaries: Chicony Japan Director of the Legal Representative of WK Technology Fund Co., Ltd, Mai Shish Erh Hao Fund Co., Ltd., Laster Tech Co., Ltd., Alcor Micro Co., Ltd., Cheng Ting Fund Co., Ltd., Pei Ke Chih Hsing Fund Co., Ltd., Sheng-Da Venture Capital	-	-	-	-
Vice General Manager of the IPD Business Division	Republic of China	Tu, Ku-Chin	Male	5.1.2019	383,172	0.05%	-	-	-	-	Graduated from the Department of Engineering Economics Management, University of Oxford, UK Director of the Business Division of Chicony Electronic Co., Ltd.	Nil	-	-	-	-
Chief Human Resources Officer	Republic of China	Hsiao, Huan-Wen	Male	12.01.2016	320,548	0.04%	30	-	-	-	Graduated from Newport International University Assistant General Manager of the Human Resources Division of Chicony Electronics Co., Ltd	Nil	-	-	-	-
Acting Vice General Manager of the IPD Product Development Division	Republic of China	Chen, Yi-Heng	Male	5.1.2021	118,610	0.02%	10,000	-	-	-	National Chin-Yi College of Technology Assistant General Manager of the IPD Product Development Division of Chicony Electronics Co., Ltd.	Nil	-	-	-	-
Acting Vice General Manager of the VIP Product Development Division	Republic of China	Yuan, Shang-Yuan	Male	5.1.2021	96,435	0.01%	-	-	-	-	Graduate School of Electrical Engineering, Feng Chia University Assistant General Manager of the VIP Product Development Division of Chicony Electronics Co., Ltd.	Nil	-	-	-	-
Vice General Manager of the Automation Engineering Center	Republic of China	Tseng, Chin-Cheng	Male	7.1.2017	329,651	0.04%	-	-	-	-	Graduated from the Institute of Mechanical Engineering, National Taiwan University Manager of Hao Shih Technology Co., Ltd. Assistant General Manager of ASKEY Computer CO., Ltd.	Nil	-	-	-	-
Assistant General Manager of the Overseas Business Management Division	Republic of China	Chuang, Ting-Shan	Male	02.01.2006	61,683	0.01%	-	-	-	-	Graduated from the Department of Business Administration, Feng Chia University Director of the Overseas Business Management Division of Chicony Electronic Co., Ltd.	Nil	-	-	-	-
Assistant General Manager of the MKB Development Department	Republic of China	Chen, Tsung-Ming	Male	08.06.2013	359,110	0.05%	199,050	0.03%	-	-	Graduated from the Department of Machinery, National Chiayi Institute of Agriculture Director of the Development Division of Chicony Electronics Co., Ltd.	Nil	-	-	-	-

Occupational Title	Nationality	Name	Gender	Inauguration Date	Shareholding number		Shareholding at present by spouse and/or children who are minors		Shares Held in the Name of a Third Party		Major Experience (education)	Positions in Other Companies at Present	Spouse or Kindred Within the 2nd Tier Under the Civil Code who is a Manager			Note (Note 2)
					Quantity of Shares (note 1)	Proportion of Shareholding	Quantity of Shares	Proportion of Shareholding (note)	Quantity of Shares	Proportion of Shareholding (note)			Occupational Title	Name	Relation	
Assistant General Manager of MKB PM	Republic of China	Yang, Ching-Wu	Male	07.04.2014	182,667	0.02%	10,417	-	-	-	Graduated from the Department of Electronics and Information, Tamsui Industrial and Technological Junior College Vice General Manager of Sysgration Co., Ltd.	Nil	-	-	-	-
Chief Information Officer	Republic of China	Chang, Yu-Yun	Male	12.01.2014	274,806	0.04%	-	-	-	-	Graduated from Pittsburgh University Vice General Manager of Inventec Co., Ltd.	Nil	-	-	-	-
Special Assistant	Republic of China	Chen, Chiu-Mei	Female	09.01.2017	206,524	0.03%	-	-	-	-	Master of Pennsylvania State University Training Manager of Hung Chang Information Company	Nil	-	-	-	-
Deputy Director of the Audit Division	Republic of China	Chao, Yuan-Hung	Male	04.01.2020	22,168	-	-	-	-	-	Master of University of Glasgow Senior Assistant Manager of Inventec Corporation	Nil	-	-	-	-

Note: The shareholding number includes shares under trust with discretion reserved

Note: Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers) : None.

(3) Remuneration to the Directors, General Manager, and Vice General Managers

1. Remuneration Paid to Directors (Including Independent Directors) in 2021

Units: NTD Thousands

Occupational Title	Name	Remuneration of Directors								Total Amount and Percentage of A, B, C, and D to Net Profit After Tax		Relevant Remuneration of Part-time Personnel								Amount and Percentage of A, B, C, D, E, F, and G to Net Profit After Tax		Any remuneration from other direct investments other than the subsidiaries Note 1
		Remuneration		Severance Payment and Pension		Remuneration to Directors Note 1		Business Subsidy				Salaries, Bonuses, and Special Accounts Note 2		Severance Payment and Pension		Remuneration to Employees Note 1						
		(A)		(B)		(C)		(D)		(E)		(F)		(G)				The Company	All Companies Included in the Financial Statements			
The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements					
Chairman	Hsu, Kun-Tai	5,940	7,337	-	-	50,582	62,175	-	-	56,522	69,512	2,779	40,517	56	56	-	44,022	-	44,022	103,379	154,107	-
Director	Lu, Chin-Chung									0.92%	1.13%									1.68%	2.50%	
Director	Tsai, Ming-Hsien																					
Director	Li, Cih-Jing																					
Director	Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng																					
Independent Director	Lee, Yen-Sung	-	-	-	-	7,500	7,500	-	-	7,500	7,500	-	-	-	-	-	-	-	-	7,500	7,500	-
Independent Director	Lin, Ming-Ji									0.12%	0.12%									0.12%	0.12%	
Independent Director	Chu, Jia-Siang																					

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration :

For the remuneration of the independent directors of the Company, the Remuneration Committee shall follow Article 18 of the Articles of Association, with reference to the extent of each director's participation in the operation of the Company and the value of contribution, and draft in the directors' remuneration proposal the amount and the principle of payment, for submitting it to the board of directors for resolution.

2. Further to the disclosure in the above Table, the remuneration received by the Director who performed service to all companies included in the financial statements in the most recent year (such as a consultant to parent company/all companies included in financial statements/investment business): Nil.

Note 1: Remuneration of Directors, employees, and any remuneration from other invested businesses apart from subsidiaries proposed for distribution this year.

Note 2: Remuneration should be disclosed by accrual basis.

Table of Salary Scale: Directors and Independent Directors

Bracket of Payment to Each Director of the Company	Names of Directors and Independent Directors			
	Total amount of remuneration of the sum of these 4 items (A+B+C+D).		The total amount of remuneration of the sum of these 7 items (A+B+C+D+E+F+G).	
	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements
Less than NT\$1,000,000	-	-	-	-
NT\$1,000,000 - NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 - NT\$3,500,000 (exclusive)	Lee, Yen-Sung /Lin, Ming-Ji /Chu, Jia-Siang	Lee, Yen-Sung /Lin, Ming-Ji /Chu, Jia-Siang	Lee, Yen-Sung /Lin, Ming-Ji /Chu, Jia-Siang	Lee, Yen-Sung /Lin, Ming-Ji /Chu, Jia-Siang
NT\$3,500,000 - NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 - NT\$10,000,000 (exclusive)	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng	Tsai, Ming-Hsien/ Dong Ling Investment Co., Ltd Legal Representative:Liu, Chia-Sheng
NT\$10,000,000 - NT\$15,000,000 (exclusive)	Lu, Chun-Chung/Li, Cih-Jing	Li, Cih-Jing	Lu, Chun-Chung/Li, Cih-Jing	Li, Cih-Jing
NT\$15,000,000- NT\$30,000,000 (exclusive)	Hsu, Kun-Tai	Hsu, Kun-Tai / Lu, Chun-Chung	Hsu, Kun-Tai	Hsu, Kun-Tai
NT\$30,000,000- NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 - NT\$100,000,000 (exclusive)	-	-	-	Lu, Chun-Chung
More than NT\$ 100,000,000	-	-	-	-
Total	8	8	8	8

Note: Remuneration to employees used the proposed distribution for this year to estimate the amount that has not been paid yet, therefore the Bracket of Remuneration did not include the Remuneration to Employees.

If any of the following applies, the remuneration paid to each individual director shall be disclosed:

1. After-tax loss occurring in individual or respective financial reports in the last three years: None.
2. A company that has had an insufficient director shareholding percentage for 3 consecutive months or longer during the most recent fiscal year: None
3. A company that has had an average ratio of share pledging by directors in excess of 50 percent in any 3 months during the most recent fiscal year: None
4. If the total amount of remuneration received by all of the directors in their capacity as directors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NTD 15 million: None
5. Where the results of the corporate governance evaluation of a listed and OTC company in the most recent year fall in the last level, or the trading method has been changed, trading has been suspended, listing has been terminated, or other facts where the Corporate Governance Evaluation Committee passed the resolution that the Company shall not be evaluated in the most recent year and up to the date of printing of the annual report: None.
6. If average annual salary of the full-time non-supervisory employees in a TWSE or TPEX listed company is less than NTD 500,000 for the most recent fiscal year (2021): None

Remuneration paid to Supervisors: Not applicable. The company has set up the Audit Committee.

2. Remuneration Paid to the General Manager and Vice General Manager in 2021

Units: NTD Thousands

Occupational Title	Name	Salary (Note 2) (A)		Severance Payment and Pension (B)		Bonus and Special Account (Note 2) (C)		Amount of Remuneration to Employees (Note 1) (D)				The sum of A, B, C, and D and percentage to net income		Any remuneration from other direct investments other than the subsidiaries. Note 1
		The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company		All Companies Included in the Financial Statements		The Company	All Companies Included in the Financial Statements	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
General Manager	Lu, Chin-Chung	29,265	44,380	1,562	2,004	5,555	103,304	-	126,138	-	126,138	162,520	275,826	1,722
Subsidiary General Manager	Chang, Yao-Ching											2.64%	4.48%	
Special Assistant	Chen, Shao-Lung													
General Manager of the IPD Business Unit	Huang, Chien-Yu													
General Manager of the MKB Business Unit	Tsai, Chin-Cheng													
General Manager of the VIP Business Unit	Tsai, Mei-I													
General Manager of the CM Business Unit	Dung, Yan-Liang													
General Manager of the AE Business Unit	Cheng, Wei-Hao													
General Manager of the MP Business Unit	Chou, Yung-Chang													
Senior Vice General Manager	Lin, Yu-Ling													
Chief Purchasing Officer	Chang, Chao-Hsien													
Vice General Manager	Li, Pei-Jan													
Vice General Manager	Tu, Ku-Chin													
Vice General Manager	Huang, Kuang-Yu													
Chief Human Resources Officer	Hsiao, Huan-Wen													

Note 1: Remuneration of Directors, employees, and any remuneration from other invested businesses apart from subsidiaries proposed for distribution this year.

Note 2: Remuneration should be disclosed by accrual basis.

Table of Salary Scale: General Manager and Vice General Manager

Bracket of Payment to Each General Manager and Vice General Manager of the Company	Names of the General Manager and Vice General Managers	
	The Company	All Companies Included in the Financial Statements
Less than NT\$1,000,000	-	-
NT\$1,000,000 - NT\$2,000,000 (exclusive)	Huang, Chien-Yu/Tsai, Chin- Cheng/Tsai, Mei-I Chen, Wei-Hao/ Li, Pei-Jan/Lin, Yu-Ling/ Hsiao, Huan-Wen	-
NT\$2,000,000 - NT\$3,500,000 (exclusive)	Lu, Chin-Chung/ Chang, Yao-Ching /Chen, Shao-Lung / Dung, Yan-Liang/Chou, Yung-Chang/Tu, Ku-Chin/ Huang, Kuang-Yu/ Chang, Chao-Hsien	Chen, Shao- Lung/ Chen, Wei-Hao/ Hsiao, Huan-Wen
NT\$3,500,000 - NT\$5,000,000 (exclusive)	-	
NT\$5,000,000 - NT\$10,000,000 (exclusive)	-	Chang, Yao-Ching/ Tsai, Mei-I/ Dung, Yan-Liang/ Tu, Ku-Chin/ Li, Pei-Jan/ Chang, Chao-Hsien/ Huang, Kuang-Yu /
NT\$10,000,000 - NT\$15,000,000 (exclusive)	-	Huang, Chien-Yu/ Chou, Yung-Chang/ Lin, Yu-Ling
NT\$15,000,000- NT\$30,000,000 (exclusive)	-	Tsai, Chin- Cheng
NT\$30,000,000- NT\$50,000,000 (exclusive)	-	Lu, Chin-Chung
NT\$50,000,000 - NT\$100,000,000 (exclusive)	-	-
More than NT\$ 100,000,000	-	-
Total	16	16

Note: Remuneration to employees used the proposed for distribution this year to estimate the amount that has not been paid yet, therefore the Bracket of Remuneration did not include the Remuneration to Employees.

If any of the following applies, the remuneration paid to the top 5 highest-paid managers shall be disclosed:

1. After-tax loss occurring in individual or respective financial reports in the last three years: None.
2. Where the results of the corporate governance evaluation of a listed and OTC company in the most recent year fall in the last level, or the trading method has been changed, trading has been suspended, listing has been terminated, or other facts where the Corporate Governance Evaluation Committee passed the resolution that the Company shall not be evaluated in the most recent year and up to the date of printing of the annual report: None.

3. Names of Managers and the Distribution of Remuneration to Employees in 2021

Unit: NTD 1,000

	Occupational Title	Name	Amount in Stock	Total Amount in Proportion the Net Income
Manager	General Manager	Lu, Chin-Chung	153,763	2.81%
	General Manager of Chicony America Corporation	Chang, Yao-Ching		
	Special Assistant	Chen, Shao-Lung		
	General Manager of the IPD Business Unit	Huang, Chien-Yu		
	General Manager of the MKB Business Unit	Tsai, Chin-Cheng		
	General Manager of the VIP Business Unit	Tsai, Mei-I		
	General Manager of the CM Business Unit	Dung, Yen-Liang		
	General Manager of the AE Business Unit	Cheng, Wei-Hao		
	General Manager of the MP Business Unit	Chou, Yung-Chang		
	Senior Vice General Manager of the Financial and Administrative Department	Lin, Yu-Ling		
	Chief Purchasing Officer	Chang, Chao-Hsien		
	Vice General Manager of the CM Business Department	Li, Pei-Jan		
	Vice General Manager of the IPD Business Division	Tu, Ku-Chin		
	Acting Vice General Manager of the IPD Product Development Division	Chen, Yi-Heng		
	Acting Vice General Manager of the VIP Product Development Division	Yuan, Shang-Yuan		
	Vice General Manager of the New Product Development Division	Huang, Kuang-Yu		
	Acting Vice General Manager of the Automation Engineering Center	Tseng, Chin-Cheng		
	Assistant General Manager of the Overseas Business Management Division	Chuang, Ting-Shan		
	Assistant General Manager of the MKB Development Division	Chen, Tsung-Min		
	Assistant General Manager of the MKB PM	Yang, Ching-Wu		
	Chief Information Officer	Chang, Yu-Yun		
	Chief Human Resources Officer	Hsiao, Huan-Wen		
	Special Assistant	Chen, Chiu-Mei		
Chief Auditing Officer	Chao, Yuan-Hung			

Note: According to the amendment, employees can allocate amounts to the proposed remuneration of employees.

(4) The Company and all companies included in the Consolidated Financial Statements to the Directors, Supervisors, General Manager, and Vice General Manager in proportion to the net income of the Separate Financial Statements in the last two years, with analysis of the remuneration policy, standard and combination, procedure for setting the remuneration, the association with operation performance, and risks in the future:

1. The following table is of remuneration paid to directors, supervisors, general managers, and Vice General managers in proportion to the net income of 2021 and 2020 Financial Statements.

Unit: NT\$ 1,000

	Total Amount of Remuneration				Total Amount in Proportion to the Net Income (%)			
	2021		2020		2021		2020	
	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements	The Company	All Companies Included in the Financial Statements
Remuneration to Directors	64,022	77,012	58,460	68,445	1.04	1.25	1.07	1.25
Remuneration to the General Manager and the Vice General Managers	172,181	275,826	173,655	263,345	2.64	4.48	3.18	4.82

2. The remuneration policy, standard and combination, and the procedure for setting the remuneration:

- (1) The remuneration of directors (including independent directors) of the Company, including compensation and distribution of income remuneration to directors. In the compensation part, it is reported to the Board of Directors after discussion by the Remuneration Committee; in respect of the remuneration of the distribution of income to directors, before the Board of Directors decides to pay the amount, the Remuneration Committee complies with the provisions of Article 18 of the Articles of Incorporation of the Company, within the limit of not more than 1% of the annual profit, and considers the value of the degree and contribution of the directors to the operation of the Company, and discusses the suggestion of remuneration of the Board of Directors and the principle of payment.
- (2) The remuneration paid to general managers and Vice General managers are salaries, bonuses, staff compensation, and retirement pension according to regulations. The salary and bonus portion shall be considered by the Remuneration Committee to take into account annual revenue, profit performance, and the status of manager's performance target. After reviewing the peers performance and salary level, then decisions are made through the Board of Directors; the portion of remuneration to employees is subject to the provisions of the Articles of Incorporation of the Company and takes into account annual profit and the achievement rate of the performance target of the Manager, and the amount is proposed by the Remuneration Committee, and then the Board of Directors should make a corresponding resolution and pay it.

If the Company is appointed as a Legal Representative Director or supervisor of the direct investment company, and the Company will pay the directors and managers of the directors by salary way that received from the direct investment company.

3. Association with the operation performance, and risks in the future:

- (1) The revenue and profitability of the Company were maintained, so the relative risk is low.
- (2) For the performance assessment of directors and managers, in addition to the reference to

the peers' level of salary payment, considering the operating results and their contribution to the Company, comprehensive consideration of the remuneration, payment method, and the future risks matters of the Company that were highly correlated with the Company's operational responsibilities and overall performance were considered.

### 3. Corporate Governance in action

#### (1) Status on Implementation of Board of Directors (1)

The Board convened 5 times (A) in 2021. The attendance of the Directors is specified below:

Occupational Title	Name (Legal persons should disclose the name of the shareholder and its representative)	Actual Number of Attendances B	Attendances by Proxy	Actual Attendance Rate % [B/A (number of meetings during the period of employment)]	Remarks (Date of Departure, Formerly or Newly Elected to Office, or Reelected to Office, and Date of Election)
Chairman	Hsu, Kun-Tai	5	0	100%	
Director	Lu, Chin-Chung	5	0	100%	
Director	Tsai, Ming-Hsien	5	0	100%	
Director	Li, Cih-Jing	5	0	100%	
Director	Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng	4	0	80%	
Independent Director	Lee, Yen-Sung	5	0	100%	
Independent Director	Lin, Ming-Ji	5	0	100%	
Independent Director	Chu, Jia-Siang	5	0	100%	

#### Additional Information:

I. If any of the following occurs to the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) The particulars exhibited in Article 14-3 of the Securities and Exchange Act:

The company has established an audit committee, which does not apply to the provisions of Article 14-3 of the Securities and Exchange Act. For relevant information, please refer to the operation of the audit committee.

(II) Further to the aforementioned matters, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board: Nil.

II. The recusal of the Directors from motions involving the interest of the names of the Directors concerned, the content of the motions, the reason for recusal for the avoidance of conflict of interest, and the participation in voting:

Board date	Director's name	The content of the motions	The reason for recusal	Participation in voting
2021/1/29 The 9th session of the 13th term of board	Hsu, Kun-Tai	Discuss the joint land development project with Hongwell Co., Ltd.	Have interests in this case	Did not participate in the discussion and voting

III. Implementation of Performance Evaluation by the Company's Board of Directors: As followed.

IV. The objective of the Board in fortifying its function in the recent and present year (such as the establishment of the Auditing Committee, and enhancement of transparency) and assessment of the attainment:

- In 2021 and up to March 31, 2022, the content and procedure of the Board of Directors and the self-discipline of the directors implemented in accordance with the procedures of the Board of Directors.
- The Company has completed the 2021 performance evaluation of the board of directors and functional committees, and submitted the summary results of the performance evaluation to the board of directors on March 9, 2022 to strengthen the functions of the board of directors.
- The Company has set up an Audit Committee and the Remuneration Committee to assist the board of directors in performing its supervision duties.

The attendance of independent directors of each Board of Directors Meeting in 2021 was specified below:

✓ Actual Attendance, ☆ Attended by Proxy, X Non-attendance

Name \ Date	1/29	3/10	5/6	8/6	11/5
Lee, Yen-Sung	✓	✓	✓	✓	✓
Lin, Ming-Ji	✓	✓	✓	✓	✓
Chu, Jia-Siang	✓	✓	✓	✓	✓

Status of the evaluation of the board of directors and functional committees:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
At least once a year.	January 1, 2021 to December 31, 2021.	The scope covers the performance evaluation of the whole board of directors, individual directors and functional committees.	The evaluation methods include internal self-evaluation of the board of directors, self-evaluation of the members of the board of directors, and internal self-evaluation of the functional committees.	<p>The performance evaluation items of the board of directors and functional committees cover the following aspects:</p> <p>I. Degree of participation in the operation of the Company.</p> <p>II. Functional Committees' recognition of their responsibilities.</p> <p>III. Improving the decision-making quality of the board of directors (functional committees).</p> <p>IV. Composition, structure and election of members of the board of directors (functional committees).</p> <p>V. Election and continuing education of directors.</p> <p>VI. Internal control.</p> <p>The items of directors' performance evaluation cover the following aspects:</p> <p>VII. I. Mastery of the Company's objectives and tasks.</p> <p>VIII. II. Directors' recognition of their responsibilities.</p> <p>IX. III. Degree of participation in the operation of the Company.</p> <p>X. IV. Internal relationship management and communication.</p> <p>XI. V. Professional and continuing education of director.</p> <p>XII. VI. Internal control.</p> <p>The scoring criteria can be modified and adjusted according to the needs of the Company, and the scoring can also be done in a proportion weighted manner according to each measurement aspect.</p>

(2) Status on Operation of Audit Committee Participation in the Operation of the Board of Directors

1. Status on Operation of Audit Committee

On June 5, 2019, the Company elected three independent directors at the general shareholders'

meeting, and set up the Audit Committee to replace the supervisor in accordance with the Securities and Exchange Act.

The Board convened 5 times (A) in 2021. The attendance of the Independent Directors is specified below:

Occupational Title	Name	Actual Attendance (B)	Attended by Proxy	Actual Attendance Rate [B/A (Number of meetings during the period of employment)]	Remarks (Date of Departure, Former or Newly Elected to Office, or Reelected to Office, and Date of Election)
Convener (Independent Director)	Lee, Yen-Sung	5	0	100%	
Member (Independent Director)	Lin, Ming-Ji	5	0	100%	
Member (Independent Director)	Chu, Jia-Siang	5	0	100%	

**Additional Information:**

- I. In case of any of the following circumstances in the operation of the Audit Committee, the date and session of the board of directors' meeting, the contents of the proposal, objections, reservations or suggestions of independent directors, the resolution results of the Audit Committee and the Company's handling of the Audit Committee's opinions shall be stated.
  - (I) Items listed in Article 14-5 of the Securities and Exchange Act: See Table below for details.
  - (II) Other matters not approved by the Audit Committee but agreed by more than two-thirds of all directors, except those mentioned above: None.
- II. For the implementation of the independent directors' avoidance of proposals due to personal interests involved, please state the name of the independent director, the content of the proposal, the reason for the avoidance of personal interest and the voting result: None.
- III. The communication between the independent directors and the internal audit director and the independent auditor (including the communication on significant matters, methods and results of the Company's financial and business status).
  - (I) Communication and Policy
    1. The company's independent directors and internal audit supervisor regularly reports and respond to independent directors on the status of audit implementation and internal control operations in person. In the event of major abnormalities, independent directors will also convene meetings at any time or directly discuss with the audit supervisor by telephone. There was no such special situation in 2021, and communication was good.
    2. The company's CPA regularly explain to independent directors the results of the quarterly financial report review or other communications required by relevant laws and regulations to report, Whether there are major adjustment entries or legal amendments that affect the accounting situation; In the event of abnormal events, Independent directors will also convene meetings at any time. And they can communicate with CPA in written form, the scope of which includes accountants' independence, related responsibilities, audit planning and major findings (including adjustment entries and significant deficiencies in internal control) and other matters. There was no such special situation in 2021, and communication was good
  - (II) Communication and results: Disclosed on Chicony's website

The Audit Committee is composed of three independent directors and the Audit Committee of the Company aims to assist the board of directors in fulfilling its supervision of the quality and integrity of the Company's accounting, audit and financial reporting processes and financial control.

Regarding the qualification and experience of the members, please refer to 3.3.1(2)-1: Information on the Professional Qualification of Directors and the Status of Independence of Independent Directors

The Audit Committee convened 5 times in 2021. The terms of reference of the Audit Committee are as follows:

- I. Review financial statements
- II. Establishment of or amendment to the internal control system
- III. Independence assessment, appointment, and remuneration of independent auditors
- IV. Significant asset transactions
- V. Major loans, endorsements or guarantees
- VI. Amendment to the “Procedures for Loaning of Funds”, “Procedures for the Acquisition or Disposal of Assets”, and the set up of “Policies and Procedures for Risk Management”
- VII. Matters concerning the interests of the directors themselves
- VIII. Management of existing or potential risks of the company

### **Review of financial statements**

The Board of Directors of the Company has prepared the 2021 business report, consolidated financial report and standalone financial report and earnings distribution proposal. Among these, the financial report was audited by PwC Taiwan and an audit report has been issued.

The business report, consolidated financial report and individual financial report and earnings distribution proposal stated above have been audited by the Audit Committee and found to be in compliance with the applicable laws and regulations.

### **Evaluation of the internal control system effectiveness**

The Audit Committee has evaluated the effectiveness of the policies and procedures of the Company's internal control system, as well as reviewing the periodic report of the Company's auditing department, CPAs and management. The Audit Committee believes that the Company's risk management and internal control system is effective.

### **Appointment of CPAs**

The Audit Committee evaluates the independence, professionalism and appropriateness of the CPAs on a periodic basis. For the evaluation mechanism and results, please see 3.3.3 the State of Corporate Governance III (IV); the remuneration for the service of the Audit Committee is also reviewed at the same time. The CPAs Chen Chin-Chang and Weng Shih-Jung of PwC Taiwan are believed to have met the independence evaluation criteria and are qualified to serve as the Company's financial and tax CPAs.

Table: Operation Status

Date of Meeting	Details of Agenda	Objections, Reservations or Suggestions of Independent Directors,	Resolutions of the Audit Committee and the Dealing with the Opinion from the Audit Committee
2021/1/29 7th session of the 1st term Audit Committee	<ol style="list-style-type: none"> <li>1 、 Internal audit business report.</li> <li>2 、 Joint evaluation land development with Hongwell Co., Ltd.</li> <li>3 、 Subsidiary Chicony Overseas Inc.investment in WRVI CAPITAL IV, L.P. within a USD 10 million</li> <li>4 、 Amendment of company’s "Procedures for Loans to Others".</li> <li>5 、 Amendment of company’s "Procedures for Acquisition or Disposal of Assets"</li> </ol>	Nil	Approved by all members present
2021/3/10 8th session of the 1st term Audit Committee	<ol style="list-style-type: none"> <li>1 、 Internal audit business report.</li> <li>2 、 The Company's 2020 business report and consolidated and individual financial statements.</li> <li>3 、 The Company's 2021 business project.</li> <li>4 、 2020 earnings distribution.</li> <li>5 、 Amendment to the Company’s “Rules for Procedure for Shareholders Meetings”</li> <li>6 、 Periodical assessment of the the independence of CPA</li> <li>7 、 Amendment to subsidiary's "Procedures for Derivative Transaction Processing", "Procedures for Loans to Others" and "Procedures for Acquisition or Disposal of Assets" and “Regulations Governing Endorsement and Guarantees”</li> <li>8 、 Abolishment of subsidiary’s endorsement and guarantees</li> <li>9 、 Reviewed and adopted the 2020 internal control system statement</li> </ol>	Nil	Approved by all members present
2021/5/6 9th session of the 1st term Audit Committe	<ol style="list-style-type: none"> <li>1 、 Consolidated financial report of the Company for the first quarter of 2021</li> <li>2 、 Internal audit business report</li> <li>3 、 Amendment to the Company's "Procedures for Loans to Others".</li> <li>4 、 Appointment of the members of the Company’s Corporate Sustainability Development Committee</li> <li>5 、 Loans to subsidiary Chicony Electronics (Thailand) Co., Ltd.</li> </ol>	Nil	Approved by all members present
2021/8/6 10th session of the 1st term Audit Committe	<ol style="list-style-type: none"> <li>1 、 Consolidated financial report of the Company for the second quarter of 2021</li> <li>2 、 Internal audit business report</li> <li>3 、 Increase Chicony Electronics(Thailand) Ltd. budget for building new factory</li> </ol>	Nil	Approved by all members present

Date of Meeting	Details of Agenda	Objections, Reservations or Suggestions of Independent Directors,	Resolutions of the Audit Committee and the Dealing with the Opinion from the Audit Committee
	4、Loans to subsidiaries 5、Ratify the Company's acquisition of the securities for above NT\$300 million 6、Formation of “Policies and Procedures of Risk Management”		
2021/11/5 6th session of the 11th term Audit Committee	1、Consolidated financial report of the Company for the third quarter of 2021 2、Internal audit business report 3、Ratify the Company’s cash capital increase to Chicony Electronics (Thailand) Ltd. 4、Great campus construction budget plan for Chicony Electronics (Thailand) Ltd. 5、The Company's application for credit facilities from financial institutions	Nil	Approved by all members present

2. Status of Supervisers in Board Meeting: NA. The Company has set up Audit Committee.

(3) The difference Between the Corporate Governance Implementation and the Corporate Governance Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
I. Has the Company instituted its own corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies” and made disclosure?	✓		The Company has set a Corporate Governance Code of Practice. The 13th Session of the 8th Board of Directors passed amendments to the Corporate Governance Code of Practice and set up a chief corporate governance officer as the highest director in charge of corporate governance-related matters. The current practice is based on the Corporate Governance Code of Practice and is disclosed in the Market Observation Post System and the Company's website (investor relations → corporate governance).	No Difference
II. The Equity Structure and Shareholders Equity of the Company				
(I) Has the Company established its internal operation procedure for responding to the suggestions, queries, disputes, and legal actions of the shareholders in accordance with the procedure?	✓		(I) In accordance with the “Management Measures for Stock Operations” of the Company, and appointed the CTBC Stock Agency to handle related operations, the Company also has a spokesperson, acting spokespersons, and investor relations department to deal with shareholder suggestions or doubts. We also have a dedicated mailbox on the Company's website (Investor Relations → Investor Relations Contact → Contact Us) and dedicated personnel to deal with shareholders' comments.	(1) No Difference
(II) Has the Company kept the list of the dominant shareholders that exercise de facto control of the Company and the parties that exercise ultimate control of these dominant shareholders under control?	✓		(II) The majority of the Company's major shareholders are the management team and long-term shareholders. The Company's directors and supervisors, managers, and shareholders holding more than 10% of the shares are required to report their shareholding changes to the Company on a monthly basis. During the two days after the day after the ex-rights (dividends) book	(2) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
(III) Has the Company established and exercised risk control and firewall mechanisms with its affiliates?	✓		<p>close date, the Company's stock agency will be able to obtain the stock transfer books from the Company through the Taiwan Depository and Clearing Corporation, and provide the shareholding information of the major shareholders to the senior management.</p> <p>(III) The Company and its affiliated enterprise are independent in production, sales, research and development, personnel, and finance. The relationships with the Company are handled in accordance with the “Regulations on the Operation of Financial Businesses Related to Enterprises” set by the competent authority and the Company; In accordance with the “Endorsement Guarantee Measures” of the Company, the enterprises can only provide endorsement and guarantee for subsidiaries that have invested more than 50% of their shares.</p>	(3) No Difference
(IV) Has the Company instituted internal rules and regulations prohibiting insiders from using undisclosed information in the market for the trading of securities?	✓		<p>(IV) The “Internal Material Information Processing Operations and Regulations Governing the Prohibition of Insider Trading” has been established, and the regulations and promotion status have been disclosed on the Company's website (investor relations → corporate governance → important internal rules and corporate governance).</p> <p>Status in 2021:</p> <ol style="list-style-type: none"> <li>In order to prevent the insiders from violations of Article 22-2 and Article 25 of the Securities and Exchange Act and administrative fines imposed by the competent authority, the common violations listed in TWSE’s letter were conveyed to the insiders as a reminder every quarter.</li> <li>The Company's Administration Department also posted the</li> </ol>	(4) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			<p>“Operating Procedures for Handling Internal Material Information and Preventing Insider Trading” on the Company's e-bulletin on April 22, 2021, accessible by the Company’s related personnel for compliance.</p> <p>3. The related educational promotion provided to directors and managers on October 12, 2021 included the “procedure for prevention of insider trading”, the “TWSE Listed Companies’ Insider Equity Trading Q&amp;A Promotional Manual”, and related laws &amp; regulations.</p>	
<p>III. The Organization and Function of the Board</p> <p>(I) Has the Board developed its policies in diversity relevant to the composition of the members and has it properly pursued these policies?</p>	✓		<p>(I) The Board meeting held on March 9, 2022 resolved and approved the amendment to the Corporate Governance Best Practice Principles to establish a diversity policy and guidelines to strengthen the functions of the Board of Directors in Chapter 3, which will be disclosed on the company website.</p> <p>In accordance with the Articles of Incorporation, the candidate nomination system is adopted for the nomination and selection of the Company’s Board members. The Company also complies with the Rules for Election of the Directors and the Corporate Governance Best Practice Principles in order to ensure the professionalism and independence of the Board members.</p> <p>Target management and implementation of the Board Meeting: Please refer to 3.2.1(2)-2 Diversity and Independence of the Board</p>	(1) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
(II) Has the Company voluntarily established other functional committees further to the establishment of a remuneration committee and auditing committee?	✓		(II) The Board of Directors resolved the establishment of a Corporate Sustainable Development Committee, which is made up of the Chairman serving as the chair, the president the deputy chair and the head of corporate governance and 3 independent directors as the members. The Committee aims to promote corporate governance responsibility and is committed to the promotion of issues focused by stakeholders on different environmental, social and governance (ESG) aspects as well as their relevant countermeasures. Their duties and implementation status are as the Table. Other functional committees will be established in a timely manner based on the Company's needs of actual operations.	(2) No Difference  (3) No Difference
(III) Has the Company established the rules and regulations and the methods for the evaluation of Board performance, has it conducted performance evaluation at regular intervals of each year, and will the results of performance evaluation be reported to the board of directors, and applied as a reference for salary and remuneration of individual directors and nomination for re-election ?	✓		(III)"Measures for Performance Evaluation of the Board of Directors and Functional Committees" was proposed by the Reneration Committee and approved by the Board Meeting. The scoring for the board of directors, individual directors and the Audit and Remuneration Committee 2021 has been conducted according to specific evaluation indicators, and the performance evaluation report has been completed according to the evaluation results; the report has been submitted to the board of directors on March 9, 2022. The evaluation measures and the results of the 2021 evaluation have been disclosed on the Company's website (Investor Relations - →Corporate Governance→ Board of Directors). Article 7 of the Measures provides that the results of the performance evaluation of	(4) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
(IV) Has the Company assessed the independence status of the CPAs at regular intervals?	✓		<p>the board of directors shall be an important reference for the selection or nomination of directors.</p> <p>(IV) The Company's Audit Committee conducts an annual evaluation of the CPAs and the results are reported to the Board of Directors. The latest evaluation was resolved and approved by the Audit Committee meeting held on March 9, 2022 and was reported to the Board meeting held on March 9, 2022 for resolution and approval.</p> <p>1. The evaluation mechanism is as follows:</p> <p>A. The evaluation criteria is based on the “Checklist of the Board's Independence Evaluation on the CPAs and their Associated Accounting Firm”, as follows:</p> <p>(1) The CPA does not serve as a director or independent director of the Company or its affiliates</p> <p>(2) The CPA is not a shareholder of the Company or its affiliates</p> <p>(3) The CPA do not receive salary from the Company or its affiliates</p> <p>(4) The CPA has not provided audit services to the Company for seven consecutive years</p> <p>(5) The CPA confirms that his/her CPA firm has already complied with the requirements about independence</p> <p>(6) Whether the independent auditor confirms that his/her CPA firm has already complied with the requirements about independenc</p>	

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			<p>B. The “Letter of Communication with the Governance Unit” provided by PwC Taiwan listed : Roles and responsibilities of the host accountant and a statement of the independence of the audit on CPAs</p> <p>2. Consolidated evaluation results: The independence between the CPAs and the Company is in compliance with the regulations set forth in the Certified Public Accountant Act, the Code of Ethics for CPAs, SEC, and PCAOB</p>	
<p>IV. Does the listed or OTC company have competent and appropriate number of corporate governance personnel, and have designated the corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and supervisors on legal compliance, handling related matters of the board of directors’ meeting and shareholders’ meeting in accordance with the law, taking minutes of the board of directors’ meeting and shareholders’ meeting, etc.)?</p>	✓		<p>On January 29, 2021, the Board of Directors approved senior Vice General Manager Lin, Yu-Ling to be the chief corporate governance officer. She is CPA and has taken the role of financial management supervisor for listed companies for over 20 years. Chief corporate governance officer is responsible for corporate governance-related matters. Corporate governance-related matters include the following:</p> <p>I. Hold the meetings of the Board of Directors and the Shareholders Meeting according to the regulations. (A total of 5 meetings of the Board of Directors and 1 Annual General Meeting in 2021)</p> <p>II. Compilation of the minutes of Meetings of the Board and Shareholders Meeting (A total of five meeting minutes for the Board of Directors and one Shareholders Meeting minutes in 2021)</p> <p>III. Assist the directors to engage in their job and continue to learn. (On November 5, 2021, the Company arranged a six-hour course for the directors at the Taiwan Corporate Governance Association.</p>	No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.																
	Yes	No	Summary Description																	
			<p>IV. Provide the information required by the directors to perform their business.</p> <p>V. Assist directors to comply with the related laws.</p> <p>Formation of the Company’s “Articles of Corporate Sustainable Development Committee”, setting up “Corporate Sustainable Development Committee”, formation of “Policies and Procedures of Risk Management”, amendment to " Procedures for Loaning of Funds ", "Procedures for Acquisition or Disposal of Assets”, “Rules for Procedure for Shareholders Meetings”, “Rules for Procedures for Board Meeting”, and “Procedures for Ethical Management and Guidelines for Conduct”</p> <p>Total of 18 hours for advanced studies in 2021. Below are the details:</p> <table border="1"> <thead> <tr> <th rowspan="2">Institution</th> <th rowspan="2">Class</th> <th colspan="2">Period</th> <th rowspan="2">Hours</th> </tr> <tr> <th>From</th> <th>To</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Taiwan Corporate Governance Association</td> <td>Best Practice of Corporate Governance Officer</td> <td>March 9<sup>th</sup>, 2021</td> <td>March 9<sup>th</sup>, 2021</td> <td>3.0</td> </tr> <tr> <td>Matters Regarding 2021 Board Meeting and Shareholders’ Meeting</td> <td>March 23<sup>rd</sup>, 2021</td> <td>March 23<sup>rd</sup>, 2021</td> <td>3.0</td> </tr> </tbody> </table>	Institution	Class	Period		Hours	From	To	Taiwan Corporate Governance Association	Best Practice of Corporate Governance Officer	March 9 <sup>th</sup> , 2021	March 9 <sup>th</sup> , 2021	3.0	Matters Regarding 2021 Board Meeting and Shareholders’ Meeting	March 23 <sup>rd</sup> , 2021	March 23 <sup>rd</sup> , 2021	3.0	
Institution	Class	Period				Hours														
		From	To																	
Taiwan Corporate Governance Association	Best Practice of Corporate Governance Officer	March 9 <sup>th</sup> , 2021	March 9 <sup>th</sup> , 2021	3.0																
	Matters Regarding 2021 Board Meeting and Shareholders’ Meeting	March 23 <sup>rd</sup> , 2021	March 23 <sup>rd</sup> , 2021	3.0																

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)							Variation from the Corporate Governance Best Practice Principles for TWSE/TPEx-listed Companies and the reason.	
	Yes	No	Summary Description						
				Taiwan Accounting Association	Best Practice of Compliance and Audit of Shareholders’ Meeting	March 30 <sup>th</sup> , 2021	March 30 <sup>th</sup> , 2021	3.0	
					New Policies for Corporate Sustainable Development and Fraud Case Studies	May 18 <sup>th</sup> , 2021	May 18 <sup>th</sup> , 2021	3.0	
					Tracing of Capital Flow of Misstatement of Financial Reports and Case Studies of Related Legal Liabilities	June 7 <sup>th</sup> , 2021	June 7 <sup>th</sup> , 2021	3.0	
					Legal Liabilities of Whistle Blowers	June 18 <sup>th</sup> , 2021	June 18 <sup>th</sup> , 2021	3.0	

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.					
	Yes	No	Summary Description						
			<table border="1"> <tr> <td></td> <td>Case Studies</td> <td></td> <td></td> <td></td> </tr> </table> <p>Status of advanced studies in 2022 will be disclosed on M.O.P.S and company website</p>		Case Studies				
	Case Studies								
V. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	✓		<p>V. The Company has set up a website in both Chinese and English with a section dedicated to Chicony Group’s corporate social responsibility: <a href="https://www.chicony.com.tw/chicony/tw/csr">https://www.chicony.com.tw/chicony/tw/csr</a>. This section covers joint prosperity and communication with stakeholders including communication channels with stakeholders, communication frequency and issues concerned by stakeholders in response to the concerns of stakeholders on corporate social responsibility issues in a timely manner.</p> <p>Moreover, the Company also collects and reviews issues concerned by stakeholders to ensure the implementation and goal achievement of each material issue. Depending on the actual needs, a meeting may be convened by the Corporate Sustainable Development Committee to discuss material environmental, social and governance (ESG) issues and to plan for specific promotion plans and countermeasures. Furthermore, the Company compiles the implementation results, negotiates with stakeholders and reviews the ESG Report, which are reported to the Board of Directors on a periodic basis.</p> <p>The status of communication with stakeholders in 2021 have been reported to the board meeting on November 5<sup>th</sup>, 2021, and was disclosed on Chicony website (Investor Relations-&gt;Corporate</p>	No Difference					

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either "Yes" or "No" in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			Governance)	
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	✓		The Company's Stock Operation Department is handled by the professional stock agency - the agency department of CTBC bank, and they are responsible for the Company's affairs of Shareholders' Meetings.	No Difference
VII. Disclosure of Information	✓		(I) The Company's Chinese and English websites have been established, and the website is <a href="http://www.chicony.com.tw/">http://www.chicony.com.tw/</a> : <u>And set up an investor relationship zone, which includes:</u> 1. Investor Information: Quarterly Report, Material Information, Stock Price Information, Dividend Distribution Calendar, Dividend Policy 2. Shareholders' Column: Shareholder Service, Notice of Meeting, Proposal Manual, Annual Report of Shareholders' Meeting, every cases Result, Proceedings 3. Financial Information: Financial Statements, Monthly Consolidated Revenue 4. Corporate Governance: Board of Directors, Important Internal Rules 5. Investor Contact Window.	(1) No Difference
(I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	✓			
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesman system, and videotaping institutional investor conferences)?	✓		(II) In addition to the establishment of the Spokesperson and acting spokesperson system, the Company has set up an Investor Relations Department to appoint personnel to be responsible for the collection and disclosure of Company information. It also provides financial and business information of the Company to investors by the Market Observation Post System, institutional investors conference, the Company's website, and newspapers and magazines.	(2) No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
(III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operation of each month ahead of the required time limit?	✓		(III) The Company always announces and reports financial reports before the specified deadline.	(3) No Difference
VIII. Is there any other essential information that would help us to understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of the Directors and Supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the Directors and Supervisors)?	✓		(I) The Company pays attention to the health of colleagues. In addition to setting up a medical office, it hires professional doctors and nurses to conduct various health consultations, regular staff health, examination, tracking the top ten abnormal results and the brand new “Chicony Smart Green Building” has moved to the district of Sanchong District, New Taipei City. In addition to providing a better workplace, the Smart Green Building of the group also provides a swimming pool, fitness center, and other facilities to enable employees to have more convenient sports and leisure spaces. It also responds to government policies, promotes work-life balance projects, takes the initiative to pay attention to the work situation of colleagues, sets up multi-type societies, a nursing room in the work environment, all gender restrooms, parking spaces for the needed, and constructed a child care union mechanism to allow employees to take care of their families while they are working. The Company has established an Employee Welfare Committee to provide holiday bonus, travel, birthday, and labor festivals, etc., and also provides excellent “fertility bonus”	No Difference

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			<p>that rewards for active employees. The Human Resources Department also organizes training activities covering various professional and management courses. It encourages employees to take on-the-job training, and also organize health lectures and environmental safety training for employees to pay attention to physical, mental, and environmental health. The Industrial Safety and Health Department obtained ISO 14001/45001/TOSHMS 15506 Certification in 2018. The certification shows the Company's focus on the green environment and occupational safety and health. The Company actively makes an environment that meets the peace of mind and healthy living requirements of employees and promises to give a reasonable and warm space for care, study, and growth to employees, and creates the highest employee centripetal force.</p> <p>The Company was listed as component stocks on the "Taiwan HC 100 Index" by the Taiwan Stock Exchange in 2021. The company pay attention to employee compensation and fulfills its corporate social responsibility</p> <p>(II) The Company senior management has always operated on the principles of perseverance, integrity, and profitability, creating long-term and stable interests for shareholders, and creating multi-wins by working with customers, suppliers, and correspondents. In 2021, the Company was re-selected as a constituent of the “FTSE4Good TIP Taiwan ESG Index” of the TAIEX, and was listed as component stocks on "Taiwan Market CSR Small /Mid-Cap Index" by the Taiwan Stock Exchange. Representing that</p>	

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
			<p>outsiders recognize the Company responsibilities for sustainable development.</p> <p>(III) Both the Company and its affiliated enterprises are only allowed to provide endorsement guarantees and fund loans to subsidiaries identified in accordance with the International Financial Reporting Standards. The distinction between responsibility and accountability of personnel, assets, and finances between the Company and affiliated enterprises are clearly defined and a firewall should be properly established. Business dealings with affiliated enterprises should be based on the principle of fairness and reasonableness and set written specifications for related finance and business by themselves, and transfer of interests is prohibited and Non-arm's Length Transactions are prevented.</p> <p>(IV) Directors' Advanced Studies: 2021/11/5 the company invited Taiwan Corporate Governance Association to give a course on "Corporate Operation and Risk Management" to all directors. In addition, the Company has dedicated personnel to collect relevant laws and regulations and information, and submit a summary to the directors for reference.</p> <p>(V) The Company has purchased liability insurance for the Directors: Since August 2002, the Company has purchased liability insurance for the protection of the Directors every year.</p>	
<p>IX. The state of corrective action taken in response to the corporate governance evaluation result announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the issues requiring special effort for improvement and related measures.</p> <p>1. The Board of Directors has passed the establishment of a Corporate Sustainable Development Committee made up with majority of the members being independent directors. The Committee aims to promote corporate governance responsibility and is committed to the promotion of issues</p>				

Items for Evaluation	State of Implementation (Give the summary description in the field provided irrespective of choosing either “Yes” or “No” in the answer.)			Variation from the Corporate Governance Best Practice Principles for TWSE/TPEX-listed Companies and the reason.
	Yes	No	Summary Description	
<p>focused by stakeholders on different environmental, social and governance (ESG) aspects as well as their relevant countermeasures.</p> <p>2. Amendment to the Company's “Corporate Governance Best Practice Principles” and “Human Resources Authority Table” - the appointment, dismissal, appraisal, and remuneration of the Company's internal auditors shall be signed by the head auditor and approved by the chairman</p>				

Table:

**Responsibilities of the Corporate Sustainable Development Committee**

1. Formulate corporate social responsibility, environmental protection and climate change issues, sustainable development directions and objectives, while also planning related management policies and specific promotion plans.
2. Promote and implement work associate with corporate ethical management and risk management.
3. Review of the corporate social responsibility report.
4. Regularly reports the corporate social responsibility implementation results to the Board of Directors.
5. Other matters that should be handled by the Committee resolved by the Board of Directors.

**Status of the Corporate Sustainable Development Committee**

Members of the Corporate Sustainable Development Committee (term 2021.05.06~2022.06.04) convened 1 meeting in 2021.

Discussion itmes:

The base year for the Science Based Target initiative (SBTi) was set in 2020 and 2030 as the target year with 3% annual revenue growth as the background setting:

1. Scope 1 and Scope 2 (S1+S2) adopt an absolute reduction of 1.5°C as the standard with a 10-year carbon reduction target of 56.8%.
2. Scope 3 (S3) adopts an absolute reduction of well below 2°C as the standard with a 10-year carbon reduction target of 44.2%.

Title	Name	Specialties	Attendance in 2021
Chairman	Hsu, Kun-Tai	Corporate Governance, Business Administration	1
Vice Chairman	Lu, Chin-Chung	Corporate Governance, Business Administration	1
Committee Member	Lin, Yu-Ling	Corporate Governance, Finance, Tax	1
Committee Member	Lee, Yen-Sung	Financial and Economic Law, Audit	1
Committee Member	Lin, Ming-Ji	Corporate Governance, Business Administration	1
Committee Member	Chu, Jia-Siang	Corporate Governance, Business Administration	1

(4) Remuneration Committee, Disclose its Organization, Function, and Operation

1. Profiles of the Members of the Remuneration Committee

Identity	Name	Condition	Professional Qualification and Experience	Independence	Number of public companies that the Director also holds the position as independent director in.
Independent Director	Lin, Ming-Ji		Please refer to 3.2.1(2)-1 Information on the Professional Qualification of Directors and the Status of Independence of Independent Directors:		2
Independent Director	Lee, Yen-Sung				3
Independent Director	Chu, Jia-Siang				0

Responsibilities of the Remuneration Committee

- (1) The Committee shall faithfully perform the following authority with the attention of a good manager and submit the recommendations to the Board of Directors for discussion.
  - A. To regularly review the Company “Remuneration Committee Organization Rules” and to propose amendments to it.
  - B. To establish and regularly review the annual and long-term performance objectives and remuneration policies, systems, standards, and structures of the directors and managers of the Company.
  - C. To determine the content and amount of their individual salary remuneration by regularly assessing the achievement of the performance targets of the Company directors and managers.
- (2) When the committee performs the previous authority, it shall be based on the following principles:
  - D. Ensure that the Company remuneration meets relevant laws and regulations and is sufficient to attract talent.
  - E. The performance assessment and remuneration of directors and managers should refer to the peers’ level of salary payment, and consider the time spent by the individual, the responsibilities, the achievement of personal targets, the performance of other positions, and the Company's recent compensation for the same position. The remuneration of employees, and the achievement of the Company's short-term and long-term business objectives, the Company's financial status, etc., assesses the relevance of individual performance to the Company's operating performance, and future risks.
  - F. The ratio of dividends of the short-term performance of directors and managers and the payment time of variable remuneration should be determined by considering the characteristics of the industry and the nature of the business.
  - G. Members of this Committee cannot participate in discussions and voting on their personal remuneration decisions.
- (3) The remuneration referred to in the preceding two items, including cash remuneration, stock options, dividend participation, retirement benefits or separation payments, various allowances, and other measures with substantial rewards; the records of remuneration of the directors and managers' remuneration shall be consistent with the Annual Report of the public offering company.
- (4) If the remuneration of the company of subsidiary directors and managers base on the company of subsidiary is responsible for decision-making matters, they must be approved by

the Board of Directors of the Company, and should be submitted to the Board of Directors for discussion after the Committee has made recommendations.

## 2. Information on the Operation of the Remuneration Committee

- (1) The Remuneration Committee of the Company consists of three members.
- (2) Current Term: From June 5, 2019 to June 4, 2022.
- (3) The Compensation Committee held three meetings in 2021 (A), the qualifications and attendance of the Committee are shown as follows:

Occupational Title	Name	Actual Number of Attendances (B)	Attendances by Proxy	Actual Attendance Rate (%) [B/A (Number of meetings during the period of employment)]	Remarks (Date of Departure, Former or Newly Elected to Office, or Reelected to Office, and Date of Election)
Convener	Lin, Ming-Ji	3	0	100	
Committee Member	Lee, Yen-Sung	3	0	100	
Committee Member	Chu, Jia-Siang	3	0	100	

Additional Information:

- I. If the Board declines to accept or revise the recommendations of the Remuneration Committee, specify the meeting date, the session, the content of the motion, the resolutions of the Board, and the response of the Company to the opinions of the Remuneration Committee (if the Board resolved a higher level of remuneration than the recommendation of the Remuneration Committee, specify the difference and the reason for the difference):  
None ( Schedule 1 )
- II. If a specific member of the Remuneration Committee has adverse or qualified opinions on the resolutions of the Remuneration Committee on record or in written declaration, specify the meeting date, the session, the content of the motion, the opinions of all members, and the response to the opinions of the members:  
None

### Schedule 1:

Date of Meeting	Details of Agenda	Opinions of All Remuneration Committee Members	Dealing with the Opinion from the Remuneration Committee
March 10, 2021 The 6th session of the 4th term	(I) Discussion on the distribution of the remuneration of employees and directors for 2020. (II) Discussion on the bonus payments to managers on Dragon Boat Festival and Mid-Autumn Festival in 2021.	Approved by all members of the Committee	Proposed to the board of directors, and approved by all directors present
August 6, 2021 The 7th session of the 4th term	(I) Discussion on the salary and remuneration of newly appointed managers (II) Discussion on salary raise for managers in 2021 (III) Discussion on the evaluation of directors', and managers' achievement of performance objectives in 2020 and the actual payment of salary and remuneration.	Approved by all members of the Committee	Proposed to the board of directors, and approved by all directors present

November 5, 2021 The 8th session of the 4th term	(I) Discussion on the 2021 bonus payments to managers. (II) Discussion on the managers' remuneration in 2021	Approved by all members of the Committee	Proposed to the board of directors, and approved by all directors present
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3. Information and Operation of the Nomination Committee: The Company does not se yo  
Nomination Committee

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

Assessment Items	State of Implementation		Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
I. Has the company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management by authorization of the board of directors and is supervised by the board of directors?	✓		No difference

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons						
	Yes	No								
II. Has the company implemented the risk assessment of environmental, social, and governance issues related to corporate operation and established relevant risk management policies or strategies based on the principle of materiality?	✓		<p>The Company formulated the “Risk Management Policy and Procedures” in 2021, which are served as the highest guiding principle for risk management of the Company (Group) approved by the Board of Directors. The Company's management personnel and employees of each department jointly conduct a risk factor identification on a regular basis to screen a risk management scope and identify potential risks as well as implementing preventive measures.</p> <p>The main operations in 2021 reported to the Board meeting held on November 5, 2021 are summarized according to the Materiality Principle as follows</p> <table border="1"> <thead> <tr> <th>Risk Category</th> <th>Potential risks</th> <th>Control strategies and methods</th> </tr> </thead> <tbody> <tr> <td>E Climate change risks</td> <td>Carbon emissions management</td> <td> <ol style="list-style-type: none"> <li>Promote energy saving carbon reduction and the compliance with the ESG and GDP requirements regarding carbon disclosure of relevant units; take a proactive approach to introduce and join in international SBTi carbon reduction programs to develop more diverse methods for solutions; strengthen the ability to respond to climate change; and enhance related performance.</li> <li>In light of climate change, we proactively promote the TCFD program. For the program, selected employees from each unit will conduct a workshop meeting to identify climate change risks and opportunities, conduct existing control measures and strengthen future control measures to</li> </ol> </td> </tr> </tbody> </table>	Risk Category	Potential risks	Control strategies and methods	E Climate change risks	Carbon emissions management	<ol style="list-style-type: none"> <li>Promote energy saving carbon reduction and the compliance with the ESG and GDP requirements regarding carbon disclosure of relevant units; take a proactive approach to introduce and join in international SBTi carbon reduction programs to develop more diverse methods for solutions; strengthen the ability to respond to climate change; and enhance related performance.</li> <li>In light of climate change, we proactively promote the TCFD program. For the program, selected employees from each unit will conduct a workshop meeting to identify climate change risks and opportunities, conduct existing control measures and strengthen future control measures to</li> </ol>	No difference
Risk Category	Potential risks	Control strategies and methods								
E Climate change risks	Carbon emissions management	<ol style="list-style-type: none"> <li>Promote energy saving carbon reduction and the compliance with the ESG and GDP requirements regarding carbon disclosure of relevant units; take a proactive approach to introduce and join in international SBTi carbon reduction programs to develop more diverse methods for solutions; strengthen the ability to respond to climate change; and enhance related performance.</li> <li>In light of climate change, we proactively promote the TCFD program. For the program, selected employees from each unit will conduct a workshop meeting to identify climate change risks and opportunities, conduct existing control measures and strengthen future control measures to</li> </ol>								

Assessment Items	State of Implementation			Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No			
				<p>mitigate the impact of climate change.</p> <p>3. Develop smart green energy buildings, promote production equipment automation and continue to develop green products and green energy.</p>	
			<p>E Environmental risks</p> <p>Environmental load</p>	<p>1. Abide by the regulatory requirements, pass ISO 14001 environmental management system and promote ISO14064-1 GHG inventory for continuous reduction and improvement.</p> <p>2. Continue to foster energy reservation and carbon reduction, implement environmental energy conservation in all plants to achieve KPI.</p> <p>3. Reinforce the management of air and sewage facilities and waste classification and proper treatment in accordance with the regulations to reduce environmental impact.</p>	
			<p>S Occupational safety and health risk</p> <p>Management system implementation risk</p>	<p>1. Abide by regulatory requirements and pass ISO 45001 and CNS45001 occupational safety and health management systems for building, implementing, maintaining and continuous improvement.</p> <p>2. Implement risk management and prevent hazard risks to ensure personnel, equipment and environmental safety.</p> <p>3. Deepen a safety culture, implement</p>	

Assessment Items	State of Implementation			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>personnel education and training, and strengthen emergency response training and exercises.</p> <p>G Information risk      Risk of data being encrypted for ransom</p> <ol style="list-style-type: none"> <li>1. Reinforce data backup and regular implement data recovery exercises to ensure immediate recovery when necessary.</li> <li>2. Pass ISO 27001 information security certification and implement information security standards.</li> <li>3. Promote information security on a regular basis to raise information security awareness of employees.</li> </ol>	
<p>III.Environment Issues</p> <p>1.Dose the Company establish the environmental management policies suitable for the Company's industry characteristics?</p>	✓		<p>1. The headquarter and each factory has set up the policies and systems for environment management according to ISO 14001:2015 (SGS certification effective from 2021.1024~2024.10.24), ISO14064-1:2018, ISO45001:2018, ISO50001:2018(CQC certification for Chicony Suzhou factory effective from 2021.7.12~2024.7.11), TOSHMS CNS 45001:2018(effective form 2021.10.24~2024.10.23). To further improve environment management, the company conducts internal audit by qualified employees, reviewed by top management, and certified by third party institutioin every year.</p> <p>For information on information disclosure of certification, please see Chicony Group's "Sustainability Report" and Chicony website.</p>	No difference

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
2. Does the Company commits itself to upgrade the efficient use of various resources and adopts renewable materials posing low impact to the environment?	✓		2. In addition to attaining ISO14001:2015 and ISO50001:2018 certification, we also incorporate the ideas of UN's Sustainable Development Goal (SDG) 12 in our development of new products, targeting at developing energy-saving products, in-line with environmental regulations, and reducing environmental impact. Base on this notion, we are committed to introducing green thinking in each phase of development and all finished products must meet international environmental laws and regulations and standards (e.g., restriction of hazardous substances (RoHS) in electrical and electronic products) and choose "halogen-free" materials or certified by a third party (e.g., SGS). We have fully increased the use of recycled plastics in our products, with the highest product category reading 41%.	No difference
3. Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?	✓		3. The Company's "Corporate Sustainable Development Committee" reviews climate-related risk information and reports to the Board of Directors. The Company participated in the Carbon Disclosure Project (CDP) survey and ranked B in 2021. The head office and all plants continued to complete ISO 14064-1:2018 certification, as the basis for SBTi reduction. The Company began to introduce SBTi and TCFD program in 2020 to carry out regular inventory and disclosure on the management of climate change risks and opportunities. The current 10 material climate risks and 8 opportunities identified are as follows:  The identification results and countermeasures for the Company's material climate change risks and opportunities identified in TCFD are disclosed in the Group's Sustainability Report.	No difference
4. Does the Company	✓		4. The company formulated policies and objectives for energy conservation and	No difference

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
gather statistics of the greenhouse gas emission, water consumption and the gross weight of the waste in the past 2 years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission, and water consumption or other waste management.			<p>carbon reduction, greenhouse gas reduction and water consumption reduction, and continue to promote environmental management through propaganda, training, continuous promotion of equipment efficiency improvement, energy conservation measures, and audit and improvement tracking to improve environmental management and carbon reduction is included in the annual performance evaluation index for staff.</p> <p>(1) In line with ISO14061-1:2018, we grasp the situation of GHG emissions through the inventory process and results, and propose feasible solutions to tackle GHG emissions. After an internal verification has been carried out, we delegate an impartial third-party verification organization to conduct an external verification accordingly.</p> <p>In 2021, all plants underwent a project of improvement targeting energy conservation and emission reduction, saving a total of 7,000 kwh of electricity. In response to customers' joining of RE 100, our plants in Dongguan and Suzhou purchased a total of 16,240 MWh of renewable energy. In addition, our plants in Dongguan and Suzhou also attained ISO 50001:2018 in 2021.</p> <p>In 2021, the total GHG emissions of Chicony headquarter and all plants were 97,481.54t-co2e (metric tons of CO2 e / total consolidated revenue = 0.00091), representing an increase of 8,082.53 t-co2e (metric tons of CO2 e / total consolidated revenue = 0.00094), from total greenhouse gas emissions of 89,399.01 t-co2e in 2020, representing an increase of 9.04%. Although our GHG emissions increased, our revenue at the same time hit a new high. Therefore, the intensity of GHG emissions in 2021 was reduced by 3.2% from 2020.</p> <p>In 2022, our target for reducing GHG emissions is 91,944.59 t-co2e, a 5.68% reduction from the previous year. The reduction target for 2022 is 5,536.95 t-co2e.</p> <p>(2) The head office of Chicony and other plants have all attained ISO 14001:2015 verification and pollution sources are carried out in accordance with regulatory</p>	

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>requirements. As well as this, waste generation is tracked and reduction targets set on a regular basis. In 2021, there was no occurrence of our waste removal contractor violating any laws or breaching any contract. The waste generation and treatment methods for 2019-2021 are disclosed as the following table. Compared with these past 3 years, the total waste generation for 2021 increased due to a raise in production capacity, which in turn generated more waste.</p> <p>At source, we give priority to purchasing products that have less impact on the environment and reduce the use of hazardous substances. Each year, we calculate waste output which is also classified in accordance with the law. After hazardous waste is collected by the Management Department, a qualified waste disposal vendor is delegated for waste treatment. After recycle waste is classified and recycled, it is sold or reused. Strengthen waste classification and recycling, develop green products and reuse packaging materials.</p> <p>In 2021, the total weight of waste generated by headquarters of Chicony (including Chicony Power Tech Co and Xivi Technologies Corporation, but not including tenants) was 115.8 metric tons in 2021, a reduction of 8.31% from the total weight of waste of 126.3 metric tons in 2020. The total weight of waste for 2022 is estimated at 112.33 metric tons, a 3% reduction and the reduction target is 3.47t-co2e.</p> <p>(3) Only a few of our products consume water in their production processes. For this, we have carried out process water-saving and reuse through an enhanced wastewater discharge classification system. Not only this, we also implement water conservation for basic livelihood water consumption and recover condensate from air-conditioning and RO wastewater from process discharges to be supplied for air-conditioning cooling water.</p> <p>Aside from initiating water conservation inside the Company and saving water in the process for reuse, we have also set up 2 rainwater and pool water recycling systems at the head office (a total of 4,041 m<sup>3</sup> of water was recovered in 2021). At our</p>	

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>Dongguan plant, water is recovered and reused through a cooling tower (a total of 2,270 m<sup>3</sup> of water was recovered in 2021).</p> <p>In 2021, the water consumption of the headquarters is 5,425.5 tons, which is 595.99 tons, or 9.9% less than the 6,021.49 tons in 2020. In 2022, our target is to reduce 3%.</p> <p>Please refer to Chicony Group's Sustainability Report for the GHG emission in the last two years (certified by 3<sup>rd</sup> party institution), the total weight of waste and future targets.</p>	

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
<p>IV.Social Issues</p> <p>1.Does the Company formulate appropriate management policy and procedure in accordance with relevant regulations, laws and the International Bill of Human Rights?</p> <p>2.Does the Company establish and implement proper employee benefit measures (including the salary, holidays, and other benefits) and appropriately reflect the corporate business performance or achievements in the employee remuneration?</p>	<p>✓</p> <p>✓</p>		<p>1. The Company respects and abides by the “Universal Declaration of Human Rights”, “United Nations Global Compact”, “United Nations Guiding Principles on Business and Human Rights” and international labor organizations, and has formulated Chicony's electronic human rights policy accordingly, which is disclosed on the company website.</p> <p>At Chicony, we formulate, publicly announce and implement the “Management Procedures Governing the Prevention and Management of Unlawful Acts Upon Performance of Duties” and “Management Procedures Governing Preventive Measures, Grievance and Discipline for Sexual Harassment in the Workplace”, and the social responsibility management system has been set in accordance with the requirements of the RBA Corporate Responsibility Alliance.</p> <p>Not only do we employ people with disabilities and arrange on a weekly basis for visually impaired workers to come to the Company to provide massage services, we have also allocated friendly parking spaces and toilets inside the Company. As well as these, we organize human rights seminars to advocate human rights to our employees (a total of 150 employee took part for a total of 150 hours in 2020’s “prevention and handling of sexual harassment in the workplace; no seminars were held in 2021 due to COVID-19”), further implementing Chicony's human rights policy.</p> <p>In 2021, the sex ratio of Chicony’s global human resources is 44% of male to 56% of female.</p> <p>2. The Company has formulated various employee welfare measures and annual leave system in accordance with the Labor Standards Act and relevant laws and regulations (Please refer to 5.5 Labor Relations), and provides competitive salaries as well as grants and bonuses, according to management target, department target and personal performance, to employees to share earnings with them.</p> <p>According to Article 18 of the Company's Articles of Incorporation, the Company</p>	<p>No difference</p> <p>No difference</p>

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
3. Does the Company provide a safe and healthy working environment, and provide employees with regular safety and health education?	✓		<p>shall allocate no less than 11% of the Company's profit before tax as remuneration of employees and no more than 1% of the Company's profit before tax as remuneration of directors.</p> <p>3. The Company have passed the certification of ISO45001 · TOSHMS/CNS 45001 occupational safety and health management system. The Company regularly carries out health examinations of its employees and entrusts a qualified testing agency to carry out the verification of the working environment every year. Training on fire safety and firefighting, AED + CPR first aid training and evacuation drills are also held every year, and special training on chemical safety, electrical safety, machinery and equipment safety and fire safety are carried out as well. In September 2019, the employees of the Taipei headquarters participated in the activities and course of the Occupational Safety and Health Hazard Prevention Tour among Enterprises (Group Work Safety Week) which was organized by the Institute of Labor and Occupational Safety and Health, Ministry of Labor. In addition to the annual fire safety and evacuation drills, SCBA, European style fire-fighting clothing and other fire-fighting equipment are purchased for the Group's headquarters building. The Chicony Fire Fighting Response Team is also established and personnel are sent to participate in advanced training every year. A safety officer audit team is also set up in the Group to implement audit/scoring and improvement on a regular basis, and distribute bonus to outstanding units.</p> <p>Education and training on ESG is continuously being provided to employees of the head office and all plants. The items, frequency and number of people who took part are disclosed in the following table.</p> <p>25 work injuries occurred in the head office and all plants in 2021, 3 less compared to 28 work injuries in 2020, which was better than the target. For more details, please see Chicony Group's "Sustainability Report".</p>	No difference

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
4. Dose the Company set up effective career development and training programs for its employees?	✓		4. In order to improve the Company human quality, the Company has a full-time staff responsible for establishing a talent pool, carrying out manpower inventory planning, and regularly organizing various educational and training activities. According to the professional areas and positions of the Company's employees, we build a learning blueprint of different modules in conjunction with the Company's operational objectives. The learning blueprint is divided into “new employee training”, “professional competence training”, and “management ability training”. In 2021, the total number of training hours including employees working in the plants was 71,882.4, more than 8.5 hours per person.	No difference
5. Does the Company comply with relevant laws and international standards with regards to the customer’s health, safety and privacy, marketing, and labeling in relation to the products and services and establish relevant policies and complaint procedure to protect the right of the customers?	✓		5. The Company fully implements and abides by the laws and regulations on the protection of consumers' rights and interests, and makes customer satisfaction one of the Company's important strategies. In addition to the business contact window, the Company has a CEO direct grievance mailbox management method, and has contact information under Investor Relations and Corporate Social Responsibility of the Company's website for questions, suggestions and complaints. The Company properly handles and gives feedback in good faith in order to protect the rights and interests of customers. The company received ISO 27001 certification, effective until July 19 <sup>th</sup> , 2023.	No difference
6. Does the Company establish the supplier management policy to	✓		6. The Company conducts supplier management in accordance with the RBA code of conduct. Suppliers shall fill in the self-assessment form based on the five major evaluation items of the RBA criteria, in order to enable the Company to understand	No difference

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
require the supplier to comply with relevant regulations on issues of environmental protection, occupational safety and health or labor rights and provide its status of implementation?			<p>the suppliers' current self-assessed status, and further audit the suppliers' performance of social responsibility according to the RBA criteria, so as to achieve the management, supervision and guidance of suppliers through the requirements of consistent criteria.</p> <p>Moreover, at Chicony, we have also constructed 3 raw material management mechanisms namely “Environmental Management of Substances Standards”, “Restricted and Banned Substances”, and “Conflict Minerals”. There is also an Industrial Safety and Health Division in place acting as the environmental protection supervision department to ensure not only supplier procurement meets the requirements of international standards and customers, sustainability in the green value chain can also be generated.</p> <p>The Company asked 100% of new or existing suppliers to sign the “Statement of Compliance of RBA Cod of Conduct”, “Vendor Integrity Statement”, and the “Conflict Minerals Declaration”, and to fill out background information questionnaire, to follow the RBA principles, to abide by the Human Rights Declaration, current regulations and laws, and the requests from clients. Furthermore, suppliers are required to respond to questions during on-site audits.</p> <p>A total of 90 on-site audits were performed on suppliers.</p>	

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
V. Does the Company refer to the international criteria or instructions on the preparation of reports to prepare reports disclosing the non-financial information of the Company, such as the corporate social responsibility report? Does the report mentioned above have been assured, verified, or certified by a third party?	✓		In accordance with the Global Reporting Initiative (GRI) guidelines published by each year, the Company prepares a Chicony Electronics and Chicony Group Sustainability Report. Bureau Veritas Taiwan is entrusted by the Company to perform verification and obtain an assurance statement. The Report (including various certifications) is disclosed on the MOPS and the company website.	No difference
VI.If the Company has instituted the sustainability development best practice principles in accordance with the “Sustainability Development Best Practice Principles for the TWSE/TPEX-listed Companies”, specify the implementation of these principles and the variations: The Company periodically reviews the status and makes improvements according to “Corporate Social Responsibility Best Practice Principles” approved by the board. So far, there is no difference.				

Assessment Items	State of Implementation		Summary	Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
<p>VII. Other Important Information That Helps us to Understand the Operation of Sustainability Development (Environmental, Social and Corporate Governance):</p> <p>Important information about the operation of CSR (including the co-prosperity and communication of interested parties, the use of the “Conflict Minerals” policy for supplier management policies, etc.) is disclosed on the Company website (website: <a href="http://www.chicony.com.tw/">http://www.chicony.com.tw/</a>) under the corporate social responsibilities and the Company’s Sustainability Report.</p> <p>The specific promotion and implementation efficiency in 2021 is as follows:</p> <p>It is our dedication to take part in a variety of social welfare activities and many of our employees have voluntarily formed the “Chicony Care Club” and participate in outside social welfare activities. In 2021, a total of NTD\$6,468,224 was donated to education promotion (e.g., National Taipei University of Technology), disadvantaged care (Liver Disease Control Foundation, Taiwan Health Foundation, Tzih Huai Social Welfare Foundation) and local contribution (Xianse Temple, Sanchong District, New Taipei City).</p> <p>Chicony Suzhou factory received Factory of Choice (FOC) certification from RBA in 2021.</p>				

ESG education and training, frequency and participants of the head office and each plant are as following table:

Training item	Frequency (Depending on each factory)	Total Training Hours	Number of Attendees
General ESG education and training	Once every quarter or 4-5 times per month, 1 hour each time	678	6,698
Newcomer education and training	From time to time	5,468	53,497
Safety personnel monthly meeting	One every month, 1 hour each time	86	2,581
Plant fire drills	Once every quarter or half-year, 1 hour each time	37	32,524
On-the-job safety education (fire prevention, chemical)	Once every quarter, 1 hour each time	94	2,481
Key regional drills	Once every week or quarter, 1 or 0.5 hour each time	96	2,557
Safety training on fraud prevention, traffic, drowning	Once every quarter, 1 hour each time	169	16,113
Contractor coeducation (suppliers, chemicals, canteen food)	Once every half year or one year, 1 hour each time	28	1,144

(6) The company's performance of ethical corporate management and the difference from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for the difference:

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
<p>I.Enactment of ethical management policy and program</p> <p>1.Whether the Company formulates the ethical management policy approved by the board of directors The Company has the ethical business policy expressed explicitly in the Company's regulations and external documents, as well as the active implementation committed by the board of directors and management.</p>	✓		1.No Difference

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
2.Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article7 Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?	✓		2.No Difference

Assessment Items	State of Implementation		Summary	Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No		
3.Does the Company specify the operating procedures, behavior guidelines, discipline of violation and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regular review and modify the program mentioned above?"?	✓		3、In 2014, the Company formulated its "Operation Procedures and Behavior Guidelines for Ethical Corporate Management" and stipulated the operation procedures and behavior guidelines for the prevention of unethical conducts, and designated the Administrative Department as the responsible unit, which reviewed and revised the "Operation Procedures and Behavior Guidelines for Ethical Corporate Management" in May 2021.	3.No Difference
II.Implementation of ethical business 1.Evaluation of individuals that have a record of unethical behavior and regulation of the ethical code of conduct in the business contract.	✓		1、In addition to complying with the Company "Integrity of Operating Procedures and Behavior Guidelines", And through training and supplier conferences, clearly declare and implement the principle of integrity. In order to prevent the risk of possible bribery, the Company has signed a "Completion of Integrity Letter of Commitment" with the manufacturer. When signing a commercial contract with others, in addition to fully understanding each other's integrity management, the contract will be performed in good faith management spirit; if necessary, before the signing of the contract, the integrity management spirit will be included in the contract depending on the type of contract.	1.No Difference

Assessment Items	State of Implementation		Summary	Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No		
2.Does the Company establish a specific unit subject to Board of Directors to promote corporate ethical business and regularly (at least once a year) report the ethical management policy, prevention program of unethical conduct and implementation status of supervision to Board of Directors?.	✓		<p>2、The designated Administrative Department of the Company is a dedicated unit responsible for the revision, implementation, interpretation, consulting services, and notification of content registration and other related operations and supervision of the “Integrity of Operation Procedures and Behavior Guidelines”, and reports to the Board of Directors on a regular basis every year. On August 6, 2021, the summary of the implementation is as follows:</p> <p>(1)Status of the Corporate Social Responsibilities Report Chinese and English versions for Year 2020 have been issued (disclosed on the Company website and Market Observation Post System); Chinese and English versions for Year 2021 will be issued in the end of July in 2022</p> <p>(2)Major CSR aspects, as reported as follows:</p> <p>(2)-1 Corporate Governance:</p> <ul style="list-style-type: none"> <li>- The FTSE ESG score was 2.0, improved from the previous year. At present, Chicony remains one of the components of the FTSE4Good Index Series.</li> <li>- We will strive for anti-collusion and conflict of interest management and strengthen the internal control system and complete relevant due diligence investigation.</li> <li>- Anti-collusion and conflict of interest management, strengthening of internal management system and completion of related due diligence</li> </ul> <p>(2)-2 Customer Relations: Customer Affirmation and CSR awards</p> <ul style="list-style-type: none"> <li>- Special Award for Covid-19 (Logitech)</li> <li>- Climate action (Logitech)</li> </ul> <p>(2)-3 Green Products:</p> <ul style="list-style-type: none"> <li>- PCR recycled plastic is used to reduce the replacement and pollution of</li> </ul>	2. No Difference

Assessment Items	State of Implementation		Summary	Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No		
			<p>raw materials.</p> <ul style="list-style-type: none"> <li>- Halogen-free materials are used to avoid hazards to humans and the environment.</li> <li>- Product engineering and manufacturing standards are implemented and prohibition and restriction indicators of harmful substances followed. This way, we aim to protect human health and ensure reasonable recycling and disposal of waste.</li> </ul> <p>(2)-4 Environmental Protection:</p> <ul style="list-style-type: none"> <li>- In view of climate change, Chicony Electronics has completed the ISO 14064-2018 verification, and the data supports the SBTi program.</li> <li>- For TCFD, we have completed the evaluation of opportunities and risks.</li> <li>- AT the end of December 2021, we filed the SBTi and at the same time set plans for the carbon reduction target for Chicony Electronics.</li> <li>- For the supply chain, we were invited by customers to take part in the RE100 program and attained a green certificate.</li> </ul> <p>(2)-5 Employee care:</p> <ul style="list-style-type: none"> <li>- Thoughtful facilities: We have built friendly toilets for gender diverse individuals and friendly parking spaces, achieving the purpose of protecting maternal labor health.</li> <li>- Occupational health management: The health of our employees is graded as we keep a close eye on high-risk employees. We keep track of our employees' health and arrange for occupational physicians for health education.</li> <li>- Epidemic bonus is provided to protect the financial needs of employees</li> </ul>	

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
3.Has the Company made policies for the prevention of the conflict of interest, and provided the channels for expressions, and has it properly implemented this system?	✓		<p>and their families.</p> <p>(2)-6 Social Welfare:</p> <ul style="list-style-type: none"> <li>- As we are committed to education promotion, we donate scholarships to National Taipei University of Technology.</li> <li>- Care for the disadvantaged: We make donations to Liver Disease Control Foundation, Taiwan Health Foundation, Tzih Huai Social Welfare Foundation, Children Baseball League Association</li> <li>- Local contribution: We make donations to Xianse Temple, Sanchong District, New Taipei City</li> </ul> <p>3、The Company has formulated the “Code of Ethical Conduct”, and has stipulated in the “Rules of Procedure of the Board of Directors’ Meeting” and the ”Operation Procedures and Behavior Guidelines for Ethical Corporate Management" that the directors shall exercise a high degree of self-discipline; if a director or the legal person he represents has a personal interest in a proposal discussed in the board of directors’ meeting, he shall explain the important content of his personal interest in the current board of directors’ meeting. If the said interest is harmful to the interests of the Company, the director shall not join in the discussion and voting, and shall withdraw from the discussion and voting sessions; neither shall he exercise voting rights on behalf of other directors. Meanwhile, in order to strengthen the report on conflict of interest under the “Procedures for Ethical Management and Guidelines for Conduct”, the Company has established the “Anti-Collusion and Conflict of Interest Management Regulations”, so that it may control any actual or potential conflict of interest existing in the Company via the employees’ report on conflict of</p>

Assessment Items	State of Implementation		Summary	Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No		
4. Does the Company establish effective accounting system and internal control system to implement ethical business and draft relevant audit plans by the internal audit unit based on the risk assessment results of the unethical conduct? Does the compliance of prevention program for the unethical conduct audited accordingly by the audit office or committed accountants?	✓		<p>interest. The Administrative Department shall also be responsible for following up and maintaining the data as filed and reported.</p> <p>4. The Company has incorporated into the relevant internal control systems the plan for prevention of unethical conducts. The Internal Audit prepares the annual audit plan based on the risk assessment results, and carries out the audit of various internal control systems. If unethical conducts are found, an audit report will be made and submitted to the board of directors.</p>	4. No Difference
5. Periodic education and training of ethical business	✓		<p>5. On new employee's on-board date in each month, the Company will provide the related orientation training program (the teaching materials including the Company's ethical management philosophy), and take advantage of the annual employee conference to promote it again, and post the "Anti-Collusion and Conflict of Interest Management Regulations" on the Company's e-bulletin. Any new employee shall execute the "Employee Conflict of Interest Declaration Form" and "Letter of Commitment to be Incorruptible" separately on his/her on-board</p>	5. No Difference

Assessment Items	State of Implementation		Summary	Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No		
			<p>date. The Company will also organize the anti-trust law &amp; regulations conference internally to enable all executive officers, sales, and legal personnel to better know that no misconduct should be performed by them to seek or maintain profit when they are performing job duties. Further, the internal auditors will attend the training courses organized by external professional organizations, and use the best effort to prevent any unethical conduct inside the Company through different management practices, and case studies and applications.</p> <p>Education and training on ethical management organized by the Company:</p> <ol style="list-style-type: none"> <li>(1) "Personal Integrity Statement": Signed by over 5,000 people, with a signing rate of 99.8%.</li> <li>(2) "Conflicts of Interest Declaration Form": Filed by over 5,000 people, with a control and signing rate of 99.8%.</li> <li>(3) In 2021, we organized internal and external education training on ethical management issues (including ethical management regulatory compliance, human rights commitment, internal control courses): A total of 91 employees participated, totaling 125 hours of training.</li> <li>(4) In 2021, we organized ethical management promotion seminars for our plants in China (including Dongguan, Maorui, Suzhou and Chongqing plants) and Thailand. The number of internal and external participants is as follows:</li> </ol>	

Assessment Items	State of Implementation						Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons																																																								
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III. The operation of reporting system 1. Specific reporting and reward systems, reporter friendly channels and representative assigned to deal with the reporting issues ✓			<table border="1"> <thead> <tr> <th></th> <th colspan="3">Number of Sessions</th> <th colspan="3">Number of Attendees</th> </tr> <tr> <th>Plant</th> <th>Employee</th> <th>Suppliers</th> <th>Total</th> <th>Internal</th> <th>External</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Dongguan</td> <td>3</td> <td>3</td> <td>6</td> <td>96</td> <td>49</td> <td>145</td> </tr> <tr> <td>Maorui</td> <td>3</td> <td>1</td> <td>4</td> <td>210</td> <td>47</td> <td>257</td> </tr> <tr> <td>Suzhou</td> <td>6</td> <td>4</td> <td>10</td> <td>310</td> <td>608</td> <td>918</td> </tr> <tr> <td>Chongqing</td> <td>4</td> <td>2</td> <td>6</td> <td>123</td> <td>50</td> <td>173</td> </tr> <tr> <td>Thailand</td> <td>3</td> <td>3</td> <td>6</td> <td>3,992</td> <td>177</td> <td>4,169</td> </tr> <tr> <td>Total</td> <td>19</td> <td>13</td> <td>32</td> <td>4,731</td> <td>931</td> <td>5,662</td> </tr> </tbody> </table>					Number of Sessions			Number of Attendees			Plant	Employee	Suppliers	Total	Internal	External	Total	Dongguan	3	3	6	96	49	145	Maorui	3	1	4	210	47	257	Suzhou	6	4	10	310	608	918	Chongqing	4	2	6	123	50	173	Thailand	3	3	6	3,992	177	4,169	Total	19	13	32	4,731	931	5,662	
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		1. The whistle-blowing and complaining channels set up by the Company are primarily intended to improve the Company's ethical management via the management system and build the comprehensive communication platforms inside/outside the Company, in order to control and feed back to the suggestions, whistle-blowing and complaints from employees in a timely manner, construct the satisfactory two-way communication channel between the management and employees, and strengthen the promotion of various labor issues and ethical conducts. (1). "Chiocny Complaint Mailbox": The Audit Office is responsible for investigation and review as the responsible unit. (2). "Management Procedures for Prevention of Performance of Duty from Infringement": The HR Department is primarily responsible for reviewing and processing cases as the responsible unit. (3). "Regulations Governing Sexual Harassment Prevention Policy, Complaints and Punishment in Workplaces": The HR Department is primarily responsible for accepting, investigation, and reviewing the complaints as the responsible unit. (4). "Annual Employee Conference": All employees and senior management attend				1. No Difference																																																									

Assessment Items	State of Implementation		Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	
2. the company establish standard procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after complaint investigation?	✓		2. No Difference
3.Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.	✓		3. No Difference
IV.Enhancing Information Disclosure of ethical business principals and implementation results on its website or TWSE "MOPS"	✓		III.No Difference

Assessment Items	State of Implementation		Summary	Difference from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No		
<p>V. If the Company Develops its Own Integrity Operation Rules According to the “Integrity Operation Best Practice Principles for TWSE/GTSM-Listed Companies”, Please State the Differences:  The “Integrity Operation Principles” has been formulated, and was amended by the Board Meeting on March 7, 2019. Based on the Company “Integrity Operation Principles” business philosophy and policies, the “Integrity Operation Procedures and Behavior Guidelines” was formulated, and was further amended by the Board Meeting on May 6, 2021. The Company will check the implementation effectiveness and continuous improvement at any time to ensure the implementation of the integrity management policy.</p>				
<p>VI. Other information material to the understanding of ethical business operation (e.g., the discussion and amendment to the ethical business best practice principles defined by the Company):  In 2021 the Company was re-selected as a constituent of the “FTSE4Good TIP Taiwan ESG Index”, “Taiwan HC 100 Index “of the TAIEX, and "Taiwan Market CSR Small /Mid-Cap Index" of the TAIEX. Representing that outsiders recognize the Company responsibilities for sustainable development.</p>				

(7) How to find the corporate governance rules, related rules and regulations.

In order to ensure the consistency and correctness of the Company's published information and strengthen the management of the prevention of internal transactions, and to establish a good internal information processing and disclosure mechanisms of the Company to prevent information leakage, the Company established the “Internal Material Information Processing Operations and Prevention of Internal Transactions Management Procedures”. For details, please refer to the important internal rules of the Company's website <https://www.chicony.com.tw/chicony/tw/investors/corporate/Organizational>

(8) Other important information to increase understanding of corporate governance operations:

The Company website has “Social Responsibilities” and “Investor Relations” (including corporate governance, financial information, and stock affairs information) and other areas for inquiries.

(9) Status of Implementation of Internal control system

1. Statement of Internal Control System:

Chicony Electronics CO., Ltd.  
Declaration of Internal Control System

Date: 3/9/2022

The Company internal control system for 2021 is based on the results of its own assessment and is stated as follows:

- I. The Company's Board of Directors and management team understand their responsibilities of developing, implementing, and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: (a) The effectiveness and efficiency of business operation (including earnings, operation performance, and the safeguard of Company assets); (b) Achieve the reliability, timeliness, transparency, and compliance objectives according to the relevant laws and regulations in order to provide reasonable assurances.
- II. Due to the innate limitation in designing a faultless internal control system, this system can only assure that the reasonableness of the above three objectives have been fairly achieved. In addition, the effectiveness of the internal control system can be altered over time due to the change of business environment or situation. Since the Company's internal control system has included self-examination capabilities, the Company will make immediate corrections when errors are detected.
- III. The evaluation of the effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (hereafter referred to as "the Guidelines"). The Guidelines are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.
- IV. The Company has examined the effectiveness of each respective factor in the internal control system based on the Guidelines.
- V. The examination result indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2021 has effectively assured that the following objectives have been reasonably achieved during the assessing period: (a) The degree that effectiveness and efficiency of business operation; (b) The reliability of the financial and related reports; (c) The compliance of the relevant laws/regulations and Company policies.
- VI. This Statement is a significant part of the Company's Annual Report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171, and Article 174

set forth in Taiwan's Security and Exchange Act.

- VII. The Company hereby declares that this statement had been approved by the Board of Directors on March 9, 2022. Among the 7 attending Directors, no one raised any objection to the contents of this statement.

Chicony Electronics CO., Ltd.

Chairman: Hsu, Kun-Tai

General Manager: Lu, Chin-Tsung

2. Authorized Accountant to Audit the Company's Internal Control System and Disclose the Audit Report Made by Accountants: None

(10) The Punishment Inflicted on the Company or Its Internal Personnel, or Any Disciplinary Penalty by The Company Against Its Internal Personnel for Violation of The Internal Control System:  
 From 2021 to publication date of the annual report, there is no punishment inflicted on the Company’s employees, nor is the disciplinary action taken by the Company against its employees for violating internal regulations.

(11) Important Resolutions Made by the Shareholders’ Meeting and Board Meeting:

1. Shareholder’s Meeting on August 27, 2021:

NO	Important resolutions	Implementation Status
1.	Approval of 2020 Business Report and Financial Statements, and Earnings Distribution	The cash dividend per share is approved by the Board Meeting, and was presented in the Shareholders’ Meeting. The cash dividend was distributed on May 12, 2021.
2.	Approval of the amendment to “Rules for Procedure for Shareholders Meetings”	Announced on the Company’s website, and implemented in accordance with the amendment.
3.	Approval of the amendment to “Procedures for Loaning of Funds”	Announced on the Company’s website, and implemented in accordance with the amendment.
4.	Approval of the amendment to “Procedures for the Acquisition or Disposal of Assets”	Announced on the Company’s website, and implemented in accordance with the amendment.

2. Important resolutions of the Board Meeting:

Date	Important Resolutions
January 29, 2021 9th meeting of the 13th Board of Directors	<p>I. 2020 performance evaluation report of the board of directors and functional committees.</p> <p>II. Approved the joint evaluation land development with Hongwell Co., Ltd to participate in the Urban renewal case</p> <p>III. Approved the amendment to “Procedures for Loaning of Funds”</p> <p>IV. Approved the amendment to “Procedures for the Acquisition or Disposal of Assets”</p> <p>V. Adopted senior Vice General Manager Lin, Yu-Ling of finance department to be the first chief corporate governance officer.</p> <p>VI. Adopted subsidiary Chicony Overseas Inc.investment in WRVI CAPITAL IV, L.P. within a USD 10 million</p>
March 10, 2021 5th meeting of the 13th Board of Directors	<p>I. Internal audit business report: 53 audit items listed in the 2021 audit plan were completed, and no significant abnormal design or implementation of the internal control system was found.</p> <p>II. Adopted the proposal to hold the general shareholders’ meeting of the Company for 2021 at 9:00 a.m. on June 11, 2021.</p> <p>III. Adopted the Company's 2021 business plan, 2020 business report, consolidated financial report and individual financial report.</p> <p>IV. Adopted the proposal of the 6th-session, 4th-term Remuneration Committee meeting to make a provision of NT\$847,551,083 for employees’ remuneration and NT\$52,656,365 for directors’ remuneration. Cash will be paid for directors’ remuneration, and it is proposed to pay NT\$297,551,142 in cash and issue new shares of NT\$549,999, 941 for employees’ remuneration; calculated by the closing price of NT\$94.3 per share on the day before the resolution of the board of directors to issue new shares, a total of 5,832,449 new shares will be issued.</p> <p>V. 2020 earnings distribution: According to the Company's 2020 financial statements audited and certified by the independent auditor, there is a net profit of NT\$5,466,764,455 after tax. According to the law, the Company shall first provide a legal reserve of NT\$542,707,959 and a special reserve of NT\$961,745,062; plus the adjusted undistributed earnings of NT\$4,198,851,797, the total amount available for distribution is NT\$ 8,161,163,231. It is planned to distribute cash dividends of NT\$4,099,110,119, at NT\$5.5 per share. The unit of cash dividend payment is NT\$1 (rounded off below NT\$ 1), and the total of the amounts after the decimal point will be included in the Company's other income.</p> <p>VI. Amendment to the Company's " Rules of Procedure for Shareholders Meetings".</p> <p>VII. Adopted the proposal of regular assessment of the independence of the independent auditor.</p> <p>VIII. Cancelled the endorsement of US\$6 million to the subsidiary CEZ.</p> <p>IX. Ratified the Company's 2020 remuneration to directors, managers above the senior manager level and the directors of finance and accounting.</p> <p>X. Adopted the subsidiary’s formulation of or amendment to its "Procedures for Derivative Transaction Processing", "Procedures for Loans to Others", "Procedures for Acquisition or Disposal of Assets" and "Measures for the Implementation of Endorsements and Guarantees".</p> <p>XI. Reviewed and adopted the 2020 internal control system statement.</p>

Date	Important Resolutions
<p>May 6, 2021 11th meeting of the 13th Board of Directors</p>	<p>I. The company has completed the registration of changes in the capital amount of 5,832,449 shares issued for employee compensation and the new shares have been issued on 2021/5/10.</p> <p>II. The company completed the distribution of NT \$ 4,099,110,119 in cash dividends for the year 2020 on 2021/5/12.</p> <p>III. The company has completed the payment of NT\$52,656,365 to directors' remuneration for the year 2020 on 2021/3/29.</p> <p>IV. Submission of the Company's consolidated financial statements Q1 of 2021.</p> <p>V. Amendment of "Rules for Procedure for Board Meeting", "Procedures for Loaning of Funds", "Integrity Operation Procedures and Behavior Guidelines".</p> <p>VI. Formation of the Company's "Articles of Corporate Sustainable Development Committee"</p> <p>VII. Appointed Hsu, Kun-Tai, Chairman of the company, as the chairman, and Lu, Chin-Chung, President of the company, as the Vice Chariman, of the Corporate Sustainable Development Committee. Lin, Yu-Ling, Senior Vice President and the Chief Corporate Governance Officer, and three independent directors, Lee, Yen-Sung, Lin, Ming-Ji and Chu, Jia-Siang, are the committee members. The term of the committee is the same for Board of Directors.</p> <p>VIII. Adopted the loan cases of US\$50 million (or Thai Baht equivalent to US\$50 million) to Thai subsidiary Chicony Electronics (Thailand) Co., Ltd..</p>
<p>August 6, 2021 12th meeting of the 13th Board of Directors</p>	<p>I. The Company's Consolidated Financial Report for the first half of the year 2021.</p> <p>II. The Company has purchased US\$20,000 thousand liability insurance for the duration of one year for the Directors and important employees starting from July 31, 2021 to July 31, 2022.</p> <p>III. Implementation of the report of corporate social responsibility and integrity operating work.</p> <p>IV. Adopted to postpone the Shareholders' Meeting from Friday, June 11, 2021 to Friday, August 27, 2021. The time and location of the Shreholders' Meeting remained unchanged.</p> <p>V. Adopted to increae the budget of Thai Baht\$61.47 million (tax excluded) for factory construction for Chicony Electronics (Thailand) Ltd.</p> <p>VI. Adopted the loan cases of NT\$1.5 billion to Unikey Electronics Co., Ltd., NT\$650 million to Guangsheng investment Co., Ltd., NT\$200 million to Chunjing Investment Co., Ltd., and NT\$500 million to Hipro electronics Co., Ltd.</p> <p>VII. Ratified the Company's acquisition of the securities of Chicony Power for NT\$308,250 thousand</p> <p>VIII. Formation of "Policies and Procedures for Risk Management"</p> <p>IX. Adopted Remuneration Committee's proposal of the salary and remuneration for newly appointed managers, salary raise for managers in 2021, and the evaluation of directors', and managers' achievement of performance objectives in 2020 and the actual payment of salary and remuneration</p> <p>X. Adopted the personnel change above the level of Assistant General Manager</p>

Date	Important Resolutions
November 5, 2021 13th meeting of the 13th Board of Directors	<p>I. The Company's consolidated financial report for the third quarter of 2021.</p> <p>II. The report of implementation of “Policies and Procedures of Risk Management”</p> <p>III. The report of implementation and management plan of Intellectual Property</p> <p>IV. Ratification of cash capital increase of US\$10.6 million to Chicony Electronics (Thailand) Ltd.</p> <p>V. Approved the budget plan of Thai Bhat\$ 796.88 million (tax excluded) for Great campus construction for Chicony Electronics (Thailand) Ltd. and authorized Chairman to handle all the procurement, payment terms, content of the contracts, and signing of the contracts regarding the construction</p> <p>VI. Approved the proposal of The 8th session of the 4th term of the Remuneration Committee to pay for bonus and remuneration to managers in 2021</p> <p>VII. Approved the proposal of the Corporate Sustainable Committee to submit the plan to SBTi. The base year for the Science Based Target initiative (SBTi) was set in 2020 and 2030 as the target year with 3% annual revenue growth as the background setting. 1. Scope 1 and Scope 2 (S1+S2) adopt an absolute reduction of 1.5°C as the standard with a 10-year carbon reduction target of 56.8%. 2. Scope 3 (S3) adopts an absolute reduction of well below 2°C as the standard with a 10-year carbon reduction target of 44.2%</p> <p>VIII. Adopted company’s audit plan of 2022</p>

Date	Important Resolutions
March 9 2022 14th meeting of the 13th Board of Directors	I. 2021 performance evaluation report of the board of directors and functional committees. II. Internal audit business report III. Adopted the proposal to hold the general shareholders' meeting of the Company for 2022 at 9:00 a.m. on June 10, 2022 IV. Adopted the Company's 2022 business plan, 2021 business report, consolidated financial report and individual financial report V. Adopted processing the candidates nomination for the 14 <sup>th</sup> term board of directors regarding nomination period, number of people to be elected, and the address for receiving the nomination VI. Adopted the candidate nomination list for board of directors proposed by the board meeting: Mr. Hsu, Kun-Tai/Mr. Lu, Chin-Chung/ Mr. Tsai, Min-Hsien/ Dong Ling Investment Co., Ltd. Legal Representative: Mr. Liu, Chia-Sheng/ Ms. Li, Cih-Jing; Candidate list of independent directors: Mr. Lee, Yen-Sung/ Mr. Lin, Ming-Ji/ Mr. Chu, Jia-Siang VII. Proposed to lift the non-competition restriction on the Company's newly elected directors and its legal representative VIII. Adopted the proposal of the 9th-session, 4th-term Remuneration Committee meeting to make a provision of NT\$934,884,620 for employees' remuneration and NT\$58,082,192 for directors' remuneration. Cash will be paid for directors' remuneration, and it is proposed to pay NT\$354,884,648 in cash and issue new shares of NT\$579,999, 972 for employees' remuneration; calculated by the closing price of NT\$88.5 per share on the day before the resolution of the board of directors to issue new shares, a total of 6,553,672 new shares will be issued. IX. 2021 earnings distribution: According to the Company's 2021 financial statements audited and certified by the independent auditor, net profit is NT\$6,154,426,123 after tax. According to the law, the Company shall first provide a legal reserve of NT\$591,255,515 and a special reserve of NT\$13,076,625; plus the adjusted undistributed earnings of NT\$3,820,182,134, the total amount available for distribution is NT\$ 9,370,276,117. According to Article 18-1 of the "Company's Articles of Incorporation", the board meeting was authorized to pass the resolution of the plan for distributing cash dividends of NT\$4,586,263,168, at NT\$6.1 per share. X. Adopted the amendment of company's "Company's Articles of Incorporation" XI. Adopted the amendment of company's "Procedures for Loans to Others". XII. Adopted the amendment of company's "Procedures for Acquisition or Disposal of Assets" XIII. Adopted the amendment of company's "Corporate Governance Best Practice Principles" XIV. Adopted the proposal of regular assessment of the independence of CPA XV. Ratified the Company's 2021 remuneration to personnel above the level of Assistant General Manager XVI. Reviewed and adopted the 2021 internal control system statement.

- (12) The Main Contents of Important Resolutions Passed by the Board of Directors Regarding in which Directors have Voiced Differing Opinions on the Record or in Writing in 2021 to the publication date of the annual report: None.
- (13) Summary of Resignation or Dismissal of Personnel (including the Chairman of Board, President, Financial Manager, Accounting Manager, Internal Audit Manager, Chief corporate governance officer and R&D Manager, etc.) during 2021 to the publication date of the annual report: None.
- (14) Certification of employees whose jobs are related to the company's financial information:

The Company's Financial and Administrative Department has three employees obtaining CPA licenses from the US, ten employees obtaining CPA accountants licenses from the Republic of China, and three employees obtaining the Chinese Certified Tax Agent (CTA) license, and two employees obtaining CPA accountants licenses from China.

4. Auditing fees for the CPAs:

(I) Auditing fees for the CPAs:

Auditing fees for the CPAs

Unit: NTD1,000

Name of CPA Firm	Name of CPA	Audit Period	Auditing Fee	Non-Audit Fee (Note 1)	Total	Remarks
PwC Taiwan	Chen, Chin-Chang	1.1.2021	7,000	3,550	10,420	
	Weng, Shih-Jung	~12.31.2021				

Note:

1. Where the non-audit fees paid to the certified public accountant, the firm to which the certified public accountant belongs and its affiliated enterprises account for more than a quarter of the audit fees, the amount of audit and non-audit fees (as shown in the table above) and the content of non-audit services shall be disclosed as followed:

Business registration NT\$90 thousand, Transfer pricing report, special review and country reports NT\$1,800 thousand, Audit of direct deduction method for business tax of concurrent business operators NT\$60 thousand, R&D investment deduction counseling NT\$350 thousand, validation of the information security management system NT\$250 thousand, and consultation service of SBT and TCFD NT\$1,000 thousand.

2. Altering of the CPA firm and the audit fee in the altering year is less than that in the previous year: None.

3. The audit fee is reduced by over 10% compared with the previous year: None

5 Replacement of the CPA: (Alteration of the CPA of the financial report in the recent two years and up to the date of printing of this Annual Report) : None

6. The Company's Chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None

7. The transfer of equity shares or change in the pledge of shares under lien by the Directors, Supervisors, Managers, and shareholders holding more than 10% of the shares:

(I) The difference of shareholding changes between directors, managers, and major shareholders holding more than 10% of shares:

Occupational Title	Name	2021		From January 1 to April 12, 2022	
		Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity	Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity
Chairman	Hsu, Kun-Tai	(5,000,000)	-	-	-
Director and General Manager	Lu, Chin-Chung (Note 1)	29,758	-	497,425	-
Director	Li, Cih-Jing	6,952,693	-	-	-
Director	Tsai, Ming-Hsien	-	-	-	-
Director	Dong Ling Investment Co., Ltd. Legal Representative: Liu, Chia-Sheng	-	-	-	-
Independent Director	Lee, Yen-Sung	-	-	-	-
Independent Director	Lin, Ming-Ji	-	-	-	-
Independent Director	Chu, Jia-Siang	-	-	-	-
General Manager of Chicony America Corporation	Chang, Yao-Ching (Note 1)	-	-	-	-
Special Assistant	Chen, Shao-Lung (Note 1)	(36,533)	-	(42,719)	-
General Manager of the IPD Business Unit	Huang, Chien-Yu (Note 1)	206,086	-	127,677	-
General Manager of the MKB Business Unit	Tsai, Chin-Cheng (Note 1)	71,178	-	176,043	-
General Manager of VIP	Tsai, Mei-I (Note 1)	(12,893)	-	47,174	-
General Manager of the CM Business Unit	Dung, Yen-Liang (Note 1)	95,227	-	72,664	-
General Manager of the AE Business Unit	Cheng, Wei-Hao (Note 1)	(5,620)	-	18,938	-
General Manager of the MO Business Unit	Chou, Yung-Chang (Note 1)	113,607	-	129,268	-
Senior Vice General Manager of Financial and Administrative Department	Lin, Yu-Ling (Note 1)	(10,000)	-	10,850	-
Vice General Manager of the CM Business Division	Li, Pei-Jan (Note 1)	(143,155)	-	47,891	-
Vice General Manager of the IPD Business Division	Tu, Ku-Chin (Note 1)	27,102	-	50,250	-
Vice General Manager of the New Product Development Center	Huang, Kuang-Yu (Note 1)	68,162	-	46,034	-
Chief Purchasing Officer	Chang, Chao-Hsien (Note 1)	71,333	-	49,380	-
Chief Human Resources Officer	Hsiao, Huan-Wen (Note 1)	43,971	-	50,252	-
Acting Vice General Manager of the IPD Product Development Division	Chen, Yi-Heng (Note 1,2)	-	-	41,272	-
Acting Vice General Manager of the VIP Product Development Division	Yuan, Shang-Yuan (Note 1,2)	-	-	11,593	-
Acting Vice General Manager of the Automation Engineering Center	Tseng, Chin-Cheng (Note 1)	39,336	-	46,043	-

Occupational Title	Name	2021		From January 1 to April 12, 2022	
		Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity	Change in Quantity of Shareholding	Change in Pledge of Shares by Quantity
Assistant General Manager of the Overseas Business Management Division	Chuang, Ting-Shan (Note 1)	2,620	-	32,667	-
Assistant General Manager of the MKB Development Division	Chen, Tsung-Min (Note 1)	44,145	-	52,121	-
Assistant General Manager of MKB PM	Yang, Ching-Wu (Note 1)	(12,029)	-	8,961	-
Chief Information Officer	Chang, Yu-Yun (Note 1)	37,752	-	44,115	-
Special Assistant	Chen, Chiu-Mei (Note 1)	(24,037)	-	45,910	-
Deputy Director of the Audit Division	Chao, Yuan-Hung(Note 2)	5,910	-	8,965	-

Note 1: The number of shares held by individuals includes the number of retained discretion over use of trust shares.

Note 2: Mr. Chen, Yi-Heng and Mr. Yuan, Shang-Yuan took office on May 1, 2021, so the difference in 2021 in the above table is from May 1, 2021 to December 31, 2021.

(II) The counterparties of equity transfer are related parties:

Name	Reason for Transfer of Shares )	Transaction Date	Counterparties of Transactions	Relation between the counterparties of transactions and Directors, Managers, of the Company and shareholders holding more than 10% of the shares issued by the Company.	Quantity of Shares	Transaction Price
Lu, Chin-Chung	Gift	4.16.2021	Chan, Li-Mei	Couple	400,000	Not Applicable
Chuang, Ting Shan	Gift	11.26.2021	Chuang Yuan-kai	Father and Son	25,000	Not Applicable
Hsu, Kun-Tai	Gift	11.15. 2021	Lin, Feng-Chu	Couple	5,000,000	Not Applicable
Chen, Shao-Lung	Gift	1.7. 2021	Chen, Yun-Tieh	Father and Daughter	29,000	Not Applicable
Chen, Shao-Lung	Gift	1.7. 2021	Yeh, Hui-Juan	Couple	60,000	Not Applicable

Note: Fill in the names of the Directors, Managers, and shareholders of the Company holding more than 10% of the shares issued by the Company.

(III) The counterparties of share pledges are related parties: None

The counterparties of share pledges are not related parties, so it is not needed to list the related information.

## 8. Information on relationships among the top ten shareholders:

4/12/2022 Units: share; %

Name	In Person Quantity of Shareholding (note 1)		Shares Held by Spouse and/or Children who are Minors		Total Shareholding of Shares in the Name of a Third Party		The titles or names and relations of the top 10 Shareholders who are related parties or spouses, or kindred within the 2nd tier under the Civil Code to one another:		Remarks
	Quantity of Shares	Proportion of Shareholding % (Note 2)	Quantity of Shares	Proportion of Shareholding % (Note 2)	Quantity of Shares	Proportion of Shareholding % (Note 2)	Title or name	Relation	
Hsu, Kun-Tai	56,615,782	7.53	9,021,401	1.20	-	-	Unikey Electronics Co., Ltd. Hongwell Co., Ltd. Hipro Electronics CO., LTD. Dong Ling Investment Co., Ltd. Ching Yuan Investment Co., Ltd.	Director of the Legal Representative of the Company Chairman of the Company Chairman (Legal Representative) of the Company Chairman of the Company Chairman of the Company	
Yuanta Taiwan High Dividend Fund Account	34,337,390	4.57	-	-	-	-			
Unikey Electronics Co., Ltd.	21,174,298	2.82	-	-	-	-		The Company invests 100% of the investment company.	
							Hsu, Kun-Tai	Director of the Legal Representative of the Company	
Principal: Lu, Chin-Chung							Hipro Electronics CO., LTD.	Director of the Legal Representative of the Company	
Chartered Bank Hosting SWEDBANK ROBUR Technoogy	20,000,000	2.66	-	-	-	-			
Citibank (Taiwan) Commercial Bank Hosting Government of Singapore Investment Account	18,969,569	2.52	-	-	-	-			
Chunghua Post Co., Ltd.	17,849,907	2.37	-	-	-	-			
Hongwell Co., Ltd.	17,591,340	2.34	-	-	-	-	Hsu, Kun-Tai	Chairman of the Company	
							Hipro Electronics CO., LTD.	The Chairman is the same person	
							Dong Ling Investment Co., Ltd.	The Chairman is the same person	
							Ching Yuan Investment Co., Ltd.	The Chairman is the same person	
Principal: Kun Tai Hsu							As above	As above	

Hipro Electronics CO., LTD.	16,188,935	2.15	-	-	-	-	Hsu, Kun-Tai	The Company invests 100% of the investment company. Chairman of the Company (Legal Representative)
							Hongwell CO., LTD. Dong Ling Investment Co., Ltd. Ching Yuan Investment Co., Ltd.	The Chairman is the same person The Chairman is the same person The Chairman is the same person
Principal: Kun Tai Hsu							As above	As above
Dong Ling Investment Co., Ltd.	11,171,329	1.49	-	-	-	-	Hsu, Kun-Tai	Chairman of the Company
							Hongwell Co., Ltd. Hipro Electronics CO., LTD. Ching Yuan Investment Co., Ltd.	The Chairman is the same person The Chairman is the same person The Chairman is the same person
Principal: Hsu, Kun Tai							As above	As above
Ching Yuan Investment Co., Ltd.	10,908,945	1.45	-	-	-	-	Hsu, Kun-Tai	Chairman of the Company
							Hongwell Co., Ltd.	The Chairman is the same person
							Hipro Electronics CO., LTD.	The Chairman is the same person
							Dong Ling Investment Co., Ltd.	The Chairman is the same person
Principal: Hsu, Kun Tai							As above	As above

Note 1: The shares held in this table do not include the person or the spouse retained discretion over use of trust shares.

Note 2: The shareholding ratio is Shareholding shares/Outstanding shares 751, 846, 421 shares.

9. Comprehensive shareholding ratio:

3/31/2022 Units: share; %

Shift in Investment	Investment by the Company		Investment by the Directors, Supervisors, Managers, or investee Company with direct or indirect control.(Note 2)		Combined Investment	
	Quantity of Shares	Proportion of Shareholding %	Quantity of Shares	Proportion of Shareholding %	Quantity of Shares	Proportion of Shareholding %
Chicony Overseas Inc.	1,000	100	-	-	1,000	100
Chicony Global Inc.	1,000,000	100	-	-	1,000,000	100
Chicony Electronics (Thailand) Co., Ltd.	8,213,384	82.11	1,789,141	17.89	10,002,525	100
Chicony Power Technology Co. Ltd. (Note 2)	206,706,594	52.28	29,455,725	7.45	236,162,319	59.73
Hipro Overseas (BVI) Inc.	12,560,000	100	-	-	12,560,000	100
Hipro Electronics CO., LTD.	4,660,000	100	-	-	4,660,000	100
Unikey Electronics Co., Ltd.	90,000,000	100	-	-	90,000,000	100
XAVi Technologies Corporation (Note 3)	31,402,440	45.15	11,199,366	16.10	42,601,806	61.26

Note 1: The Company adopts the equity method of investment.

Note 2: The book closure date of Chicony Power Co., Ltd. was April 10, 2022.

Note 3: The book closure date of XAVi Technologies Corporation was April 11, 2022

## IV. Status of financing

### 1. Capital and Shares

#### (1) Sources of Equity Capital

Unit: Share/NTD\$

YYYYMM	Offering Price	Authorized Capital		Paid-in Capital		Remarks					
		Quantity of Shares	Amount	Quantity of Shares	Amount	Sources of Equity Capital				The use of assets other than cash for equity investment	Other
						Raising New capital	Capital Increase by Earnings or Remuneration of Employees	Capitalization of Additional Paid-in Capital Into New Shares	Total		
June 2012	10	700,000,000	7,000,000,000	675,778,209	6,757,782,090	-	31,334,619	-	31,334,619	Nil	Note 1
June 2013	10	700,000,000	7,000,000,000	686,721,614	6,867,216,140	-	10,943,405	-	10,943,405	Nil	Note 2
June 2014	10	700,000,000	7,000,000,000	694,865,413	6,948,654,130	-	8,143,799	-	8,143,799	Nil	Note 3
July 2015	10	800,000,000	8,000,000,000	703,810,114	7,038,101,140	-	8,944,701	-	8,944,701	Nil	Note 4
August 2016	10	800,000,000	8,000,000,000	712,082,016	7,120,820,160	-	8,271,902	-	8,271,902	Nil	Note 5
April 2017	10	800,000,000	8,000,000,000	717,033,872	7,170,338,720	-	4,951,856	-	4,951,856	Nil	Note 6
August 2017	10	800,000,000	8,000,000,000	720,605,112	7,206,051,120	-	3,571,240	-	3,571,240	Nil	Note 7
April 2018	10	800,000,000	8,000,000,000	726,760,003	7,267,600,030	-	6,154,891	-	6,154,891	Nil	Note 8
August 2018	10	800,000,000	8,000,000,000	730,379,874	7,303,798,740	-	3,619,871	-	3,619,871	Nil	Note 9
April 2019	10	800,000,000	8,000,000,000	734,497,521	7,344,975,210	-	4,117,647	-	4,117,647	Nil	Note 10
April 2020	10	800,000,000	8,000,000,000	739,460,300	7,394,603,000	-	4,962,779	-	4,962,779	Nil	Note 11
April 2021	10	800,000,000	8,000,000,000	745,292,749	7,452,927,490	-	5,832,449	-	5,832,449	Nil	Note 12
April 2022	10	800,000,000	8,000,000,000	751,846,421	7,518,464,210	-	6,553,672	-	6,553,672	Nil	Note 13

Note 1: The Financial Supervisory Commission (FSC) approved JGZFF No. 1010027651 on June 22, 2012.

Note 2: The Financial Supervisory Commission (FSC) approved JGZFF No. 1020024198 on June 21, 2013.

Note 3: The Financial Supervisory Commission (FSC) approved JGZFF No. 1030023361 on June 19, 2014.

Note 4: The Financial Supervisory Commission (FSC) approved JGZFF No. 1040027783 on July 22, 2015.

Note 5: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10501189550 on August 11, 2016.

Note 6: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10601052890 on April 28, 2017.

Note 7: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10601109560 on August 4, 2017.

Note 8: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10701041640 on April 25, 2018.

Note 9: The Ministry of Economic Affairs approved Letter Jing-Shou-Shang-Zi No. 10701097250 on August 8, 2018.

Note 10: The Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 10801045710 on April 24, 2019.

Note 11: The Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 10901060730 on April 21, 2020.

Note 12: The Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11001064990 on April 23, 2021

Note 13: The Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No. 11001073580 on May 4, 2022

4/12/2022

Units: share

Type of Shares	Authorized Capital Stock			Remarks
	Outstanding Shares (note)	Unissued Shares	Total	
Common Shares	751,846,421	48,153,579	800,000,000	Shares are Listed on the TWSE

Information on Shelf Registration System: None.

## (2) Structure of shareholders

4/12/2022

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Foreign Institutional Shareholders and Individuals	Individuals	Treasury Stock	Total
Number of Persons	1	44	173	518	30,759	0	31,495
Shareholding number	115	76,107,035	184,942,255	259,254,761	231,542,255	0	751,846,421
Proportion of Shareholding (note 1)	0.00%	10.12%	24.60%	34.48%	30.80%	0.00%	100.00%

Note 1: The shareholding ratio is Shareholding shares/Outstanding shares 751,846,421 shares.

Note 2: Companies listed on the TWSE (TPEX) and emerging stock market for the first time should disclose the proportion of capital from Mainland China in shareholding: Capital from Mainland China refers to companies invested in by the people, institutions, organizations, other institutions, or in a third region as stated in Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area: The Company Not Applicable.

## (3) Dispersion of equity shares

4/12/2022

Shareholding Along the Scale of Share Quantity	Number of Shareholders	Shareholding number	Proportion of Shareholding (%)
1 to 999	9,590	1,492,482	0.20%
1,000 to 5,000	16,991	32,866,767	4.37%
5,001 to 10,000	2,264	17,141,266	2.28%
10,001 to 15,000	751	9,320,631	1.24%
15,001 to 20,000	410	7,405,385	0.98%
20,001 to 30,000	394	9,881,146	1.31%
30,001 to 40,000	199	7,066,232	0.94%
40,001 to 50,000	125	5,690,293	0.76%
50,001 to 100,000	295	20,780,375	2.76%
100,001 to 200,000	155	22,319,068	2.97%
200,001 to 400,000	104	28,176,668	3.75%
400,001 to 600,000	59	28,590,444	3.80%
600,001 to 800,000	25	17,242,145	2.29%
800,001 to 1,000,000	21	19,189,398	2.55%
More than NT\$ 1,000,001	112	524,684,121	69.80%
Total	31,495	751,846,421	100.00%

Note: The shareholding ratio is equal to the number of holding shares/the total number of issued shares 751,846,421 shares.

(4)List of Major Shareholders: Holding more than 5% of the total shares or shareholders among the top 10 by shareholding ratio.

4/12/2022

Names of Dominant Shareholders	Shares	Shareholding number (note 2)	Proportion of Shareholding (%) (Note 1)
Hsu, Kun-Tai		56,615,782	7.53%
Yuanta Taiwan High Dividend Fund Account		34,337,390	4.57%
Unikey Electronics Co., Ltd.		21,174,298	2.82%
Chartered Bank Hosting SWEDBANK ROBUR Technoogy		20,000,000	2.66%
Citibank (Taiwan) Commercial Bank Hosting Government of Singapore Investment Account		18,969,569	2.52%
Chunghua Post Co., Ltd.		17,849,907	2.37%
Hongwell Co., Ltd.		17,591,340	2.34%
Hipro Electronics CO., LTD.		16,188,935	2.15%
Dong Ling Investment Co., Ltd.		11,171,329	1.49%
Ching Yuan Investment Co., Ltd.		10,908,945	1.45%

Note 1: The shareholding ratio is equal to the number of holding shares/the total number of issued shares 751,846,421 shares.

Note 2: The table does not include retained discretion over use of trust shares.

(5)Market price, net value, earnings, and dividends per share and related information:

Item	Year			1.1.2022 to 3.31.2022	
			2020		2021
Market Price per Share	High		95.20	107	92.20
	Low		67.80	75.90	82.30
	Average		84.70	83.27	88.94
Net Value per Share	Cum-dividend		39.55	43.02	40.95
	Ex-dividend		34.05	36.92	Note 4
Earnings per Share	Weighted Average of Outstanding Shares (thousand shares)		701,161	706,843	709,604
	Earnings per Share	Before adjustment	7.80	8.71	2.41
		After adjustment	7.80	8.71	Note 4
Dividend per Share	Cash Dividend (Note 4)		5.50	6.10	Note 4
	Stock Dividend	Stock Dividend from Capitalization of Retained Earnings	0	0	Note 4
		Stock Dividend from Capitalization of Additional Paid-in Capital	0	0	Note 4
	Accumulated Undistributed Dividend (no issuance of equity securities)		0	0	Note 4
Analysis of ROI	P/E Ratio (Note 1)		10.86	9.56	N/A
	P/P Ratio (Note 2)		15.40	13.65	Note 4
	Cash Dividend Yield (Note 3)		6.49%	7.33%	Note 4

Note 1: P/E Ratio = The average closing price per share of the year/earnings per share (before adjustment).

Note 2: P/P Ratio = The average closing price per share of the year/cash dividend per share.

Note 3: Cash Dividend Yield = Cash dividend per share/the average closing price per share of the year.

Note 4: The distribution of cash dividend was resolved by the board meeting; in the first quarter of 2022, there was no resolution in the Board Meeting or Shareholders Meeting.

(6) Dividend Policy and Distribution of Stock Dividends at This Shareholders' Meeting:

1. Dividend Policy:

To match the long-term financial planning of the Company and the target of sustainable management, Article 19 of the Articles of Incorporation specifies the future dividend policy as follows:

“The Company is currently at the development period of the electronic industry, so the dividend policy shall meet the goals of meeting the fund demand for new products and increasing the return on investment of shareholders. Therefore, the total dividend distributed shall not be higher than 90% of total earnings that is distributable as shareholders' dividends, and the cash dividend shall not be less than 10 % of total amount of distributed dividends.

Where the par value of distributable dividends is less than \$0.5 per share, it shall be exempted from the preceding paragraph.”

2. Allocation of Dividends Proposed at the Shareholders' Meeting :

Cash Dividend: According to Company's Articles of Incorporation, the Board on March 9, 2022 approved to pay cash dividend of NT\$6.1 per share, a total of 4,586,263,168 from undistributed earnings, and will report to the Shareholders' Meeting.

Stock Dividend: The Company did not distribute stock dividend for 2021

3. Note to anticipated significant change in the dividend policy: Not Applicable.

(7) The effect of the proposal for paying stock dividends in the current session of the Shareholders Meeting on the operation performance, and earnings per share of the Company:

This Shareholders Meeting did not make capital increase by earnings to issue new shares, so it is not applicable.

(8) Remuneration to the employees, Directors:

1. The distribution was made in accordance with Article 18 of the Company's Article of Incorporation “The Company shall distribute no less than 11% of current pre-tax earnings before deducting the employee compensation and Directors and Supervisors' remuneration as the employee compensation and no more than 1% of such earnings as the remuneration for Directors and Supervisors. When the Company has accumulated losses (including adjusted retained earnings), the profits shall be used to offset accumulated losses first, and then the balance of which may be allocated to employees and Directors and supervisors in accordance with the aforesaid percentage.” The board of directors shall make a resolution on the distribution of employees' remuneration and directors' remuneration, and submit a report to the shareholders' meeting.

2. The Company earned NT\$7,927,231,607 in 2021. The 9th Session of the 4th Remuneration Committee and the 14th Session of the 13th Board of Directors on March 9, 2022 approved to pay employee remuneration of NT\$934,884,620 (11.79%), including NT\$354,884,648 in cash and NT\$579,999,972 in stocks ( The calculated price was NT\$88.5 per share, the closing price the day before the new shares being issued by the Board of Directors, and a total of 6,553,672 new shares were issued.), and director remuneration NT\$58,082,192 (0.73%).

The Board of Directors plans to pay a total of NT\$992,966,812 to employees and

directors as remuneration, which is the same as the estimated amount of the Financial Report in 2021; Excluding the planned remuneration to employees and directors, the calculated earnings per share is NT\$ 8.71.

The Remuneration Committee of the Company regularly reviews the performance targets of the directors, supervisors, and managers based on Article 7 of the "Registration Rules of the Remuneration Committee" and sets the content and amount of its individual remuneration. In the 2021 Financial Statement audited by the CPA, revenue grew 13%, and net income was NT\$6.15 Billion. After a comprehensive evaluation on the performance of revenue growth, profitability, actual payment to the directors and peer performance comparison, and salary levels in 2021, the remuneration to directors are not unreasonable.

3. In 2021, the actual remuneration paid to the directors and employees of annual earnings distribution in 2020 was as follows:

(1) The actual remuneration of the directors was NT\$52,655,365, and the remuneration of employees was NT\$847,551,083, which was the same as the distribution passed by the Board of Directors originally. Among the remuneration to employees, the amount issued in shares was NT\$549,999,941, and 5,832,449 new shares were issued. The cash amount was NT\$297,551,142, which was distributed to employees and employees of the companies whose shares are held by the Company by more than 50%.

(2) The Shareholders Meeting resolved to pay NT\$900,206,448 as remuneration to employees, directors, and supervisors, which is the same as the estimated amount in the Financial Report in 2020.

(9) The repurchase of Company shares by the Company: The Company did not buy back any shares in 2021

1-1. Implemented : No such situation.

1-2. Under implementation: No such situation.

2. Information of Corporate Bonds: None

3. Information of Preferred Shares: None

4. Issuance of Overseas Depository Receipts: None

5. Issuance of ESO: None

6. Issuance of New Restricted Stocks: None

7. Merger and Acquisition, or Acceptance of Shares From Assignment of Other Issuers: None

8. The implementation of the fund utilization plan:

(I) Up to March 31, 2022, the previous issue or private placement of securities that has not yet been completed or has already been completed in the most recent three years and the plan benefits have not yet appeared: None

(II) Analysis of the Implementation of the Plans for the Previous Items and Comparison to the Original Expected Benefits: None

## V. Operational Highlights

### 1. Business Overview

#### (1) Business Scope

##### 1. Major Content of Business Activities:

- (1) Design, development, manufacturing, and trading of input device products such as desktop keyboards, portable computer keyboards, mice, and computer cameras.
- (2) Design, development, manufacturing, and trading of digital imaging products such as digital cameras, notebook computer built-in camera modules, mobile phone camera modules, and sports digital cameras.
- (3) Sales for the proxy of domestic and foreign manufacturers of projectors, large image output machines, driving recorders, security control, and other technology product and consumer products.
- (4) Switching power supply, research and development, manufacturing, and trading of various electronic components and equipment, lighting, and intelligent building system business.
- (5) Smart home and networking products.

##### 2. Operational Proportion:

2021 Unit: NTD 1,000

Product Items	Amount	Product Proportion %
Electronic Parts and Components	61,326,155	57.06
Consumer and Other Electronic Products	45,143,857	42.00
Others	1,004,067	0.94
<b>Total</b>	<b>107,474,079</b>	<b>100.00</b>

##### 3. Current Products and Services

- (1) Desk Top PC Keyboard, Gaming Keyboard, Ergonomic Keyboard, and Analog Gaming Keyboard, Programmable Keyboard, Smart Card Keyboard, Biometric Input Keyboard and Mouse, Wireless Portable Bluetooth iPad, Tablet PC Keyboard, Wireless Portable Bluetooth Phone Keyboard, Mechanical/ Bluetooth Dual Mode Wired/Wireless Multi-Color LED Backlight Keyboard and Mouse, Wireless Keyboard/Mouse and Wireless Charging Mouse Pad, Tablet leather case keyboard set, 2.4G Touch/Optical/Laser Mouse, Multifunctional and Colorful Game Mouse Pad, Gaming peripherals
- (2) Low Energy Mini LED Back-Light Notebook Keyboard, Antibacterial Medical Notebook Keyboard, Backlight Notebook Keyboard, Wireless Portable Bluetooth iPad, Tablet PC Keyboard, Wireless Portable Bluetooth Phone Keyboard, Multi-function Notebook Keyboard Combined with Network and Communication, Tracker Multi-function Pedometer, NFC TAG Bluetooth Matching Module, Stylus Pen, Magnetic Digital Board, Click Pad for Notebook, Gaming Notebook Keyboard
- (3) Computer Video Camera, Wi-Fi Sports Digital Camera/ Pet Feeder/AI Smart Baby Video Recorder, LTE Wi-Fi IP Cam Digital Wireless Camera/Floodlight Surveillance Cam/ Doorbell Cam, Wireless Driving Recorder, 360 Degree Panoramic Camera, Drone Wireless Camera, Professional IP Cam
- (4) Notebook Camera built-in Module (incl. narrow border and facial recognition products), AIO PC built-in Camera Module, Video/TV Camera Module (incl. finished product), PC Webcam, 3D Image/Sensing Module, UAV Dedicated Image and Obstacle Avoidance Module

- (5) Desktop PC Power Supply, E-sports Personal Computer Power, Game Console Power Supply, Notebook Computer Power Supply, Set-top Box Power Supply, Cloud Server Power System (Communication Power, Server Modular Design Power Supply, Storage Device Power), Laser Printer Power Supply, Inkjet Printer Power Supply, Internet of Things (IOT), Battery Charging Device, Power Supply for Smart Home Devices, Intranet PoE Power supply
  - (6) LED Vehicle Lighting and Modules
  - (7) Smart Building System, Environmental Control Integrated System, Light Control System, Energy management system, Image Recognition System, Smart HVAC System, To provide intelligent building system engineering consulting, planning, design, system integration, procurement, construction, and maintenance operations.
  - (8) Property Management System, Facilities Management System, Carbon Emission and Monitoring Management System
4. New Products to be developed
- (1) Bluetooth Folding Ultra-thin Keyboard, Water-proof, and Dust-proof Keyboard, Contactless (NFC) inductive card reading commercial wireless keyboard, Special keyboard for wireless entertainment SVOD, Wi-Fi Gaming Keyboard, Mouse, Mouse Pad, Super Thin/ Commercial Portable Mouse, Portable Gaming Keyboard/Controller, Special keyboard, mouse and controller for cloud game platform, Smart Internet TV Remote Control (with voice input and output), IOT and Smart Home Controller, AR/VR/MR Somatosensory Remote Control, High Power Charger, Multi-Function Charger, Smartphone Gaming Board, Briefing pen with the ability of synchronous display of notes, High-Precision GPS Positioning bundled with Smartphone Device Application, Indoor/Outdoor Tracker
  - (2) Convertible Icon Type/ Thin Low Energy Consumption Mini LED Back-Light Notebook Keyboard , Touch Computer Keyboard, Water-proof Mechanical Keyboard, USI Stylus Pen, Light-Weight/Slim Type Notebook Keyboard Module, Multi-Touch Strength/ Large Size Traditional Clickpad for Notebook
  - (3) Internet of Vehicle Wireless AI Smart Driving Recorder, LTE IP Cam and Driving Recorder, Multi-Lens Driving Recorder with Advanced Driving Assistance System (ADAS), IP Cam with IOT Sensor, Wireless Camera and IP Cam, HD Webcam, AI Video Conference Recorder, AI Professional Monitoring Cam, Smart Doorbell Cam, Long distance low power transmission camera, Floodlight super wide angle camera
  - (4) Medical Endoscope Camera Module, Sensing Device for Smart Home Appliances
  - (5) Titanium High-Efficiency Power Supply for Desktop PCs and Workstation, Power Supply for Gaming Consoles with High Power Density/Hand-Held/VR Headset External Charging, Power Supply for Notebook PCs with Ultra-Low Standby Power Consumption/Ultra-Thin or Ultra-Compact, 5G telecom IT infrastructure power system supporting high-temperature and high-humidity server room , High-end AI servers and hyper-scale cloud data center power system, Power Supply for IoT Devices, Various battery charging devices, Various battery charging devices for high-end drone charging stations, chargers for electric motorcycles, and electric bicycle charger, Embedded power supply for industrial panel PC, power supply for personal gaming computer with high power density and full digitalization, Standard power supply rack and power module for the Open Compute Project of the information center, High efficiency

- fanless PoE power supply with natural cooling
- (6) Mini LED backlight modules, backlight modules that can independently switch color-changing icons, and 3D curved ambient light modules
- (7) Development of the LED adaptive driving beam module and laser high beam module
- (8) Intelligent integration of electromechanical and light-current equipment

## (2) Industry Overview

### (1) The Outlook:

The Company's main products are keyboard applications (NB, DT, tablet plug-in, etc.), image related products (NB camera module, smart video conference system, driver monitoring system, and digital health, etc.), power supply related products (PC, NB, server, smart cloud applications, satellite communication, etc.) and smart home applications products (incl. IP cam, smart doorbell, high-end monitoring cam, etc.). The company has a global leading position in notebook keyboard, image camera module, and power supply products. Benefiting from working-from-home and distance learning trends, there has been a large demand for laptops and Chromebooks. Additionally, the “new normal” as a result of the pandemic has kept the demand for global laptops high. With companies gradually returning to offices, coupled with Win 10 stopping its updates in 2025, there is a wave of people replacing their commercial desktop computers. As high value-added tablets and gaming PC keyboards continue to grow, significant revenue and profit are expected for the Company's keyboard-related product lines. In recent years, the Company has kept striving for the market share of PC-related products ranking 1st place in the world, and has actively worked on developing non-PC products line. The majority of non-PC product is smart home image products, and we've supplied to tier-1 US clients. The driver monitoring system, commercial surveillance system, smart video conference system and disposable endoscope products are to be launched in the future, and are expected to drive up the Company's revenue and profit in the non-PC product lines.

The subsidiary, Chicony Power Technology Co. Ltd. (“Chicony Power Technology”), is the third largest NB power supplier in the world., providing one-stop solutions for power products including notebooks, desktop computers, servers/cloud applications, smart home/AIOT products, satellite communication products, consumer products. With a large increase in demand for commercial laptops/desktop computers/servers in 2021, coupled with high margin cloud applications and shipment of 230+ watt gaming laptops, driving growth for both gross margin and profit. Aside from the mass production of 4000-watt server power supplies, we have shifted our focus on new areas with development of high-value power products, such as satellite communications, electric vehicle charging stations, and home smart fitness. In doing so, we hope to inject new momentum into our future operations.

In addition to developing our products in a diverse manner, our manufacturing base is also diversified. We have built a global manufacturing chain by extending our manufacturing base from China to Thailand to balance operational risks. This way, we are able to provide our customers with more flexible manufacturing solutions to greatly reduce geopolitical risks. At present, our new plant in Thailand is our main production center for image products and the most important production base in Southeast Asia

The Power Supply Unit (PSU) is responsible for converting from the unstable power of the external supply to the stable power supply which is required for electronic products by the stable voltage and converter technique. Direct Current (referred to as DC), is used by most of the electronic products. However, the power supply provided by the power company can only use high-voltage Alternating

Current (AC) because of the physical limitation of power generation and power transmission. Therefore, electronic products must pass through the power supply device to convert the alternating current into direct current, and to adjust the voltage to within the scope of the operation of the product, so the product can operate smoothly. In addition, electronic components have become more sophisticated, but they are also vulnerable to unstable currents. Therefore, a stable power supply is not only the key to the normal operation of the product, but also affects the service life of the product. It is the heart of the electronic product.

The power supply is distinguished by the functions and basic structure. It can be mainly divided into the Linear Power Supply (LPS), the Switch Power Supply (SPS), and the Uninterruptible Power System (UPS), in which the switch power supply is the mainstream of current products, so the following power supply industry introduction mostly uses switch power supply as the main axis.

According to the characteristics of input/output, the power supply can be divided into AC/DC (Alternating Current to Direct Current), DC/DC (Direct Current to Direct Current), AC/AC (Alternating Current to Alternating Current), DC/AC (Direct Current to Alternating Current), etc. The power supply design is different depending on the requirements of the electronic product or instrument. AC/DC power supply is the most common type. The main purpose is to convert the mains into DC power that meets the operating voltage of the product. The products include SPS, adapters, etc., and are applied to PC, NB, electrical appliances, and network equipment, etc. DC/DC conversion power supply is mainly used for communication or extremely low voltage, or extremely high current. It converts the DC power that has been converted by the AC/DC power supply unit into various special voltages that are usually used when an extremely stable power supply is required or equipment that requires special operating voltage, such as computer chips, etc. AC/AC is mainly used in UPS (Uninterruptible Power System), DC/AC for solar power conversion, and so on. The detailed classification and use of the power supply can be found in the table below.

**Main Classification of Power Supply**

Input/ Output Type	Category	Major Products
AC/DC	PC Power Supply	The most common type of power supply and the main features are high efficiency, iron shell protection, and power between 50W - 2,000W.
AC/DC	Open Frame	Power supply built-in network communication products, industrial computers, industrial machinery, and displays have no iron shell protection and have a high degree of freedom in design. It can be customized based on space and power requirements.
AC/DC	Adapter	The common type of external power supply is covered by a plastic case, and is mostly used in notebook computers and various consumer electronic products.
DC/DC	Converter	DC power supply is used for buck-boost by AC/DC devices, and it is used in electronic products that require precise voltage.
AC/AC	UPS	UPS is an abbreviation for the uninterruptible power system. It is usually connected to AC for charging. When the power is off, AC power can be provided to electronic products such as computers.

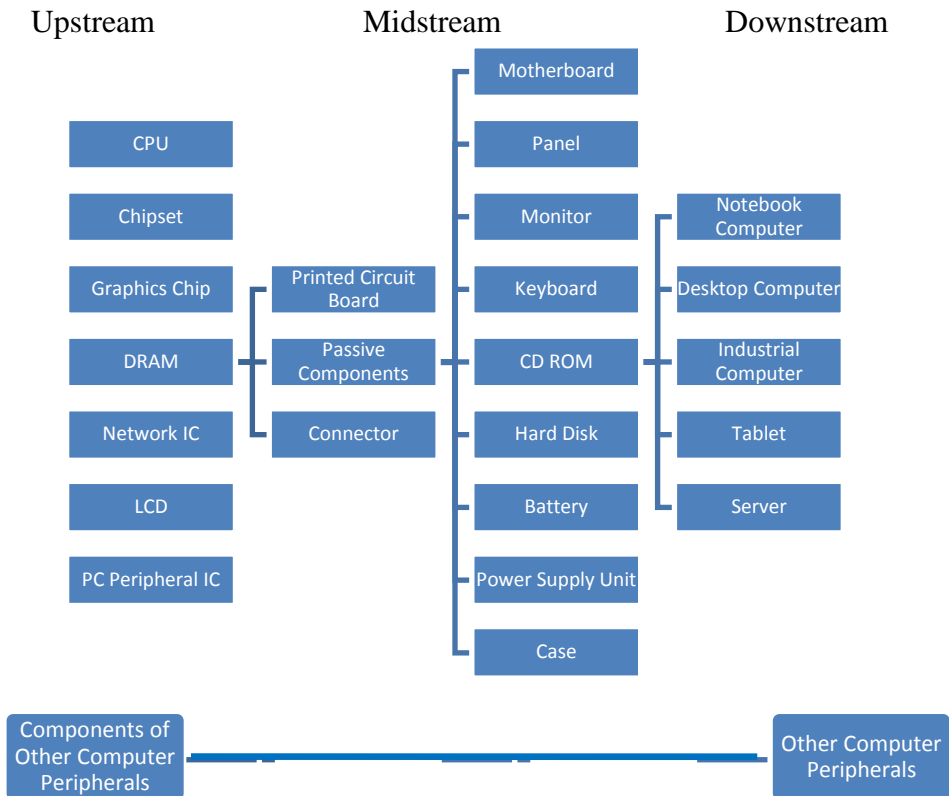
In recent years, the concept of environmental awareness and energy

conservation and carbon reduction has gradually become popular. How to improve the conversion efficiency of power supply and reduce standby power consumption in line with national energy conservation regulations and environmental protection laws and regulations will become the research and development focus of various manufacturers. Therefore, energy-saving products such as LCD TVs and LED lighting appliances are also becoming new markets for the industry; in order to develop revenue sources, manufacturers have taken advantage of power technology to gradually cut into other required high-power power converters, and other products,

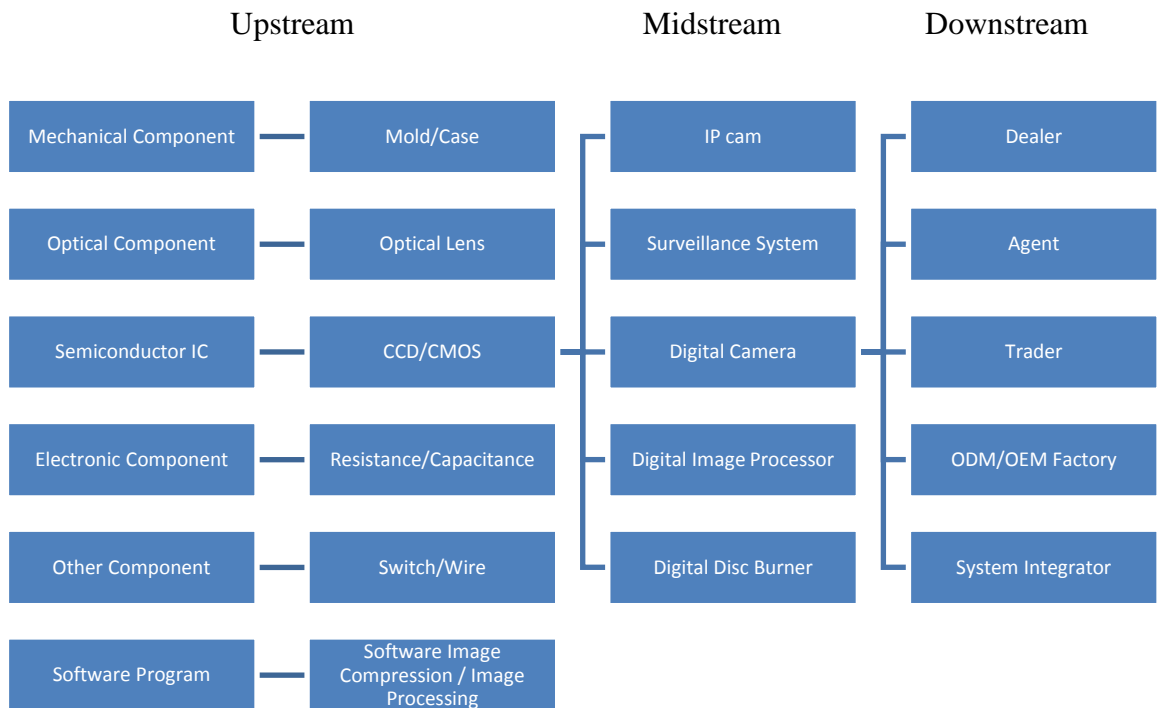
The new USB TYPE C's identifiable system power supply has been gradually applied to the power supply by the new generation of PCs and mobile phones, and the TYPE C's USB interface connector may also become part of the standardization of mobile phones.

(2) Association Among the Upstream, Midstream, and Downstream Operations

1. Keyboard

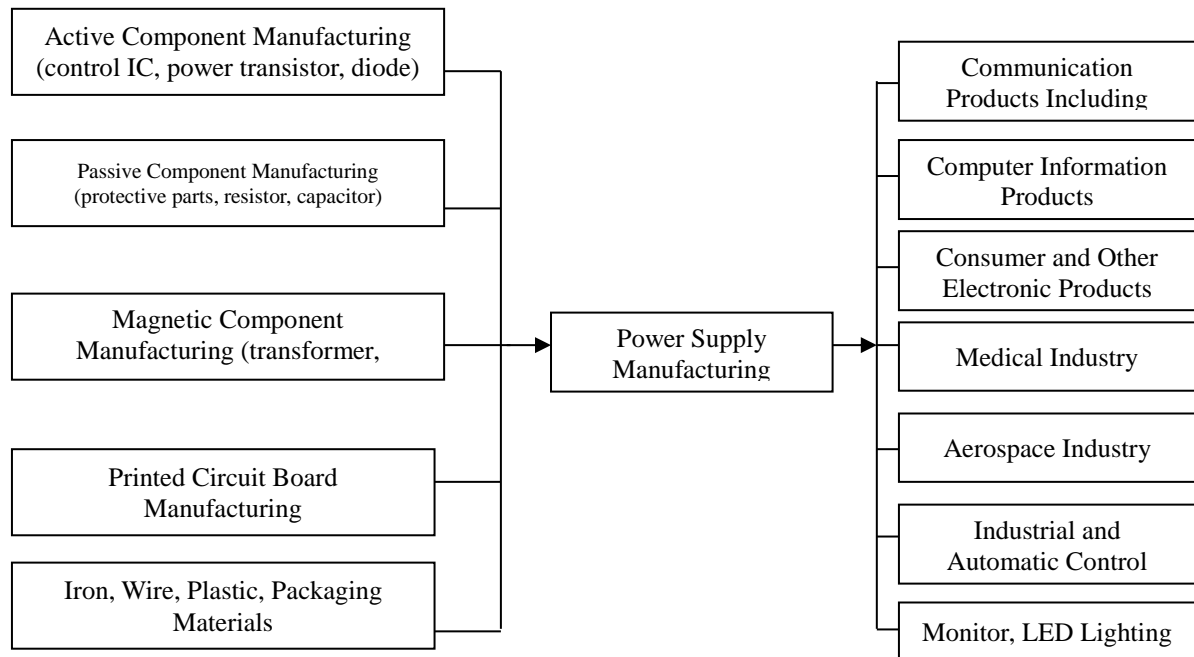


2. Digital Camera



### 3. Power Supply Products

#### Related Upstream, Midstream, and Downstream Chart for Power Supply Manufacturing Industry



### 4. Power Supply and LED Light Source Products

In the power supply market, Taiwanese companies are more focused on AC/DC and DC/DC products. Under normal circumstances, AC/DC applications are widely used, and DC/DC can be used as internal components of electronic products. Mostly used for high-end industrial power supply, the product technology level is relatively high. From the upstream, midstream, and downstream structures of the power supply industry, in the control IC part (components) of the “upstream raw materials” industry, it can be found that except for a small part of Taiwan that relies on foreign imports, most of the remaining components have good self-manufacturing capabilities. In the “downstream application industry” part, the Taiwanese information industry is mature and the industry chain is complete. It is highly competitive for PC-related, consumer electronics, Netcom, and industrial machinery.

#### Development Trend in Power Supply

##### (1) Product is Oriented towards Being Small and Beautiful

The power supply is a key component of electronic products, and its functional requirements are closely related to the characteristics of the application products. In recent years, electronic products have begun to develop into small size, beautiful appearance, lightweight, stackable, low energy consumption, etc. In response to this demand, it is necessary to reduce the size of the module, beautify it, and increase the energy conversion efficiency.

##### (2) Product Quality and Technical Upgrade

As standard PSU products become more and more mature, most of the main products of domestic manufacturers are for supporting information applications; plus with the rapid increase in competing companies, price competitions have become fierce. With the profit of downstream application products becoming lesser and lesser, not only do PSU manufacturers need to increase their own technology, quality, control cost and expand their own industrial economy scale, they must also enhance

their development and designs for products with high added-values in order to strive for new application markets (High frequency and high density, using third-generation semiconductor (GaN, SiC)).

(3) Safety Regulations are Becoming Stricter

Due to the increase in energy prices and consumer environmental awareness, the future development trend is to develop environmental protection and energy-saving products. In order to protect consumer safety, each country's safety requirements for electronic products are becoming stricter. In order to comply with the related regulations on energy conservation, the products and manufacturers that can provide solutions in technical design will have competitive advantages and market opportunities.

(4) Assembly Line and Key Components with Automated Production

In response to the shortage of manpower and rising wages, automated production can solve the delay in delivery and overall cost increase caused by manpower, and can also maintain product quality and reduce the quality problems caused by human negligence.

Competition of Power Supply

Since the power supply industry needs economies of scale or production technology, and some high-end or environmental power supplies need to be patented or certified, and the technical requirements of high-end products are relatively high and the research and development costs are high, so the entry threshold is relatively high. The future trend is that large companies will become bigger and bigger.

Taiwan is a major producer of global information products. Driven by downstream industries, power supply shipments have remained high, and competitors in the power supply industry are mainly Taiwanese manufacturers. Due to the wide range of applications of power supplies, and the fact that most companies focus on specific power ranges or applications, and each competitor has its own advantages, few companies on the market are eliminated, and they can find their own positioning in the market.

(3) R&D and Technology Overview

1. Research and Development Expenses for the Most Recent Year and the First Quarter of 2022

Unit: NT\$ 1,000

Year	2021	2022 Q1
	Consolidated Financial Report	Consolidated Financial Report
R&D Expenses	3,481,205	824,833
Operating Revenue (Net)	107,474,079	28,845,652
R&D Expenses to Revenue %	3.24%	2.86%

2. Research and Development Achievements

(1) Keyboard, Mouse, Camera, Camera Module and other peripheral products

The Company has been actively applying for patents in various countries. In recent years, the Company has obtained over 700 approved patents in various countries, with nearly

300 applications being under review. The Company has been listed among the top 100 companies in patent application and certification by the Intellectual Property Office of the Ministry of Economic Affairs. The rankings in 2021 are listed below:  
 Patent application and certification ranked 69 and 77 among local companies  
 Patent invention and announced certification ranked 42 and 52 among local companies  
 The patents application includes keyboard, mouse, image device, lens module and other related technologies.  
 The patents for green products include designs for energy-saving for electronic devices and environmental friendly wrapping materials.

(2) Power Supply

R&D Results	R&D Technology
• Built-in PSU for PC, 150W~850W	• LLC Technology
• External PSU for notebooks, 30W~ 330W	• Flyback • Half-bridge LLC architecture
• High-power smart DC power module for communications	• Half-bridge resonant • Digital monitoring design • Support for the redundancy function
• Miniaturized 30/40/60 W adapter with wall-mount design	• Active clamp Flyback + GaNFET
• New charging platform of Tablet/ Smart Phone	• Type C PD, PPS & QC
• Power supply for multi-function 300W/400W Laser printers	• LLC+AC Module
• New 700~2500W server PSU	• Full digital control LLC architecture
• USB Type C PD adapter with multiple outputs, 26W / 30W /45W /65W/90W and the latest 140W~240W high power products complying with PD3.1 specification	• Designed in accordance with the USB PD Spec and ASIC • Development of new architecture such as AHB/Totem Pole
• Large and small charging device for lithium batteries, up to 1200W	• LLC+ charging circuit
• IoT-related PSU 7W~30W	• Flyback+networked, and low-end product power consumption design
• PSU platform for gaming consoles, 50W~850W	• Flyback + high-frequency LLC architecture
• PSU for inkjet printers, 15 W~50W	• Flyback architecture and plastic casing
• Direct AC lighting module and Smart Lighting module, 10 W~150W	• AC directly controlled LED light source • Zigbee network architecture
• External high efficiency PSU for gaming PCs, 120W~330W	• LLC architecture
• Parallel module for drone charging stations, 10,000W~30,000W	• LLC architecture + charging auto control system
• Desktop gaming PSU, 550W~850W	• LLC architecture + Flyback + Buck
• Industrial Tablet PC embedded power supply, 50W~350W	• Active Clamp Forward • APFC • LLC architecture
• LED daylight and positioning lamp module • LED low beam module • LED high beam module • LED high/low beam module • LED fog lamp module • LED daylight and turn signal lamp module • LED combination tail lamp module • LED high mounted stop lamp module • LED interior lamp module	• Optical design for the LED high/low beam module • Light-guide type LED daylight and turn signal lamp design • Thick-wall type LED daylight and turn signal lamp design • Temperature protection design • Optical design for the LED low beam module
• Mini LED backlight module of high brightness and energy saving • The backlight module of the color-changing icon that can be switched on and off independently. • 3D curved ambient light module	• Development of new generation of light source Mini LED with five-sided lighting to improve optical performance • Development of barrier optical structures • Development of emission type light guide plate

### 3. Future Research and Development Plans for the Coming Year

#### (1) Keyboard, Mouse, Camera, Camera Module and other peripheral products

In consideration of ESG, environmental protection and energy saving, the Company continues to study the application of environmental protection materials and develop low-power products to achieve the ideal carbon neutral, and also continues to develop new technologies and products for customers to save more energy and be more environmental friendly. In terms of product and technology, we will focus on the development of input device with human/machine interface, emphasizing the application technology of products and enhance the applications of traceability (IOT) and intelligent loss prevention (AI) functions of wireless devices. We'd like to expand from PC peripherals to gaming industry, smart wearable with human/machine interface, and motion-sensing BIO application.

The Company will combine ADAS and DMS, and utilize the strengths in hardware deep learning Edge Computing and 5G bandwidth, develop multi-purpose smart driving recorders, and help users gain a safer driving experience. Meanwhile, the Company will develop the technology integrating Radar and Thermal Image, and utilize the non-imaging technological analysis and counseling in response to the hardware AI, in order to strengthen the smartness of the video-related products, seek the balance between safety and privacy, and obtain more important messages more precisely.

In response to the increasing demand for solution of images by AI or 3D measurement, such as facial recognition and human activity analysis, the personal video products developed by the Company and smart sensors boosted by the Company became one of the Company's R&D focuses.

#### (2) Power Supply Products and LED Lighting Equipment

##### A. PSU Products for Office Automation and Personal Computers:

In recent years, various industries have gradually listed energy conservation, carbon reduction, and green energy as requirements. In all types of power products, there are relevant international organizations that define future performance standards. Power products must move toward more efficient R&D. Focus on the future efficiency trend, adhere to the principle of innovation, and the Company invested a lot of resources to develop power products beyond the Platinum brand.

##### B. Input Devices for Entertainment Purpose:

Due to the advent of the cloud era, network streaming has gradually replaced traditional hardware. The mainstream trend of new hardware input devices will be various Set-Top Boxes. Both the in-line power strip and the external thin power adapter are the future trend.

##### C. Smart Building System:

Continue to develop smart systems with networking, computing, control, and learning capabilities, and provide a full range of intelligent solutions for lighting, air conditioning, power, security, carbon emission detection, human-computer interaction, widely used in residential, office, shopping malls, parks, and the city, as the core of the integrated management system of the future smart city.

##### D. PSU products for cloud information equipment and data center:

In the future, in the design and development of cloud equipment power supply, it is especially necessary to increase the proportion of software design applications, and focus on the power supply monitoring unit and digital power control, such as the power supply of the home security monitoring system. In

the face of cloud service technology needs, the Company's power management solutions will continue to be launched, and challenges of future power supply design will be dealt with.

E. Chargers for Hand Tools and Garden Tools:

The hand tools with the digital intelligence have driven the growth of the hand tool industry. Petroleum and diesel garden tools are the main stream now. For the environmental protection and convenient use, more and more people want electric-powered tools, driving the demands of medium-power charging devices.

F. In response to the rising trend of power demand for mobile device chargers, the latest high-frequency technology and third-generation semiconductor high-speed switches are used to develop 30-65W high-density miniaturized chargers.

G. Power supply products for image display:

Provide power supply products with customized design to meet the demand of high resolution for the high-end 4K and 8K OLED image displays and support the demand of the acoustic multi-audio processing.

H. LED Back-light module:

Evolve from a single-layer luminous effect to dual-layer or even multi-layer design to have functional performance that is totally different from the traditional products.

I. Automotive LED Headlight:

Automobile LED adaptive headlight module: In response to the development of the automobile electronics, the use of LED headlights is a natural trend. To improve the driving safety and driver's comfort, the Company continues to perform the development of the LED adaptive driving beam (ADB) module. The ADB is designed to change the lighting pattern by detecting the external surroundings, to reduce glare coming from the opposite direction and change the lighting pattern based on the road conditions.

Laser high beam module: A more compact high beam module can be designed by using the laser alignment. This also gives the automobile manufacturers more flexibility to design cars. Moreover, the laser can meet the projection of 400~600m, which gives the driver enough time to respond for better safety.

(4) Long and Short-term Business Development Plans

1. Short-term Business Development Plan

- (1) Continue to expand worldwide number market share in keyboard applications, image products, power supply products, and smart home applications.
- (2) Expand Non-PC applications, such as driving monitoring system, commercial surveillance system, smart video conference systems and disposable endoscopes, to increase revenue.
- (3) The Company also increased the penetration rate and sales of high-unit-price and high-value-added products, and the Company's gross profit margin by optimizing products.
- (4) The Company's direct investment of Chicony Power Co., Ltd, actively develops new businesses with high values, such as high wattage server power, satellite communication, charging station and metaverse.
- (5) In order to meet the needs of customers' products and maximize the Company's benefits, and continue to integrate the Group's marketing and global operations resources, ONE STOP SHOPPING is adopted for customers.

## 2. Long-term Business Development Plan

- (1) In order to maintain the Company's competitiveness, the Company continues to look for talents and strengthen its marketing, research and development, production, and global operations capabilities.
- (2) To actively develop those non-traditional non-PC products, such as smart home applications, servers, game consoles, and metaverse.
- (3) To expand the original international sales locations in the US and Japan.

## 2. Marketing, production, and sales overview

### (1) Market Analysis

#### 1. Sales Market for Primary Products

##### Distribution of Primary Products and Services in Major Markets and Distribution

Methods:

Purpose of	Primary Market	Distribution Method
Electrical Parts and Components, Consumer and Other Electronic Products, etc.	America, Europe, Asia, Domestic	Domestic Sales, Export Sales, Indirect Sales

#### 2. Market Share of Product

The Company sells many computer information peripheral products, including keyboard applications (NB, DT, Tablet), image products (NB cameral modules, smart video conference system, driver monitoring system, and smart medical), smart home related products (IP cam, doorbell cam, high-end surveillance cam)), power supply products (PC, NB, server, and cloud applications) from subsidiary company of Chicony Power and the networking products from subsidiary company of Xavi Technologies Corporation. According to internal estimates and information from customers, Chicony Group is ranked worldwide number 1 in NB keyboards, camera modules, and power supply products.

#### 3. The Supply, Demand, and Growth in the Market of the Future

The Company's current major products are keyboard applications, image devices, power supplies, and smart home applications, highly-related to the global PC, NB, , and consumer electronics market such as smart home. In the PC market, looking ahead to 2022, with the increase of vaccine administration rate, restrictions have gradually been lifted. Although demand for education will decrease, companies in Europe and the U.S. returning to work will drive a wave of replacement of commercial computers. As a result of the deferred benefits from the shortage of materials in 2021 and the PC purchase behavior attributed to the pandemic, the pattern of each household owning a computer has changed to each person having a computer, greatly increasing the overall demand of PC. As a leading manufacturer of keyboards in the world, besides maintaining the sales of its PC/NB keyboard products, Chicony benefits from LED-backlit keyboards of high-end commercial laptops and 2-in-1 tablet PCs launched by U.S. customers, driving up the shipment of flat-panel keyboards. Coupled with the continuous growth in gaming PC key boards, the unit price of keyboards and revenue of high value-added keyboards will also go up. In terms of supply, the primary manufacturers of keyboard modules, computer cameras, and notebook computer built-in camera modules are around 2-3.

The smart home application products, such as smart doorbell and wireless CCTV camera produced by the Company, and the long-cultivated smart building and smart cloud products, all benefit from the home economy and contactless business opportunities, so consumers have begun to increase their needs for smart home solutions

that improve their quality of life. Due to this, the overall smart home consumer market is estimated to grow from US\$123 billion in 2021 to US\$173 billion in 2025. The application for Company's another lens module has also been widely applied to advanced driver assistance systems that combine 360-degree panoramic photography, metaverse-related AR/VR, and disposable endoscopy products. The market size of global camera modules is estimated to grow from US\$36.2 billion in 2021 to US\$59.3 billion in 2026, with a compound growth rate of 9.8%. This could benefit the smart home/building products which the Company has developed for many years. For the time being, there are only 2–3 suppliers in this field.

The power supply produced by the subsidiary Chicony Electronics will not only maintain its original products, it will also continue to refine its high-value product line of 180+ watt gaming laptop power supplies, while expanding the investment in server power supplies with high growth. In particular, high-end high wattage server power supplies. Looking ahead to 2022, driving by favorable factors of cloud services, e-commerce, online remote services and digital transformation, customer demand for servers will largely increase. In 2021, approximately 17 million servers were shipped globally, and shipment is estimated at 18.15 million servers in 2022, with an annual growth rate of 6.8%. At the same time, our subsidiary Chicony Electronics will speed up its development of a full range of 3,000 to 5,000 watts of power supply products in order to seize the market share of high-end servers. For the time being, there are only 2–3 leading power supply manufacturers in Taiwan.

#### 4. Competitive Niche and the Impact of Favorable Factors and Unfavorable Factors on the Future Development of the Company

##### (1) Competitive Niche and Favorable Factors

###### A. Economies of Scale Benefit

The Group's NB keyboards, camera modules, and power supply products all reach number one in the global markets. The group has built an economy of scale and leading market position for these products. With continuous sales growth, the Group takes the advantage of having greater economy of scale and further builds it as the entry barrier for this industry.

###### B. Great Product Manufacturing Experience in ODM/OEM

In addition to the three primary production factories of Suzhou, Dongguan, and Chongqing in China, we have accumulated more than 30 years of experience in ODM/OEM product manufacturing and quality control, and have continued to increase the level of automation and develop new manufacturing process to increase manufacturing efficiency. To use the information provided by EDI and ERP systems, the VMI system (supplier managed inventory system) has been strengthened. Then, we built the system of global immediate delivery with customers that help us to reduce inventory costs and increase the flexibility of delivery, preparation, and production, speed, and the customer are also satisfied with the current situation. Since 2019, the Company has used its best effort to lay out its global supply chain to mitigate the business risk. Upon completion and activation of the new plant in Thailand, Chicony will accelerate the operation expansion in Thailand to make the plant become Chicony's new production center in Southeast Asia, which may help the Company respond to customers' needs, allocate the global production capacity and disperse the production risk.

###### C. Strong Customers

The primary customer base of keyboard and notebook computer built-in camera module products and power supply sold by the Company and Chicony Power Co., Ltd. are the top ten computer factories in the world, and we are also the

designated assembly plant. Famous computer and system vendors are also our primary customers; sales to such customers can stabilize the Company's operating income and profit sources, and help to upgrade the product development level.

#### D. New High Value-added Products are Constantly Being Launched

In addition to continually maintaining good relationships with global electronics manufacturers, it is also committed to the development of high value-added products, and in response to the development trend of the future technology industry, the Group will integrate key technology in image, WIFI, power control, and software technology, and actively develop new products such as smart home, security control, smart speakers, AI, and the Internet of Things. In order to keep the performance and profitability of the Company continually growing, except to expand the original international sales base in the United States and Japan and also expand the domestic market for each product line in China.

#### E. Provide Customers for One Stop Shopping Service

The keyboards, computer cameras, and NB CAM products of the Company have the same primary customers as Chicony Power Co., Ltd. (indirect investment company). In order to save purchasing cost for customers and improve efficiency, the Company provides the One Stop Shopping service, and at the same time it can also increase operating revenue.

#### F. Complete Global Logistics and Supply System

In order to meet demands from ODM/OEM clients, the company started to set up prompt delivery warehouses in the US and Europe in 1996. With the increase of ODM/OEM clients, the number of warehouse is also increasing to make the function of the global logistics system complete and to maintain a close relations with customers.

#### G. Strong Management Team

The management team is composed of professionals having more than 25 years of related experience in manufacturing, sales, management R&D, and finance fields. The management team's average years of service in the company are more than 20 years, with track record in academic and practical experience, focusing on the core operations with stable operation style.

#### H. Research and Development Center of Industry-Academia Cooperation

The Company established the "Chicony R&D Scholarship" and cooperates with the Taipei University of Technology and responds to the government-sponsored policy of integrating industry and education, and established the Taipei University of Technology R&D Center at the Taipei University of Technology. The Company cooperates with the students of the Department of Electrical Engineering and Automation by appointing engineers. Divided into a few groups, the group has the power group, electronic research group, automation and vision research group, software development group, etc., they jointly develop, and share research resources and results with each other. In order to allow outstanding talents to join the Company, and to create a model of Taiwan's industry-university upgrades and respond to the government-sponsored industry-university policy, we participated in the ranks of the first P-TECH school of the junior college of the Ministry of Education.

#### (2) Unfavorable Factors and Response Strategies:

A. The sales prices of computer and digital imaging industry products have fallen because of rapid market changes, fierce competition, and falling prices.

- B. China's electronic component industry has a local advantage, and Chinese companies continue to upgrade technology and accelerate the construction of the supply chain.
- C. The persistent epidemic is driving the booming homeboy economy. The supply of NB cannot afford to satisfy the demand thereof. The problem about short supplies in the supply chain appears to be severe.
- D. The traditional PC (including NB) market is already saturated with limited growth.

Response Strategies:

- To develop new technologies, new design abilities, and seek cooperation with more suppliers. In addition to continuously integrating the materials in the Group for common purchase, and also expanding cooperation with China suppliers to reduce the purchasing materials cost.
- In order to maintain revenue and profit, the Company continued to develop high added value products, and increased sales proportion by ourselves, and continuously expanded market share.
- In order to deal with the pressure of rising labor costs per year in China, diversifying production risk and effectively improve production efficiency, the Company has increased the automation ratio, developed new processes, and expand the production base in South East Asia.
- In order to stabilize the source of supply and increase the gross profit margin, and strengthen vertical integration and to increase the ratio of self-made major components.
- The Company continues to expand its operations to maximize economies of scale.
- In order to obtain more outstanding R&D talents and enhance R&D strength, we have established a “Chicony R&D Excellence Scholarship” at the school.
- In order to reduce the impact on production, we have established a good relationship with suppliers, maintaining at least 2 or 3 suppliers for each raw material, and have made strategic procurement of major components to reduce the impact of component shortage.
- In order to reduce the debt ratio of the Company's consolidated statements, save interest expenses, and increase the Company's cash flow, it is necessary to reduce the accounts receivable and fixed assets of capital expenditure.
- To expand non-PC industry products such as game consoles, sports cameras, and camera modules for smartphones, and to actively develop the Internet of Things (IOT and virtual reality (VR)-related products, and Blue Ocean market products for the Smart Home. In order to effectively create new customers and develop more business opportunities in the Blue Ocean market, the ratio of new products in the non-PC industry has surpassed the ratio of PC products.
- In order to make production more flexible, deliver quickly and with quality control that can meet the customer's demand, the Company strengthens the supplier management system and the customer's immediate shipping system.

(2) Primary Purpose of the Products and Production Process

**1. Primary Use:**

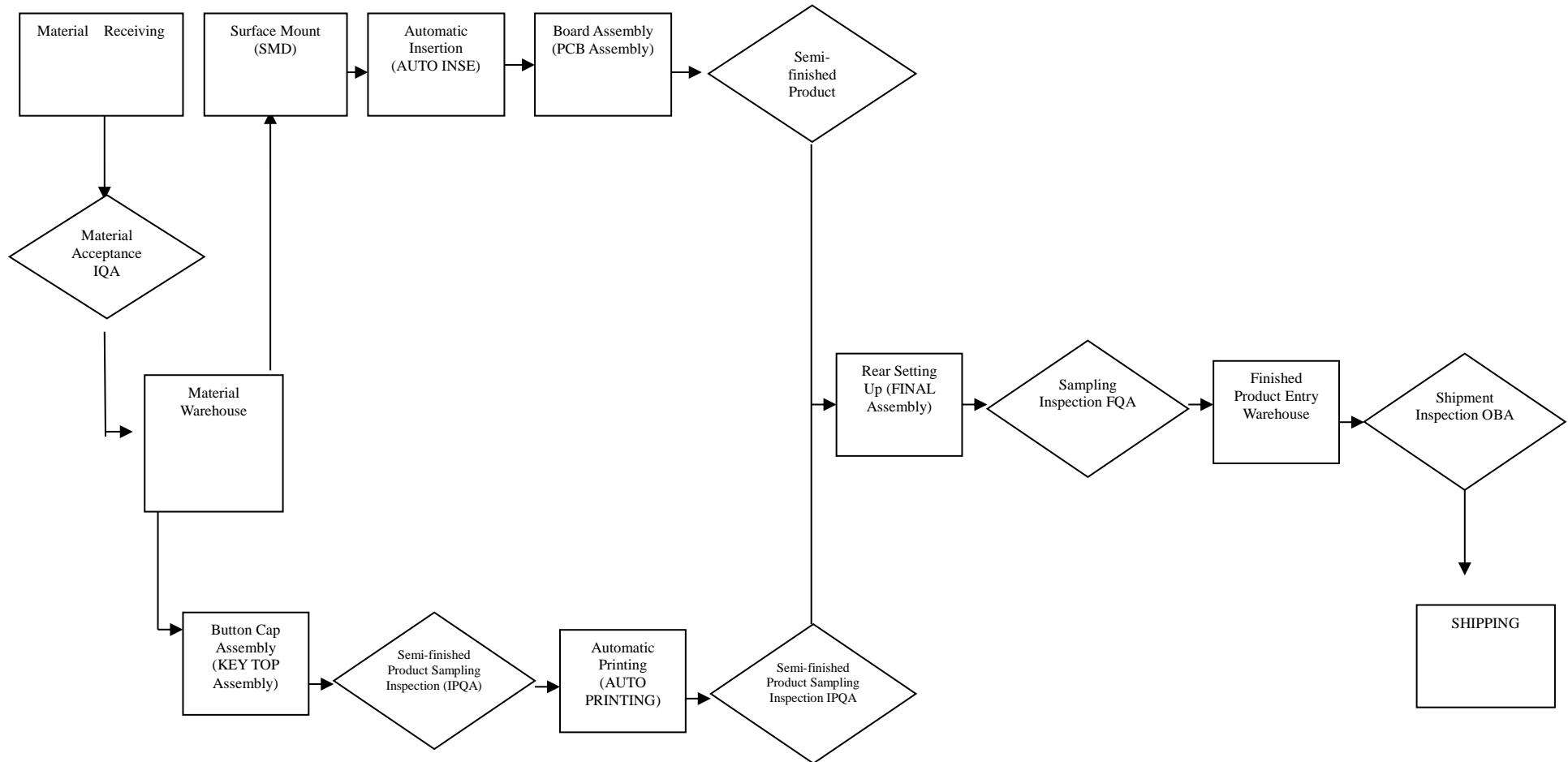
- (1) Keyboard: The keyboard is an indispensable input device, and it is also the most important interface tool for people to communicate with the computer system. It is also a personal computer, a computer workstation, a test device word processor, a Chinese computer, etc.
- (2) Digital Camera, Computer Camera, and Camera Module: Capture scenes and record images.
- (3) Smart Home: Uses smart phones and other connected devices to enter the home market, such as smart doorbells, smart speakers, smart lights, etc.
- (4) Power Supply and LED Lighting Equipment:

Product	Function	Usage
PSU for desktop PCs (Desktop PC Power)	AC is a full-range 90 ~ 265 VAC voltage, converted into single or multiple sets of output, the main power outputs include 180 W, 200 W, 250 W, 300 W, 350W, 550W, 650W, 750W and 850W.	Used for desktop personal computers.
PSU for notebook computer (Adapter and PSU for gaming PC)	AC is full-range 90~265 VAC voltage, main output is 19V, 20V and greater than 75W. It includes power factor correction circuit and the output ranges from 30W to 400W etc.	Used on general notebook computers and AIO PC; those with output greater than 150W are used for notebook workstations.
PSU for game consoles	AC is full-range 90~265VAC voltage, main output is 12V. It includes power factor correction circuit and the output ranges from 100W to 500W etc.	Mainly used for game consoles.
PSU for set-top-box	Divided into built-in and external (Adapter) forms; to make it easier for repairs, they have gradually changed to the external (Adapter) in recent years. The AC is full range or 115 ranges, and the output is made according to the requirement of the set-top-box; usually under 60W.	Used on various set-top-boxes.
PSU for LED drive	AC is between 85VAC to 265VAC, or between 180VAC to 265VAC. It also provides constant power to work with the demands of numbers and brightness of LED. The new technology that AC directly drives the LED module.	Provided for use with large amounts of indoor light bulbs, linear light, ceiling light, spot lamps and outdoor streetlights and patio lights.
Inkjet printer and laser printer power system	AC is between 85VAC to 135VAC or 180VAC to 265VAC; all outputs are made according to printer requirements and they all have laser engine drivers.	Used for large laser printers with different functions.
Cloud server power system and data power system	Ultra-high power density full digital control (N+M) redundant power system. It can be used for monitoring of input AC/output DC, which is the output of 500W~several KW. Communication PSU generally has a 48V output whereas storage/AI servers usually have 12V or 54.5V single/multiple sets of output monitoring systems.	Used for communication systems, storage devices and servers.

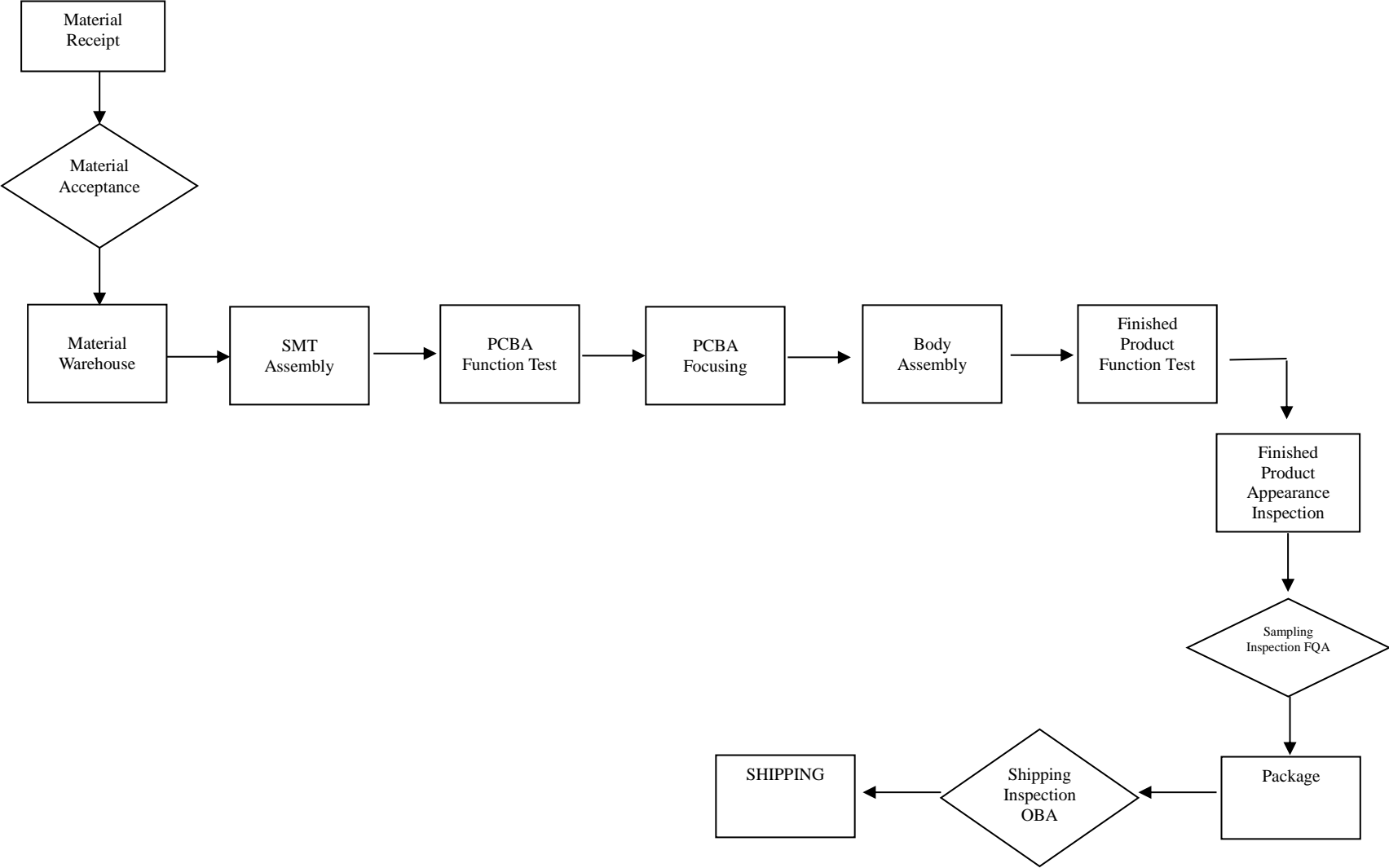
Product	Function	Usage
Charging device IOT PSU USB Type C power adapter	Charges lithium compound batteries.	Used to charge various tablet computers. Drone charging stations and charging devices for electric cars.
Industrial Tablet PC embedded power supply	AC is the full-range 85~265VAC voltage or DC is 18~32VDC voltage, the main output is 12V, 24V isolated power supply. The output power varies from 50W to 450W.	Provide various sizes of industrial touch panel computers.

## 2. Production Process:

### (1) Keyboard

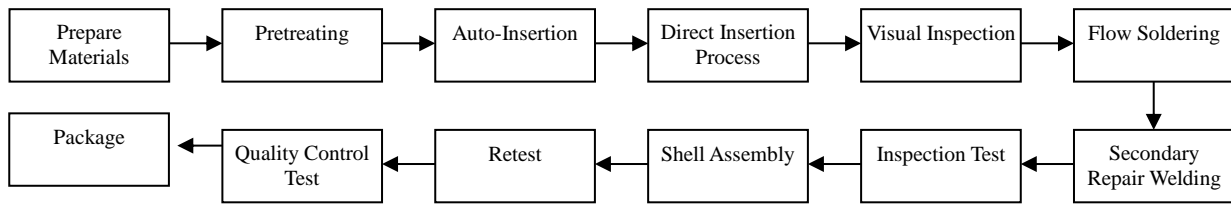


(2) Digital Camera, Computer Camera, and Camera Module:

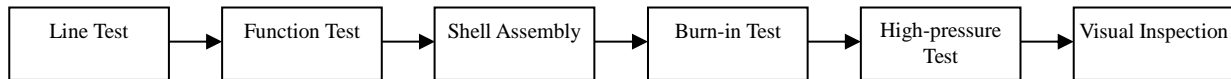


(3) Switching Power Supply (including LED drive power):

a. Production Process



b. Test Process



(3) Supply of Key Materials

In order to reduce production costs, keyboards, computer cameras, mobile phone camera modules, NB built-in camera modules, digital cameras, and cloud cameras are made by Chicony Power (Dungguan) Co., Ltd, Chicony Power (Suzhou) Co., Ltd, Maorui Co., Ltd. (Dungguan), and Chicony Power (Chongqing) Co., Ltd., which are the 100% indirect investment of our Company. Primary raw materials required [Keyboard: KEY TOP keycap, membrane switch rubber button, and IC integrated circuit, etc.; Digital Camera, Computer Camera, Camera Module: sensor, DSP/ASIC digital processor, LCD screen, lens, DDR memory, and flash memory, etc.,] and purchase price, etc. are set up by our Unified Purchasing Center, then subsidiaries make the order by themselves. Due to long-term strategic cooperation with our primary suppliers, we have established a good relationship with suppliers. Since most of the material manufacturers have more than two, if there is any supply and demand imbalance in the market there is no impact to our operation. It is beneficial development to the long-term of our Company.

The primary raw materials of the power supply are power lines, capacitors, fans, heat sinks, semiconductors, transformers, molded cases, printed circuit boards, insulating sheets, and sockets. In order to reduce production costs, Chicony Power (Dongguan) Co., Ltd, Chicony Power (Suzhou) Co., Ltd, and Chicony Power (Chongqing) Co., Ltd, Chicony Power (Thailand) Co., Ltd which are the indirect investment of our Company are responsible for the production of primary materials for us, and the purchasing price is set up by the Company strategic procurement department, then Chicony Power International Inc. and subsidiaries make the order by themselves. Since there are more than two material manufacturers for most of the materials, and we have a good relationship with suppliers, and the source and quality are stable, so there is no impact to our operation.

(4) The names of the customers accounting for more than 10% of the total purchase (sales) in any of the last two years, and the amount of purchase (sale) in proportion to total purchase (sales), and the reasons for the changes, if applicable:

1. Key Supplier Information

Key Supplier Information in the Consolidated Financial Reports (names of the customers accounting for more than 10% of the total purchase in any of the last two years):

None

2. Key Customers Information

Key Customers Information in the Consolidated Financial Reports (names of the customers accounting for more than 10% of the total net sale in any of the last two years)

Unit : Thousand NT\$

Item	2020				2021				1Q 2022			
	Name	Amount	Ratio of net sales of the whole year (%)	Relation ship with the issuer	Name	Amount	Ratio of net sales of the whole year (%)	Relation ship with the issuer	Name	Amount	Ratio of net sales of the whole year (%)	Relationsh ip with the issuer
1	Client A (Note)	9,560,678	10.06	Non	Client A (Note)	11,359,057	10.57	None	Client A (Note)	3,150,511	10.92	None
2	Others	85,521,549	89.94		Others	96,115,022	89.43		Others	25,695,141	89.08	
Total	Net Sales	95,082,227	100			107,474,079	100		Others	28,845,652	100	

Note : Explanation of the reason of the changes for trade debtors

Due to more high-value-added models and rising market demand, the amount of sales from client A increased.

## (5) Production Volume Table

Unit: Thousand Unit/NT\$ 1,000

Year	2020					2021				
Production Volume and Value	Production Capacity	Production Volume	Production Value	Purchasing Volume	Purchasing Value	Production Capacity	Production Volume	Production Value	Purchasing Volume	Purchasing Value
Electronic Parts and Components	392,193	307,564	45,399,689	-	-	431,365	331,879	52,954,675	-	-
Consumer and Other Electronic Products	130,014	91,592	45,199,064	2,459	1,857,551	148,155	99,033	38,689,568	3,194	2,231,272
Others	1	0	182,884	-		2	1	181,411	-	
Total			90,781,637		1,857,551			91,825,654		2,231,272

## (6) Sales Volume Table

Unit: Thousand Unit/ NT\$ 1,000

Year	2020 (Note 1)				2021 (Note 2)			
Sales Volume and Value	Domestic Sale		Export Sales		Domestic Sale		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Premium Products								
Electronic Parts and Components	21,158	4,922,468	196,052	48,407,147	17,582	4,293,583	216,794	57,032,572
Consumer and Other Electronic Products	4,031	2,905,911	79,604	38,308,735	4,110	3,593,704	83,823	41,640,520
Other	20	132,462	10	405,504	10	215,307	8	698,393
Total		7,960,841		87,121,386		8,102,594		99,371,485

Note 1: The consolidated operating revenue for 2020 is NT\$ 95,082,227 thousand.

2: The consolidated operating revenue for 2021 is NT\$ 107,474,079 thousand.

3. Number of Employees, Average Years of Service, Average Age, and Education Distribution  
Taiwan Employee Data During the Past Two Years and Up to March 31, 2022 [Consolidation]

Year	2020	2021	3/31/2022	
Number of Employees	Direct Staff	29,682	32,147	31,177
	Indirect Staff	5,723	6,076	5,938
	Total	35,405	38,223	37,115
Average Age	32.94	32.87	33.66	
Average Years of Service	3.88	3.76	3.81	
Education Distribution (%)	PhD	0.04	0.02	0.02
	Master's Degree	2.13	2.09	2.15
	University	10.89	12.74	12.82
	Senior High School	28.27	26.66	27.03
	Senior High School and Below	58.67	58.48	57.97

#### 4. Information on environmental protection spending

(I) Losses Caused by Environmental Pollution in recent 2 years and up to the date of printing of this Annual Report: None.

(II) Response Strategies:

The Company's primary products are the research and development, manufacturing, and sales of computer peripherals. Therefore, there is no pollution problem. The overseas production location has purchased inspection equipment for ICP-inspectable materials, perform related personnel training, and have acquired the local government certification, so the Company has complied with the Restriction of Hazardous Substances (RoHS) by EU since July 2006. The Company has also imported related control software systems to ensure related control operations.

As of now, the raw materials required for manufacture our products are subject to the international environmental standards to meet customer requirements.

Our Company thinks the maintenance of environmental quality, and the implementation of safety and sanitation work in various production factories are very important, and continues to strengthen the environmental quality and protection of employee's health. In the spirit of entrepreneurial social responsibility, the Company focuses on environmental protection. In order to improve the overall image of the Company, the Suzhou factory has a dedicated unit responsible for the project, and promoting the product process wastewater recycling system.

(III) Sizable Expenditures for Environmental Protection Expected in the Future: None.

#### 5. Labor Relations

(I) Employee Benefit Policy:

1. In addition to the labor law and related laws and regulations, the Company's employee welfare includes group insurance (including life insurance, medical insurance, anti-cancer insurance, accident medical insurance, and accident insurance), regular health checks, education and training subsidies, and emergency counseling. Because of the above welfare, employees will commit more for the Company.
2. The Company established the Employee Welfare Committee, and the amount of welfare allocated to employees exceeded NT\$22 million. The Company regularly holds domestic and foreign travel, community activities, and birthday parties, it regularly issues birthday and annual vouchers, and urgent for employees, work-related injury, marriage, funeral, sickness, and birth allowances are also given.
3. In order to adjust the employees' condition in mind and body and establish the employees' centripetal force to the Company, we regularly hold various employee networking activities.
4. The Company provides related training in the profession, management, and languages, etc. for employees.

(II) Continuing Education and Training for the Employees:

In order to develop the working ability of employees, the Company cultivates professional knowledge and skills for employees and increases work efficiency by establishing management methods. The methods can also allow employees to ensure the quality of work and to achieve the Company's goal of sustainable business and development. In addition to new staff education and training, newcomers can quickly integrate into the organization team. The department heads and employees can also organize whole Company departmental training courses, seminars, etc. to meet the needs of the Company's internal and external environmental trends, and to strengthen and enhance the professional competence and core competitiveness of employees by training

and study channels.

(III) Retirement System and Implementation Status:

1. The Company has set up the Labor Retirement Reserve Supervisory Committee, and recognizes pension expenses as the net refund cost base on the actuary assessment report every month. The Company has complied with the “Labor Pension Act” starting from July 2005.
2. The standard of pension application and the method of payment shall be processed in accordance with the provisions of the Law on Labor and the new system of retiring.

Retirement Reserve Fund	Old Fund	New Fund
Applicable Law	Labor Standards Act	Labor Pension Act
Funding Method	The Company appropriates 2% of the total salary as pension and stores it in the Taiwan Bank Labor Retirement Reserve account of the Company	The Company appropriates 6% to the personal accounts of the employees supervised by the Labor Insurance Bureau based on the grading of the insured salary
Funding Amount	Labor retirement reserve amounted to NT\$118,291 thousand	Funding amounted to NT\$44,944 thousand in 2021

(IV) Important Agreement Between Labor and Management:

The rights and obligations of both employers and employees are processed based on the Company's working rules and personnel administrative rules and regulations. (The work rules of the Company and the personnel administrative rules and regulations are based on the labor law and related laws and regulations, and the work rules have been reported to the local authorities. The employees may communicate with the Company about the Company's systems and working environment via the labor-management meeting, Employee Welfare Committee meetings and employee conference, in order to maintain the fair interaction between the management and employees.

(V) Status of Various Employees Rights of Maintenance Measures:

The Company has established relevant management measures and systems, and clearly defined employee rights, obligations, and welfare items, and regularly reviews and revises relevant measures and systems to maintain the rights and benefits for all employees.

(VI) Since the establishment of the Company on February 22, 1983, the Company has maintained a harmonious relationship with employees, so there is no loss caused by labor disputes. In order to maintain a harmonious relationship with employees, the management of the Company is very concerned with the smooth communication between the employer and the employee, and implements a humanized management system. The Company performs the concept of respect, trust, quality, and innovation, and implements the advancement of quality, and the development of new products. The Company's team is fully committed to achieving the organization's and the Company's operational goals to create a better future.

(VII) Net Losses Suffered, estimated amount and countermeasures by the Company (including affiliated enterprises) due to Labor Disputes from 2021 to March 31, 2022, and that it May Suffer in the Future (Including any violations of the Labor Standards Act found in

the labor inspection, the disposition dates, disposition reference numbers, the articles of law violated, contents of the law violated, and the content of the dispositions shall all be listed.): None.

## 6. Information and Communication Security Management

### (I) Objectives and Scope of Information and Communication Security Management:

**Targets:** Including employees, customers, suppliers, and operation related information software and hardware equipment.

**Scope:** In order to ensure the company's information security, related regulations, systems, application technologies and data security standards have been formulated and included in the management operation system to protect the privacy of suppliers and customers during business negotiations and maintain information security.

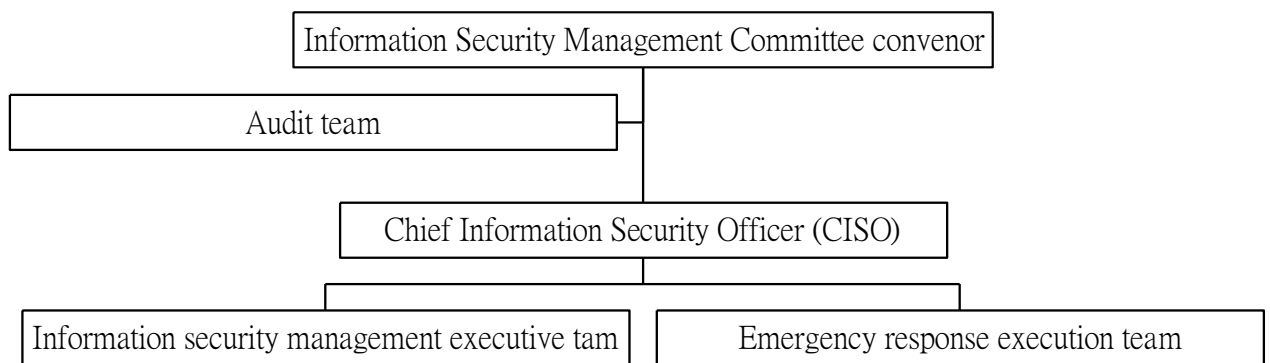
### (II) Information and Communication Risk Management Framework

In order to implement the standardized policy of the company's information security and management, the "Information Security Management Committee" has been set up to promote related work and matters. The company's CIO shall serve as the convenor. The committee members consist of the department supervisors. The sales related departments shall cooperate in execution in order to verify the effectiveness of the company's information security management operations.

The committee is responsible for formulating information security management policies, which are periodically reviewed and amended.

The execution status and review shall be regularly reported to the board every year.

Information Security management Committee organizational structure



### (III) Information and Communication Security Policy:

1. Establish an information security management system and engage in continuous improvement.
2. Provided relevant necessary resources and appropriately assign responsibilities.
3. Ensure the company's information confidentiality, integrity, and usability.
4. Comply with laws and regulations.

### (IV) Information and Communication Security Objectives

The company has set up the following information security objectives in order to protect important information, improve service quality, and ensure the effective achievement of information security policies.

1. Maintain the effectiveness of the information security management system.
2. Safeguard the adequacy of resources.

3. Ensure the security, integrity, and correctness of information assets.
4. Continue the operations of key undertakings.
5. Duly comply with laws and regulations.

(V) Information and Communication Security Control Measures:

Establish the list of periodic inventory of information assets. Conduct risk management in accordance with the information security risk evaluation and implement various control measures.

The company shall periodically execute information security advocacy and conduct education training on information security every year. Incoming personnel are required to sign the information confidentiality agreement.

All the company's employees, outsourced vendors, and collaborators are required to sign the Confidentiality Affidavit in order to ensure those that use the company's information to provide information service or execute related information undertakings have the responsibility and obligation to protect the company's information assets acquired or used. Unauthorized access, alteration, destruction, or inappropriate disclosure of information shall be prevented.

Appropriate backup or monitoring mechanisms should be established for important asset systems or equipment. Drills should be regularly conducted to maintain their usability.

Install anti-virus software on personal computers. Regularly update the anti-virus software and prohibit use of unauthorized software.

Employees should properly keep their account and password and observe the authorization limit and responsibility of use. The password should be regularly changed.

All personnel shall abide by the laws and regulations and information security policy requirements. The supervisor shall supervise the implementation of the information security compliance system and strengthen employees' knowledge of information security and legal concept.

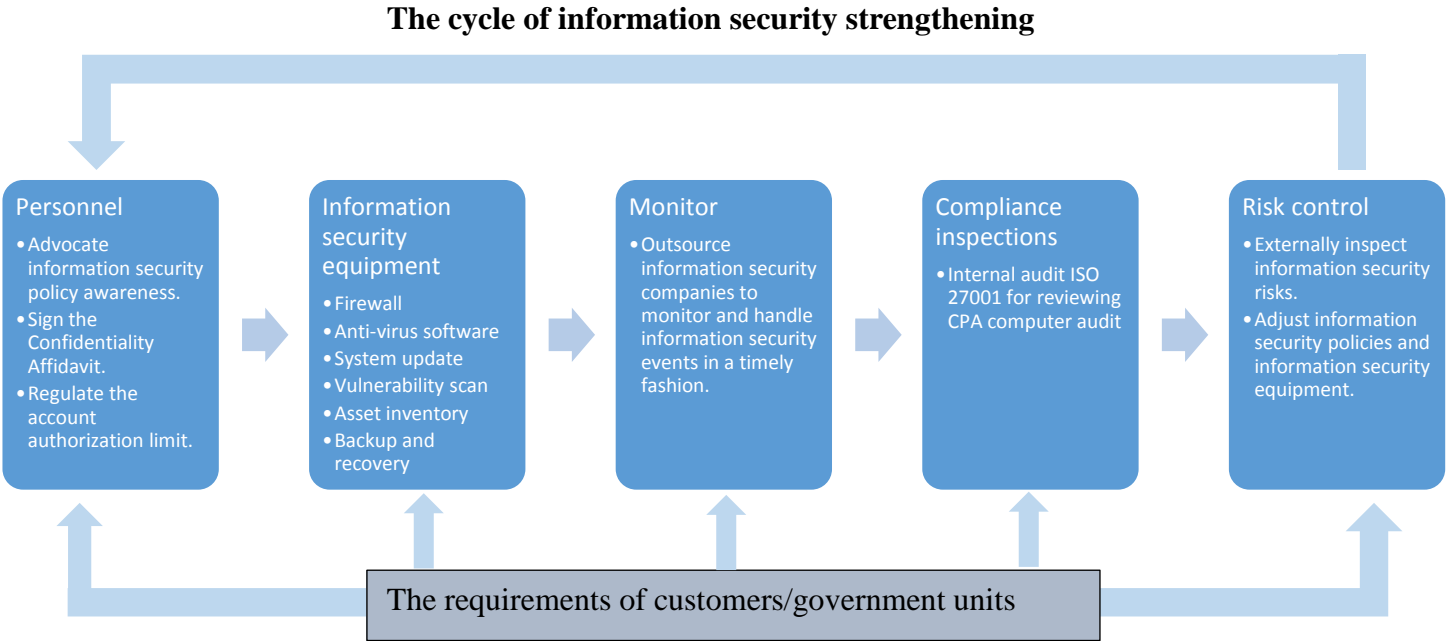
The company has set up the multi-level information security defense system from the terminal to the network boundary. Regularly perform backup and recovery drills and formulate the standard procedure for responding to and reporting information security events. Appropriately handle information security events in a timely fashion in order to avoid worsening damage.

The company shall also outsource professional information security companies to monitor information security events daily without interruption. In case an information security event occurs, handle the event in a timely fashion to avoid worsening damage.

The company imported the ISO 27001 information management system in 2016, and the ISO 27001 certification was regularly obtained. The current certificate obtained is effective until July 19, 2023. Through periodic internal audit every year, ISO 27001 information security management review, and CPA computer audit, the company's ability to respond to and handle information security events can be enhanced, thereby protecting the asset security of the company and customers.

The company also periodically executes information security risk inspection through an external information security agency, which combined with information on information security threats, information security policy adjustment, system update, and information security equipment setting will reduce information security risks.

Through the cycle of information security strengthening mentioned above and meeting the information security requirements of customers/government units, the company’s information security will continue to be strengthened.



**(VI)Information Technology Security Risks**

In accordance with the regulations for the internal control of TAIEX-listed and OTC-listed companies and the ISO 27001 standards, the company has established a complete information security management system. Based on the system, the information system and information security equipment that meet the company’s requirements have been formulated. Information security risks shall be evaluated by inspecting various regulations and procedures every year in order to ensure system validity. However, the system is subjected to impacts of changing information security risks.

**(VII)2021 information security propaganda execution status:**

Regularly make announcements every quarter and occasionally conduct propagandas. The company has set up the “Risk Management Policy and Procedures.” The information security risks and execution statuses were reported to the board of directors on November 5, 2021.

**(VIII)For losses incurred due to major information security events, possible impacts, and coping measures that cannot be reasonably estimated in the most recent year and as of the date of report printing, the facts of failing to provide a reasonable estimation should be explained:**

None.

7. Vital contracts

“Material contingent liabilities and unrecognized commitments” are disclosed in the consolidated financial reports as attachment 1

Number	Nature of the Contracts	Contracting Parties	Term of the Contracts	Principal Content	Restriction Clause
1	Bank Credit Contract	E.SUN.BANK Co., Ltd.	11/1/2018-11/1/2023 5-year Period	NT\$2 Billion Medium-term Guarantee Loan Quota	The collateral is set as 14F-25F., No. 69, Sec. 2, Kuangfu Rd., Sanchung Dist., New Taipei City (Chicony Headquarters Building).
2	Bank Credit Contract	LAND BANK OF TAIWAN CO., LTD.	From December 28, 2018 to December 28, 2023 5-year Period	NT\$1 Billion Medium-term Guarantee Loan Quota	The collateral is set as 8F-13F., No.69, Sec. 2, Kuangfu Rd., Sanchung Dist., New Taipei City (Chicony Headquarters Building).
3	Bank Credit Contract	HUN NAN BANK CO., LTD.	From December 28, 2018 to December 28, 2023 5-year Period	NT\$1 Billion Medium-term Guarantee Loan Quota	The collateral is set as 2F-7F., No.69, Sec. 2, Kuangfu Rd., Sanchung Dist., New Taipei City (Chicony Headquarters Building).
4	Sales Contract (Note)	Company A	This contract is effective from October 1, 2003. If both parties no longer have any unfinished work, either party may terminate the contract	The requirements and details of the purchase of the Company's products are listed in the contract and in the attachment.	Contract Content Confidential by Contract
5	Contract for Work (Note)	CHINA STATE CONSTRUCTION ENGINEERING (Thailand) LIMITED	02.11.2022~ termination of warranty liability	The Company contracted the “New Factory Premises Construction Project in Bang Pakong District, Chachoengsao Province, Thailand” to China State Construction Engineering (Thailand) Co., Ltd., and signed the Contract governing the right and obligation related to the Project.	
6	Contract for Work (Note)	Suzhou Weiye Group Construction Development Co., Ltd.	12.28.2018 - End of Warranty Responsibility	The Company contracted the “New Factory Premises Construction Project in Wujiang Economic Development Zone, Suzhou City, Jiangsu Province” to Suzhou Weiye Group Co., Ltd., and signed the Contract governing the right and obligation related to the Project.	-

Note: Contracts 5 and 6 were signed by Chicony Power Technology Co., Ltd. [stock code 6412], which is a direct investment of 52.28% by the Company.

## VI. Financial Highlights

### 1. Most Recent 5-Year Concise Financial Information

#### (I) 1. Concise Consolidated Balance Sheet

Unit: NT\$ 1,000

Year		Most Recent 5-Year Concise Financial Information (Note 1)					Financial information from the Current Year to March 31, 2022
		2017	2018	2019	2020	2021	
Current Assets		43,470,794	46,422,143	47,180,486	51,379,996	59,730,746	63,865,738
Property, Plant, and Equipment (Note 2)		13,554,882	12,371,429	12,821,680	14,281,482	14,961,727	15,267,553
Intangible Assets		249,404	233,688	142,341	101,094	116,017	113,329
Other Assets (Note 3)		10,179,300	9,904,648	11,299,750	9,679,424	8,917,897	9,052,248
Total Assets		67,454,380	68,931,908	71,444,257	75,441,996	83,726,387	88,298,868
Current Liabilities	Before Distribution	36,873,474	39,182,202	38,242,738	41,625,550	46,755,094	53,235,870
	After Distribution	40,095,158	41,949,060	42,605,554	45,724,660	51,341,357	(Note 4)
Non-current Liabilities		2,305,511	1,568,182	1,307,492	1,144,764	937,497	972,536
Total Liabilities	Before Distribution	39,178,985	40,750,384	39,550,230	42,770,314	47,692,591	54,208,406
	After Distribution	42,400,669	43,517,242	43,913,046	46,869,424	52,278,854	(Note 4)
Shareholders Equity Attributable to the Parent Company		23,793,637	24,078,155	27,268,375	27,771,243	30,453,689	28,987,706
Capital Stock		7,206,051	7,303,799	7,344,975	7,394,603	7,452,927	7,452,927
Additional Paid-in Capital		5,136,660	5,633,933	6,114,005	6,412,535	7,182,465	7,401,956
Retained Earnings	Before Distribution	13,792,778	14,934,034	17,452,333	18,516,596	20,330,042	17,451,448
	After Distribution	10,534,895	12,167,176	13,089,517	14,417,486	15,743,779	(Note 4)
Other Equity		(1,824,687)	(3,065,027)	(3,331,661)	(4,241,214)	(4,200,468)	(3,007,348)
Treasure Shares		(517,165)	(728,584)	(311,277)	(311,277)	(311,277)	(311,277)
Uncontrolled Equity		4,481,758	4,103,369	4,625,652	4,900,439	5,580,107	5,102,756
Total Equity	Before Distribution	28,275,395	28,181,524	31,894,027	32,671,682	36,033,796	34,090,462
	After Distribution	25,017,512	25,414,666	27,531,211	28,572,572	31,447,533	(Note 4)

Note 1: The financial information of each of the above years is audited by the CPA; the first quarter of 2022 is the reviewed amount by the CPA.

Note 2: The asset revaluation has not been processed in each of the above years.

Note 3: From 2017 to 2021: Investment Property is recognized by the acquisition cost, and the subsequent measurement uses the fair value model. The gains or losses from changes in the fair value of the investment property are recognized in profit or loss in the period in which they happen.

Note 4: For the above-mentioned distribution figures, from 2017 to 2018 they are in turn filled in according to the resolutions of the annual shareholders' meeting; the 2019~2021 cash dividend distribution is filled in according to the resolution of the board of directors in the following years; there is no earnings distribution plan adopted by the board of directors or the shareholders' meeting in the first quarter of 2022.

## (I) 2. Separate Condensed Balance Sheet:

Unit: NT\$ 1,000

Year		Most Recent 5-Year Concise Financial Information (Note 1)				
		2017	2018	2019	2020	2021
Current Assets		10,621,312	10,612,030	11,924,370	14,455,607	15,560,357
Property, Plant, and Equipment (Note 2)		3,298,479	1,968,170	1,930,484	1,928,304	1,877,339
Intangible Assets		21,027	18,179	14,676	15,640	16,600
Other Assets (Note 3)		35,369,493	39,819,737	43,316,287	41,804,760	44,397,640
Total Assets		49,310,311	52,418,116	57,185,817	58,204,311	61,851,936
Current Liabilities	Before Distribution	24,230,229	27,348,158	28,710,117	29,191,589	30,400,882
	After Distribution	27,451,913	30,115,016	33,072,933	33,290,699	34,987,145
Non-current Liabilities		1,286,445	991,803	1,207,325	1,241,479	997,365
Total Liabilities	Before Distribution	25,516,674	28,339,961	29,917,442	30,433,068	31,398,247
	After Distribution	28,738,358	31,106,819	34,280,258	34,532,178	35,984,510
Shareholders Equity Attributable to the Parent Company		23,793,637	24,078,155	27,268,375	27,771,243	30,453,689
Capital Stock		7,206,051	7,303,799	7,344,975	7,394,603	7,452,927
Additional Paid-in Capital		5,136,660	5,633,933	6,114,005	6,412,535	7,182,465
Retained Earnings	Before Distribution	13,792,778	14,934,034	17,452,333	18,516,596	20,330,042
	After Distribution	10,534,895	12,167,176	13,089,517	14,417,486	15,743,779
Other Equity		(1,824,687)	(3,065,027)	(3,331,661)	(4,241,214)	(4,200,468)
Treasure Shares		(517,165)	(728,584)	(311,277)	(311,277)	(311,277)
Uncontrolled Equity		-	-	-	-	-
Total Equity	Before Distribution	23,793,637	24,078,155	27,268,375	27,771,243	30,453,689
	After Distribution	20,535,754	21,311,297	22,905,559	23,672,133	25,867,426

Note 1: The financial information of each of the above years is audited by the CPA.

Note 2: The asset revaluation has not been processed in each of the above years.

Note 3: From 2017 to 2021: Investment Property is recognized by the acquisition cost and the subsequent measurement uses the fair value model. The gains or losses arising from changes in the fair value of investment property are recognized as losses or benefits in the period when it happens.

Note 4: For the above-mentioned distribution figures, from 2017 to 2018 they are in turn filled in according to the resolutions of the annual shareholders' meeting; the 2019~2021 cash dividend distribution is filled in according to the resolution of the board of directors of next year.

## (II) 1. Concise Consolidated Comprehensive Income Statement

Unit: NT\$ 1,000 (Except for the unit of earnings per share, which is “dollars”)

Year Item	Most Recent 5-Year Financial Information (Note) [reasons and conditions of correction or restatement must be described]					Financial information from the Current Year to March 31, 2022
	2017	2018	2019	2020	2021	
Operating Revenue	78,155,686	87,260,406	92,552,325	95,082,227	107,474,079	28,845,652
Gross Profit	13,454,337	12,616,764	16,281,488	17,775,629	18,902,235	4,839,383
Operating Income	4,569,330	4,649,536	6,269,465	7,662,700	8,613,018	2,462,425
Non-operating Income and Expenses	1,520,689	385,936	1,919,271	555,490	838,603	82,548
Earnings Before Taxation	6,090,019	5,035,472	8,188,736	8,218,190	9,451,621	2,544,973
Net Income of Continued Operations	6,090,019	5,035,472	8,188,736	8,218,190	9,451,621	2,544,973
Loss From Discontinued Operations (value after deducting income tax)	-	-	-	-	-	-
Net Income (loss) in Current Period	4,872,216	3,978,909	6,802,752	6,567,771	7,572,296	2,073,146
Other Comprehensive Income in Current Period (net income)	(2,403,270)	(517,092)	(886,943)	(964,503)	40,808	1,319,921
Total Comprehensive Income in Current Period	2,468,946	3,461,817	5,915,809	5,603,268	7,613,104	3,393,067
Net Income Attributable to Shareholders of the Parent Company	4,021,529	3,590,711	5,838,817	5,466,764	6,154,426	1,708,902
Net Income Attributable to Uncontrolled Equity	850,687	388,198	963,935	1,101,007	1,417,870	364,244
Total Comprehensive Income Attributable to the Parent Company	2,113,156	3,203,987	5,018,523	4,517,525	6,196,952	2,900,789
Comprehensive Income Attributable to Uncontrolled Equity	355,790	257,830	897,286	1,085,743	1,416,152	492,278
Earnings per Share	5.89	5.22	8.45	7.80	8.71	2.41

Note: The above annual financial information is audited by the CPA; the first quarter of 2022 is the reviewed amounts of the CPA.

## (II) 2. Separate Condensed Comprehensive Income Statement

Unit: NT\$ 1,000 (Except for the unit of earnings per share, which is “dollars”)

Year Item	Most Recent 5-Year Financial Information (Note) [reasons and conditions of correction or restatement must be described]				
	2017	2018	2019	2020	2021
Operating Revenue	23,309,518	24,501,048	28,369,842	36,581,549	44,363,693
Gross Profit	4,136,135	4,172,651	5,344,693	6,138,950	6,358,814
Operating Income	1,147,835	1,011,352	1,600,928	2,628,855	3,042,066
Non-operating Income and Expenses	3,387,272	2,729,615	4,650,814	3,684,138	3,892,199
Earnings Before Taxation	4,535,107	3,740,967	6,251,742	6,312,993	6,934,265
Net Income of Continued Operations	4,535,107	3,740,967	6,251,742	6,312,993	6,934,265
Discontinued Operation Loss (value after deducting income tax)	-	-	-	-	-
Net Income (loss) in Current Period	4,021,529	3,590,711	5,838,817	5,466,764	6,154,426
Other Comprehensive Income in Current Period (net income)	(1,908,373)	(386,724)	(820,294)	(949,239)	42,526
Total Comprehensive Income in Current Period	2,113,156	3,203,987	5,018,523	4,517,525	6,196,952
Net Income Attributable to Shareholders of the Parent Company	4,021,529	3,590,711	5,838,817	5,466,764	6,154,426
Net Income Attributable to Uncontrolled Equity	-	-	-	-	-
Total Comprehensive Income Attributable to the Parent Company	2,113,156	3,203,987	5,018,523	4,517,525	6,196,952
Comprehensive Income Attributable to Uncontrolled Equity	-	-	-	-	-
Earnings per Share	5.89	5.22	8.45	7.80	8.71

Note 1: The financial information of each of the above years is audited by the CPA.

## (III) Audit Situation for the CPA

## Name of the CPA and Audit Comments in the Past Five Years

Year	Name of CPA	Audit Opinions
2017	Lin, Chun-Yao/Weng, Shih-Jung	Unqualified Opinions
2018	Weng, Shih-Jung/Chen, Chin-Chang	Unqualified Opinions
2019	Weng, Shih-Jung/Chen, Chin-Chang	Unqualified Opinions
2020	Weng, Shih-Jung/Chen, Chin-Chang	Unqualified Opinions
2021	Weng, Shih-Jung/Chen, Chin-Chang	Unqualified Opinions

## Change of the CPA in the Most Recent Five Years:

Due to internal organization restructuring in PricewaterhouseCoopers Accounting Firm, the Firm replaced Chun Yao Lin CPA and Shih Jung Weng CPA with Shih Jung Weng CPA and Chin Chang Chen CPA for fiscal year 2018.

## 2. Financial Analysis of the Recent 5 years

(1) 1. The Financial Ratio Analysis of Consolidated Financial Statements (if there is a stand-alone financial report, the financial ratio analysis of stand-alone financial statement should be edited)

Year		Most Recent 5-Year Financial Analysis (Note 1) (one season before the date of printing)							As of this year of March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	Change in 2021 Compared to 2020 %	Description of Reason	
Analytical Item									
Financial Structure	Liabilities to Assets Ratio (%)	58.08	59.12	55.36	56.69	56.96	0.48		61.39
	Long-term Capital to Property, Plant and Equipment Ratio (%)	192.54	207.30	222.87	202.47	209.81	3.62		196.23
Ability to Repay Debts	Current Ratio (%)	117.89	118.48	123.37	123.43	127.75	3.50		119.97
	Quick Ratio (%)	80.16	70.94	83.34	81.15	77.07	-5.03		72.39
	Debt Service Coverage Ratio	59.17	36.20	67.50	122.49	159.40	30.13	1	171.18
Utility	A/R Turnover (times)	4.04	4.68	4.77	4.30	4.08	-5.09		4.11
	Average Days of Payment Collection	90	78	77	85	89	5.36		89
	Inventory Turnover (times) (Note 9)	5.09	4.90	4.84	4.80	4.36	-9.16		3.91
	A/P Turnover (Times)	3.05	3.35	3.23	3.09	84	10.08		93
	Average Days of Sale	72	75	75	76	3.31	7.18		3.36
	Property, Plants, and Equipment Turnover (times)	5.77	6.72	7.33	7.00	7.32	4.50		7.63
	Total Assets Turnover (times)	1.18	1.28	1.32	1.29	1.34	4.05		1.34
Profitability	ROA (%)	6.24	5.43	8.46	7.52	7.79	3.67		8.00
	ROE (%)	16.77	15.00	22.74	19.86	21.14	6.42		23.00
	EBIT to Paid-in Capital Ratio (%)	84.51	68.94	111.49	111.14	126.82	14.11		136.59
	Net Profit Margin (%)	5.15	4.11	6.31	5.75	5.73	-0.40		5.92
	Earnings per Share (NTD)	5.89	5.22	8.45	7.80	8.71	11.67		2.41
Cash Flows	Cash Flow Ratio (%)	17.19	16.67	28.92	20.25	9.39	-53.65	2	N/A
	Cash Flow Adequacy Ratio (%)	110.74	101.31	114.32	110.10	84.46	-23.28	3	N/A
	Cash Reinvestment Ratio (%)	9.80	9.73	21.79	9.90	1.03	-89.55	4	N/A
Leverage	Operational Leverage	3.84	3.90	3.28	3.11	3.11	-0.05		2.93
	Financial Leverage	1.02	1.03	1.02	1.01	1.01	-0.19		1.01

Explanation of changes of the financial ratios for the most recent two years (Analysis not required if variations not exceeding 20%)

Description of the variations exceeding 20% in 2021 Compared to 2020:

1. Interest expense decreased due to the increase of net profit and the decrease of average loan amount
2. Cash flow ratio decreased on a year-over-year basis due to the decrease of cash flow from operation
3. Cash flow adequacy ratio decreased on a year-over-year basis due to the decrease of cash flow

from operation

4. Cash reinvestment ratio decreased on a year-over-year basis due to the decrease of cash flow from operation

Note 1: The financial information of each of the above years is audited by the CPA; the first quarter of 2022 is the reviewed amount by the CPA.

Note 2: The calculated formula of the important financial ratios in the above table: same as Note 2 in 6.2.2.

Note 3: The calculated formula of the earnings per share mentioned above should be specially considered when measuring the use of this formula: same as Note 3 in 6.2.2.

Note 4: The special considerations for measuring the use of cash flow analysis are as follows: same as Note 4 in 6.2.2.

(1) 2. The Financial Ratio Analysis of Stand-alone Financial Statements (if there is a stand-alone financial report, the financial ratio analysis of stand-alone financial statement should be edited)

Year		Most Recent 5-Year Financial Analysis (Note 1)						Description of Reason
		2017	2018	2019	2020	2021	Change in 2021 Compared to 2020 %	
Analytical Item								
Financial Structure	Liabilities to Assets Ratio (%)	51.75	54.07	52.32	52.29	50.76	-2.91	
	Long-term Capital to Property, Plant and Equipment Ratio (%)	760.35	1,273.77	1,475.05	1,504.57	1675.30	11.35	
Ability to Repay Debts	Current Ratio (%)	43.83	38.80	41.53	49.52	51.18	3.36	
	Quick Ratio (%)	38.74	32.89	35.87	45.35	45.84	1.08	
	Debt Service Coverage Ratio	163.95	88.51	161.32	108.08	155.88	44.23	1
Utility	A/R Turnover (times)	4.57	6.12	7.41	5.67	5.06	-10.85	
	Average Days of Payment Collection	80	60	49	64	72	12.17	
	Inventory Turnover (times) (Note 9)	15.00	14.13	14.41	21.62	26.41	22.17	2
	A/P Turnover (Times)	1.07	1.08	1.06	1.55	2.33	50.62	3
	Average Days of Sale	24	26	25	17	14	-18.15	
	Property, Plants, and Equipment Turnover (times)	7.11	8.89	14.12	18.06	22.42	24.18	4
	Total Assets Turnover (times)	0.46	0.46	0.50	0.60	0.71	17.71	
Profitability	ROA (%)	8.14	7.13	10.71	9.56	10.31	7.90	
	ROE (%)	16.77	15.00	22.74	19.86	21.14	6.42	
	EBIT to Paid-in Capital Ratio (%)	62.93	51.22	85.12	85.37	93.04	8.98	
	Net Profit Margin (%)	17.78	14.66	20.58	14.94	13.87	-7.17	
	Earnings per Share (NTD)	5.89	5.22	8.45	7.80	8.71	11.67	
Cash Flows	Cash Flow Ratio (%)	8.87	19.08	18.96	-15.07	11.39%	-175.62	5
	Cash Flow Adequacy Ratio (%)	89.89	93.81	111.41	58.37	60.66%	3.92	
	Cash Reinvestment Ratio (%)	-4.99	12.41	14.06	-39.74	-2.58%	-93.50	6
Leverage	Operational Leverage	1.70	2.04	1.91	1.58	1.41	-10.97	
	Financial Leverage	1.02	1.04	1.02	1.02	1.01	-0.78	

Explanation of changes of the financial ratios for the most recent two years (Analysis not required if variations not exceeding 20%)

Description of the variations exceeding 20% in 2021 Compared to 2020:

1. Interest expense decreased due to the increase of net profit and the decrease of average loan amount
2. Inventory turnover increased on a year-over-year basis due to the revenue growth and the increase of operating cost

3. A/P turnover increased due to the decrease of average account payable
4. Property, plants, and equipment turnover increased due to the increase of revenue and the rising usage efficiency of fixed assets
5. Cash flow ratio increased on a year-over-year basis due to the increase of cash flow from operation
6. Cash reinvestment ratio increased on a year-over-year basis due to the increase of cash flow from operation

Note 1: The financial information of each of the above years is audited by the CPA.

Note 2: The calculated formula of the important financial ratios in the above table, listed below:

1. Financial Structure

(1) Liabilities to assets ratio = total liabilities/total assets.

(2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment.

2. Ability to Repay Debts

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

(2) Quick ratio = (current assets – inventory – prepayments)/current liabilities.

(3) Debt service coverage ratio = EBIT/interest expense in current period.

3. Utility

(1) Receivables turnover (including account receivables and note receivables from operation) = net sale/the balance of average receivables in each period including account receivables and note receivables from operation.

(2) Average days of payment collection = 365/receivable turnover.

(3) Inventory turnover = cost of goods sold/average inventory.

(4) Payables turnover (including account payables and note payables from operation) = net sale/the balance of average payables in each period including account payables and note payables from operation.

(5) Average days of sale = 365/inventory turnover.

(6) Property, plant, and equipment turnover = net sale/net average property, plant, and equipment.

(7) Total assets turnover = net sale/total average assets.

4. Profitability

(1) Return on Assets (ROA) = [net income + interest expense x (1 – tax rate)]/average total assets.

(2) Return on Equity (ROE) = net income/total average equity.

(3) Net profit rate = net income/net sales.

(4) Earnings per share = (income attributable to the shareholders of the parent company – dividend of preferred shares)/weighted average quantity of outstanding shares. (Note 3)

5. Cash Flows

(1) Cash flow ratio = net cash flows from operation/current liabilities.

(2) Net cash flow adequacy ratio = net cash flow from operation in the last 5 years/(capital expenditures + increase in inventory + cash dividend) in the last 5 years.

(3) Cash reinvestment ration = (net cash flow from operation – cash dividend)/(gross property, plant, and equipment + long-term investment + other non-current assets + working capital). (Note 4)

6. Leverage:

(1) Operational leverage = (net operating income – variable operating cost and expense)/operating income (Note 5).

(2) Financial leverage = operating income/(operating income – interest expenses).

Note 3: Pay attention to the following in measurement with the aforementioned equation of the earnings per share in the calculation:

1. Based on the weighted average quantity of common shares, not the outstanding quantity of shares at the end of the year.

2. Consider the period of circulation for transactions with the offering of new shares for raising capital or repurchase of treasury shares in the calculation of the weighted average quantity

of outstanding shares.

3. If there is capitalization of retained earnings or capitalization of additional paid-in capital into new shares, make adjustment in the calculation of earnings per share of the previous year and on semi-annual basis in retrospect of the increase in the size of capital irrespective of the period of capitalization.
4. If the preferred shares are unconvertible accumulative preferred shares, the dividend of the year (released or not) shall be deducted from net income, or added to net loss after tax. If the preferred shares are not accumulative, and there is the net income, dividends for preferred shares shall be deducted from net income. If there is net loss, no adjustment is necessary.

Note 4: Pay attention to the following in the measurement of cash flow in the analysis:

1. Net cash flow from operation is the net cash inflow from operation as presented in the statement of cash flows.
2. Capital expenditure shall be the cash outflow from annual capital investment.
3. The increase of inventory is only included in the calculation when the balance at the ending of the period is greater than the balance at the beginning of the period. If there is a decrease of inventory at year end, calculate on the basis of zero.
4. Cash dividends include the cash dividends for common shares and preferred shares.
5. Gross property, plant, and equipment are the total property, plant, and equipment before accumulated depreciations.

Note 5: Issuers shall classify operating costs and expenses by purpose of use as fixed or variable. If estimation or subjective judgment is involved, make sure it is rational and consistent.

Note 6: If the stock issued by the Company bears no face value, or the face value is not NT\$10/share, the calculation of the aforementioned ratio to paid-in capital shall be based on the ratio of the equity attributable to the parent company of the balance sheet.

3. The Audit Committee's Review Report

**Chicony Electronics CO., Ltd.**

**The Audit Committee's Review Report**

We hereby confirm

The Board of Directors of Chicony Electronics Co., Ltd prepared and presented the 2021 business report, consolidated financial statements and individual financial statements, and the statement of retained earnings. The financial statements were audited by the PwC Taiwan, appointed by Board, and an independent auditor's report was issued by it.

The Audit Committee has audited the above-mentioned reports that were composed and presented by the Board of Directors. They have been audited and it is concluded the reports are presented fairly according to Corporate Law and other related regulation; therefore, a Supervisor's Report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Company Law Article 219.

For your review

To

Shareholders' Meeting 2022

Convener of the Audit Committee: Lee, Yen-Sung

March 9, 2022

4. Consolidated Financial Statements with Subsidiaries Audited by the CPA: Please refer to attachment 1
5. Parent company only Financial Statements Audited by the CPA: Please refer to attachment 2
6. Any Occurance of Financial Difficulty of the Company and Affiliated Enterprises, and the Impact on the Company's Financial Position: None

## VII. Review and Analysis of Financial Position and Financial Performance and Risks

### 1. Financial Position

#### (I) Table of Analytical Changes in Consolidated Assets, Liabilities, and Shareholders' Equity in the Last Two Years

Unit: NT\$ thousands

Item	Year		Different Amount		Analytical Description of the Increase and Decrease Ratio (Note)
	2021	2020	Amount	%	
Current Assets	59,730,746	51,379,996	8,350,750	16.3	
Financial Asset and Investment	3,044,289	2,784,263	260,026	9.3	
Property, Plant, and Equipment	14,961,727	14,281,482	680,245	4.8	
Right-of-Use Asset	782,664	855,634	(72,970)	(8.5)	
Net Investment Property	3,771,591	3,972,974	(201,383)	(5.1)	
Intangible Assets	116,017	101,094	14,923	14.8	
Deferred Income Tax Assets	223,929	232,271	(8,342)	(3.6)	
Other Non-current Assets	1,095,424	1,834,282	(738,858)	(40.3)	Details (II)1
Total Assets	83,726,387	75,441,996	8,284,391	11.0	
Current Liabilities	46,755,094	41,625,550	5,129,544	12.3	
Long-term Debts	0	0	0	0.0	
Deferred Income Tax Liabilities	397,258	512,215	(114,957)	(22.4)	Details(II)2
Non-current lease obligations payable	273,312	339,007	(65,695)	(19.4)	
Other Non-current Liabilities	266,927	293,542	(26,615)	(9.1)	
Total Liabilities	47,692,591	42,770,314	4,922,277	11.5	
Capital Stock	7,452,927	7,394,603	58,324	0.8	
Additional Paid-in Capital	7,182,465	6,412,535	769,930	12.0	
Retained Earnings	20,330,042	18,516,596	1,813,446	9.8	
Other Equity	(4,200,468)	(4,241,214)	40,746	(1.0)	
Treasure Shares	(311,277)	(311,277)	0	0.0	
Uncontrolled Equity	5,580,107	4,900,439	679,668	13.9	
Shareholder Equity	36,033,796	32,671,682	3,362,114	10.3	

#### (II) Description of Changes in Material Items (increase/decrease in ratio reaches 20% or exceeds NT\$10,000 thousand):

1. Re-classified the pre-payment for equipments under prperty, plant and equipment this year
2. Deferred income tax was lowered down due to the sale of investment property and unrealized foreign exchange gain

The differences mentioned above have no significant impacts on the Company's financial position.

## 2. Financial Performance:

### (I) Comparative Analysis of Consolidated Financial Performance in the Recent Two Years

Unit: NT\$ thousands

Item	Year		2020		Amount Changed	Change Percentage (%)	Analytical Description of the Increase and Decrease Ratio (Note)
	2021						
Operating Revenue	107,474,079		95,082,227		12,391,852	13.0	
Operating Costs	(88,571,844)		(77,306,598)		11,265,246	14.6	
Gross Profit		18,902,235		17,775,629	1,126,606	6.3	
Selling Expenses	(3,731,723)		(3,862,736)		(131,013)	(3.4)	
Administrative Expenses	(3,034,579)		(2,729,786)		304,793	11.2	
Research and Development Expenses	(3,481,205)		(3,515,726)		(34,521)	(1.0)	
Expected Credit Impairment Loss (Gain)	(41,710)		(4,681)		37,029	791.0	Details (II)1
Total Administrative Expenses		(10,289,217)		(10,112,929)	176,288	1.7	
Operating Income		8,613,018		7,662,700	950,318	12.4	
Other Revenue	975,309		891,088		84,221	9.5	
Other Gains and Losses	(103,181)		(256,878)		153,697	(59.8)	Details (II)2
Financial Costs	(59,671)		(67,643)		(7,972)	(11.8)	
Investment Gain(Loss) Recognized Under Equity Method	26,146		(11,077)		37,223	(336.0)	Details (II)3
Total Non-operating Revenue and Expenses		838,603		555,490	283,113	51.0	Details (II)4
Earnings Before Taxation		9,451,621		8,218,190	1,233,431	15.0	
Income Tax Expenses	(1,879,325)		(1,650,419)		228,906	13.9	
Net Income in Current Period		7,572,296		6,567,771	1,004,525	15.3	

### (II) Change Description of Material Items (increase/decrease in ratio reaches 20% or exceeds NT\$ 10,000 thousand):

1. Due to the increase of an impairment loss of accounts receivable recognized this year
2. Due to the decrease of investment valuation loss
3. Due to an increase of the share of profit from associates accounted for using equity method this year compared with that in the previous year
4. Due to an increase of other interests and losses this year compared with the previous year.

The differences mentioned above have no significant impacts on the Company's financial position

### (III) Expected Sales Quantity and its Basis:

1. The Company estimated that the sales volume of computer peripherals, digital video images, consumer electronics products, and other electronic products of the Company will be approximately 242.3 million units in the coming year and the subsidiaries Chicony Power and Xavi Technologies estimated that the sales volume of computer peripherals, game console products, and Netcom and other electronics will be approximately 156.6 million units and 5.8 million units.
2. In order to estimate the annual sales volume, in addition to the Company referring the market analysis of primary research institutions, it is based on the expected demand and considers the capacity planning and past operating performance.

### (I) Possible Impacts and Response Plans of the Company on Future Finances and Business: None.

## 3. Cash flows

### (I) Recent Annual Cash Flow Analysis:

Unit: NT\$ thousands

Cash Balance at Beginning of the Period ①	Net Cash Flow From Operating Activities for the Whole Year ②	Net Cash Flow of Investment and Financing Activities for the Whole Year (including the impact of the exchange rate) ③	Cash Remaining Amount ①+②+③	Remedies for Cash Shortages	
				Investment Plan	Financial Plan
3,751,351	4,388,529	(6,414,244)	1,725,636	—	—
1. Analysis of Cash Flow in the Current Year:					
(1) Operating Activities: Because of the before income tax for the year plus the depreciation number that has not yet generated cash outflows.					
(2) Investment and financing activities: Mainly due to distribution of cash dividends and purchase of property, plant and equipment					
(3) Remedies for Cash Shortages: No cash shortage condition.					

(II) Analysis of Cash Flows in the Year Ahead:

Unit: NT\$ thousands

Cash Balance at Beginning of the Period ①	Estimated Net Cash Flow From Operating Activities for the Whole Year ②	Estimated Net Cash Flow of Investment and Financing Activities for the Whole Year (including the impact of the exchange rate) ③	Estimated Cash Remaining Amount 甲、 +② +③	Remedies for Cash Shortages	
				Investment Plan	Financial Plan
1,725,636	4,000,000	(2,725,636)	3,000,000	—	—
1. Analysis of Cash Flow in the Current Year:					
(1) Operating Activities: In order to increase profitability and generate net cash inflows, we have invested much effort in high value-added products and new products.					
(2) Investment and financing activities: It was expected to build a new plant and distribute cash dividends, resulting in a net cash outflow.					
(3) Expected Remedies for Cash Shortages: None.					

4. Major Capital Expenditure and their effect on the financial position and Operation of the Company

Effect of Significant Capital Expenditure on the Financial and Operation Performance of the Company: None.

5. Direct Investment Policy and the main cause of profit or loss, remedial plan, and investment plan for the year ahead.

(1) Direct Investment Policy

The direct investment policy of the Company has the following three items:

1. In order to reduce production costs and provide the service closely for customers and enjoy tax incentives of consideration, we will invest in subsidiaries around the world and set up production locations and sales services.
2. In order to ensure the primary supply of the sources, the Company directly invests in the primary material supplier under the principle of minimum capital.

3. In order to increase the Company's overall competitiveness and create maximum interest, the Company strategically invests in related products that can create a synergistic effect under controllable risks.

(2) Direct Investment Policy in the Most Recent Year, the Primary Cause of Profit or Loss, and Remedy, and the Investment Plan in the Year Ahead

Unit: NT\$ thousands

Name of Direct Investment Company	Investment Amount (Note 1)	Investment Target	2021 Investment (Loss) Gain	Primary Reason for Gain or Loss	Improvement Plan	Future Investment Plan
Chicony Overseas Inc.	265,326	Holding Company	1,364,908	Profit from Direct Investment, Gain on Disposal of Short-term Investment	Nil.	Nil
Chicony Elec. (Thailand) Co., Ltd.	783,011	Increase production base	120,912	Increase of manufacturing efficiency	Nil.	Construction of a new plant with the Company's own land
Unikey Electronics Co., Ltd.	150,000	Holding Company	(213,071)	Short-term investment valuation loss	Nil.	Nil
Hipro Overseas (BVI) Inc.	412,003	Holding Company	14,021	Interest revenue	Nil.	Nil
Hipro Electronics CO., LTD.	2,330	Holding Company	16,261	Dividends income	Nil.	Nil
XAVi Technologies Corporation	121,163	Increase Items and Increase Overall Profit	63,838	Increase the sales proportion of niche products, and effectively control costs and expenses.	Nil	Nil
Chicony Global Inc.	33,027	Increase Sales Locations	314,383	Increase the sales ratio of niche products and new products	Nil.	Nil
Chicony Power Technologies Co. Ltd.	2,792,813	increase Items and Increase Overall Profit	1,436,672	Increase the proportion of niche products and new products, expand the scale of business, and improve R&D design ability and production efficiency.	Nil.	Nil

Note: 1. The above investment amount is a total of direct and indirect investment companies. When the investment amount is US dollars, it is converted based on the original investment cost exchange rate.

2. The above table only shows direct investment companies, the investment indirectly in the direct investment company with the gain or loss condition. Please refer to the attached "Table 8" of the Financial Report of the Company audited by the accountant. Please refer to the "Affiliates Consolidated Financial Statement Announcements" for the items listed in this Annual Report for the relevant information of the investment items, the amount of capital, and the proportion of the investment of the Company.

## 6. Analysis and Assessment of Risk Issues

### (1) The effect of fluctuation of interest rate, exchange rate, and inflation on the income position of the Company, and remedy

#### 1. Interest Rate Change

At the end of 2021, the amount of consolidated bank loans of the Company increased by approximately NT\$ 1.536 billion compared with the end of 2020. The average bank loan interest rate of 2021 was 0.62%, a decrease of approximately 0.35% from 2020. The average interest rate of consolidated loans in the first quarter of 2022 increased by approximately 0.01% compared with the first quarter of 2021. The increase or decrease of the annual interest rate of loans by 0.25%, based on the balance of consolidated bank loans of NT\$676,000 thousand, as of March 31, 2022, would impact the total annual interest expense of the Company by NT\$ 1,690 thousand.

The Company will continually track the market interest rate exchange rate trend information, and adjust the loan portfolio of each currency, to obtain the best loan interest rate conditions from the bank, and control the overall accounts receivable, inventory, accounts payable, and fixed asset turnover rate of the Company, in order to increase the cash flow of the Company, and minimize the impact of interest rate increases on the Company.

#### 2. Fluctuation in Foreign Currency Exchange Rate

To ensure that the gross margin is not subject to excessive exchange rate fluctuations, the products of the Company and its subsidiaries adapt mainly to the US dollar for export sales. The purchases are mainly based on the recent changes in the international currency situation and adapt mainly to the US dollar. The Company and its subsidiaries will focus on the international economic condition, reference for bank analysis reports, and use the hedging method to reduce the impact of exchange rate fluctuations, such as borrowing US dollars, operation forward foreign exchange, options, exchange trading, or directly selling US dollar. The consolidated exchange gains were NT\$310,256 thousand in 2021, and the consolidated exchange gains for the first quarter of 2022 were approximately NT\$169,855 thousand.

#### 3. Inflation

Most of the products of the Company and its subsidiaries are exported, so the impact of domestic inflation on the gain or loss of the Company is low. However, if inflation occurs in the global market, it will affect the purchasing ability and willingness of consumers and decrease the demand for consumer products. The gain or loss of the Company will have a negative impact, but the impact of international inflation is comprehensive, and it is not only individual companies but also governments that will respond to this issue; However, the Company will pay attention to the research and development and sales of niche products, reduce the production cost, and maintain the revenue of the Company by the price of products that can stimulate consumers' demand, and reduce the negative impact of inflation on the gain and loss of the Company.

### (2) The policy of engagement in high risk and high leverage investment, loaning to a third party, undertaking of endorsements/guarantees in favor of a third party, and derivative trade, and the main cause of profit or loss and remedy in the future

1. In the case of short-term investments, the Company and its subsidiaries have carefully evaluated and performed related rules, based on the "Acquisition or Disposal of Assets Processing Procedures" and related authority rules, and the investment details and their gain and loss status are reviewed at least once a month. The Company will stop related matters If there is an abnormal situation. In 2021 and

the first quarter of 2022, the Company's consolidated gain (loss) on disposal of investments were NT\$ 223,032 thousand and NT\$29,192 thousand.

2. The Company and its subsidiaries have engaged in fund lending with others and endorsement guarantors. All of them have set the “Funding Loan Operation Procedures” and “Endorsement Guarantee Measures” and proceeded according to them. When the subsidiary company needs funds required for operational needs, it is not easy to obtain the loan amount from the bank itself, and then the Company or the subsidiary company shall pay the loan or endorsement guarantee. As of March 31, 2022, the Company and its subsidiaries do not have any losses in fund loans to other people and endorsement guarantees.
3. The policies of the Company and its subsidiaries engaged in the trading of derivative goods are limited to hedging transactions. In the future, the Company and its subsidiaries will take into account the bank analysis report, appropriately perform the forward foreign exchange rate, options, and futures to avoid hedging, and reduce the impact of the exchange rate and raw material fluctuations by depending on foreign exchange site inventory, flow, and purchase of raw materials demand.

- (3) R&D plan in the future, and projected commitment of R&D expenses

In order to respond to the market demand, besides the continuous investment of keyboard applications (NB, DT, Tablet), image products (NB camera module), smart home applications, and power supplies (PC, NB, server), the Company keeps on expanding product applications for automotive, commercial, medical and metaverse. The Company will continue to invest more R&D in selected emerging products. The investment in research and development is expected to account for about 2% to 3% of consolidated operating revenue.

- (4) The effect of changes in important policies and the regulatory environment at home and overseas on the financial and operation performance of the Company and the remedy

In the most recent year and up to the printing date of the annual report, significant domestic and foreign policy and legal changes have no significant impact on the Company's financial business.

- (5) The effect of changes in the technological and industrial environment on the financial and operation performance of the Company and the remedy

In 2018 and as of March 31, 2019, the finances and business of the Company will not be significantly affected by technological changes; because the overall industry has quickly changed the market, a lack of labor in China, rising labor costs, the PC market being close to saturation, high growth is difficult, and other unfavorable factors, there are low industrial profits and adjustment of the price is difficult. This affects the profit of the Company. In order to minimize these negative effects to maintain profitability, in addition to continually focusing on research and development and sales of niche products, reducing production costs, rationalizing procedures, automating production, and vertically integrating for primary suppliers, the Company is actively expanding non-PC industries such as servers, game consoles, smart speakers, smart homes, and the Internet of Things emerging product businesses.

- (6) The effect of changes in corporate image on crisis management of the enterprise and remedy

In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company did not have a corporate image change or a corporate crisis.

- (7) Expected results and possible risks from mergers and acquisitions, and the remedy

In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company did not have any plan for mergers and acquisitions. It is not applicable.

- (8) Expected results and possible risks from capacity expansion, and the remedy
- Upon completion of Chicony's new plant construction in Thailand, the orders placed by smart home customers will be transferred to the new plant in Thailand for mass production. The production capacity of the plant in Thailand is expected to account for 15% of Chicony's operations. This can make Thailand Chicony's production center in Southeast Asia, disperse the risk over tariff barriers effectively and also help respond to customers' needs, allocate the global production capacity and disperse the production risk.
- (9) Risks deriving from concentration of purchase or sale, and the remedy
- The Company produces and sells diversified products. In the Most Recent Year and up to the Date of Printing of this Annual Report, sales to the largest client accounted for less than 11% of the global consolidated operating revenue, so the sales mix was still diversified, without the risk of high concentration; The Company has more than two suppliers of each raw material required for various product, and no single supplier accounts for more than 10% of the total consolidated purchases in the world.
- (10) Effect and risks of sizable transfers or swaps of equity shares by Directors, Supervisors, and dominant shareholders holding more than 10% of the stake of the Company, and the remedy: None
- (11) Effect and risks from the changing of hands in management and the remedy
- In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company's condition does not have any change in management.
- (12) Litigation or Non-litigation Incidents and Responding Measures:
1. Material Litigation, Non-litigation, or Administrative Dispute Incidents the Company is Currently Performing: None.
  2. Directors, Supervisors, General Manager, the De Facto Owner, and Shareholders Holding More than 10% of the Stakes, or Major Legal Proceeds, Non-contentious Matters, or Administrative Actions Still in Proceeding in 2018 and as of March 31, 2019, the Result of Which May Significantly Affect Shareholders Equity or the Stock Price of the Company: None.
- (13) Other Major Risks and their Remedy:
1. Description of Information Security Risk Assessment Analysis and Responding Measures:  
Description of Information Security Risk Assessment Analysis and Responding Measures:  
In the Internet age, third-party illegal intrusion attacks have become more and more difficult, and security protection has become increasingly difficult. Therefore, in addition to establishing a complete network and computer security protection system, such as firewalls and anti-virus software, the Company has regular updates. It depends on the process of information security education, training, and promotion. If it is necessary to conduct information business outsourcing operations, it is necessary to study and propose information security requirements in advance and require manufacturers to obey the information security responsibilities and confidentiality.  
Regarding the information security risk management structure, information security policy, and detailed management projects of the Company, please refer to the website of the Company.
  2. Other Important Risks and Responding Measures: None.

7. Other Materiality: None



2.Pursuant to Article 369-3 of the Company Act, entities that have a controlling interest and affiliation: None

3.Pursuant to Paragraph 2, Article 369-2 of the Company Act, affiliates in which the Company has direct or indirect control of personnel, finance or business operations: None.

(2)Basic Information on the Affiliates

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Chicony Overseas Inc.	1989.4.14	P.O. Box 3152, Road Town,Tortola, British Virgin Islands	US\$ 10,000,000	1.Sale of computer peripheral components. 2.Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Unikey Electronics Co., Ltd.	1994.3.16	22F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$900,000,000	Production and sale of computer peripheral components.
Hipro Overseas (BVI) Inc.	1998.9.17	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	US\$ 12,560,000	1. Sale of power supply devices and related electronic products. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Hipro Electronics CO., LTD.	1990.10.5	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$ 46,600,000	Import and export of power supply devices and related electronic products.
XAVi Technologies Corporation	1997.10.17	22F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$695,466,200	R&D, manufacturing, and sale of network connectivity products.
Chicony Elec. (Thailand) Co., Ltd.	1989.12.28	82 Mu 4, Takhan Bangpakong, Chachoengsao 24130, Thailand	THB 1,000,252,500	Production and sale of computer peripheral components.
Chicony Global Inc.	2006.9.11	Level 15(A1) Main Office Tower, Financial ParkLabuan, 87000 Labuan Ft, Malaysia	US\$1,000,000	Sale of computer peripheral components.
Chicony Power Technology Co. Ltd.	2008.12.05	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$ 3,921,471,840	Production and sale of computer peripheral components.
Chicony America Inc.	1989.12.19	53 Parker Irvine,CA 92618, U.S.A.	US\$3,250,000	Sale of computer peripheral components.
Chicony Electronics (Dongguan) CO., Ltd.	1998.7.1	Chicony Electronics Manufacturing Plant, SanZhong District, QingXi, DongGuan City, GuangZhou, Mainland China	US\$ 9,760,000	Production and sale of computer peripheral components.

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Mao-Feng International Inc.	1999.4.16	Vistra Corporate Service Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands	US\$2,294,000	1. Sale of computer peripheral components. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Chicony Electronics (SuZhou) Co., Ltd.	2001.10.26	2379, ZhongShanBei Road, SongLing, WuJiang City, JiangSu, Mainland China	US\$ 30,778,269 (RMB224,440,430)	Production and sale of computer peripheral components.
Chicony Electronics CEZ s.r.o.	2002.11.25	Tovarni 1553, 535 01Prelouc,Czech Republic	US\$6,555 (CZK200,000)	Sale of computer peripheral components.
Global Faith Inc. (KwangShin)	2004.6.10	Scotia Centre 4th Floor P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	US\$3,850,000	1. Sale of computer peripheral components. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Suzhou Mao-Qun Electronics Co., Ltd.	2004.4.4	No. 345, HuXinXi Road, WuJiang Economics & Technology Development District	US\$ 3,850,000	Production of electronic components, keyboards, and plastic products.
Suzhou Qun-Yang Electronics Co., Ltd.	2012.1.9	No. 345, HuXinXi Road, WuJiang Economics & Technology Development District	RMB 1,000,000	Production of electronic components, keyboards, and plastic products.
Chicony Electronics Japan Co., Ltd.	2008.11	4B Iwasaki.,3-11-15 Mizonzkuchi,Takatsu-ku, Kawasaki-shi,Kanagawa-ken 2-3-0001	JPY10,000,000	Sale of computer peripheral components.
Kuang Mao International Inc.	2001.12.11	P.O. Box 217. Apia, Samoa	US\$ 2,284,142	1. Sale of computer peripheral components. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.
Chicony America Group Inc.	2000.9.1	53 Parker 2nd Floor Irvine, CA 92618, U.S.A.	US\$ 6,200,000	Ecommerce software services.
Chicony Electronic (Chongqing) Co., Ltd.	2011.4.12	No. 18, JiuJiang Avenue, XuangFu Road Office, JiangJing District, ChongQing	US\$15,000,000	Production and sale of computer peripheral components.
Real Young Elec. Co., Ltd.	2000.5.25	P.O. Box 3152, Road Town, Tortola British Virgin Islands	US\$ 9,139,780	1.Design, manufacture, repair, and import/export of computer peripheral equipment and electronic products. 2. Engaged in the acquisition and consolidation, investment, and management of overseas companies.

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Maorui Electronics (DongGuan) Co., Ltd.	2000.10.23	HuoLianShu Management District, NiuShan Foreign Business Industrial Park, DongGuan	US\$ 8,445,283	Production of electronics components, keyboard, and plastic products.
Quansun Investment Corp., Ltd.	2003.4.24	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$80,000,000	General investment.
Chun Ching Power Technology Co., Ltd.	2008.8.26	30F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$ 1,000,000	Wholesale and retail sale of computers and consumer equipment.
Chicony Power Holdings Inc.	2009.7	Portcullis Chambers, 4th Floor, Ellen Skelton Building 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	US\$10,000,000	General investment.
Chicony Power Technology (Thailand) Co., Ltd.	2019.10.1	No. 82 Mu 4, Ta Kham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand	THB\$ 290,000,000	Sale and production of power supply devices and related electronic products.
Chicony Power International, Inc.	2009.7	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman, KY1-1208, Cayman Islands	US\$10,000,000	Sale of power supplies and related electronic products and investment holding
Chicony Power Technology Hong Kong Limited (CPHK)	2002.4.24	3RD Floor, Building 9,NO.5 Science Park West Avenue, Shatin, New Territories.Hong Kong	HK\$46,800,000 (US\$ 6,000,000)	R&D center and investment holdings.
Chicony Power USA, Inc.	2003.11.21	53 Parker Irvine CA 92618, U.S.A.	US\$ 1,500,000	Sale of power supplies and related electronic products.
WitsLight Technology Co., Ltd.	2009.12.11	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa	US\$12,800,000	Design, research, and manufacture of LED lighting modules.
WitsLight Technology (KunShan) Co., Ltd.	2010.7.6	Room 1810, No. 18,Weiye Road, Development District, Kunshan City , Jiangsu, P.R.C.	USD10,500,000 (RMB66,710,247)	Manufacture and sale of LED lighting modules.
Zhuzhou Torch Auto Lamp Co., Ltd.	2002.3.22	201 and 301 of Building D2 & 101, 201 and 301 of Building D1 ,5th Xinma Power Innovation Park, No. 899,Xianyue Ring Road, Tianyuan District, Zhuzhou City, Hunan, P.R.C	RMB46,000,000	Production and sale of automotive and motorcycle components, electric machines and device, decorative lighting, and plastic products.
CarLight Technology Co., Ltd.	2016.6.24	24F, No. 69, Sec.2, Guangfu Rd., Sanchong Dist.,New Taipei City	NT\$ 3,000,000	Design, research, and international trade of lamps and related components for automotive and electric vehicles.
Chicony Power Technology (Dongguan) Co. Ltd.	1998.12.7	LiaoBu XinChen Technology Industrial Park, DongGuan, GuangDong	US\$20,750,000 (RMB 157,684,105)	Production and sale of power supplies and related electronic products.
Chicony Power Technology (Suzhou) Co. Ltd.	2002.12.11	No. 2589, Tongjin Boulevard, Jingji Technology Development Area, Wujiang, JiangSu	US\$42,100,000 (RMB 283,008,569)	Production and sale of electronic equipment (high performance power supply, power modules, and voltage transformer) and LED lighting equipment.

Name of corporation	Date of Incorporation	Address	Paid-in Capital	Main business line
Quang Sheng Electronics (Nanchang) Co., Ltd.	2006.7.1	North of HuoJuEr Road, NanChang GaoXin District, Jianxi	US\$ 4,000,000 (RMB31,170,839)	Production and sale of electronic equipment (magnetic elements, circuit boards, keyboards) and voltage transformers.
Chicony Power Technology (Chongqing) Co. Ltd.	2011.4.25	18 JiuJiang Avenue, ShuangFu Office, JiangJing, ChongQing	US\$10,000,000	Production and sale of electronic equipment (high performance power supply, power modules, and voltage transformers) and LED lighting equipment.
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	2011.5.25	Room 806, Building B, No. 1308, Lianhua Road, Minxing District, Shanghai City	RMB10,000,000	Inquiry services, development, and transfer of energy-saving technology. Sale and installation of energy saving lighting equipment, and smart building system related business
DongGuan Chicony Power Energy Trading Co., Ltd.	2013.1.11	LiaoBu XinChen Technology Industrial Park, DongGuan, GuangDong	US\$ 350,000	Wholesale and import/export of power supply devices and other parts, LED lighting equipment, digital products, office supplies, computers, and other electronic parts.
Chicony Power Technology (Taizhou) Co., Ltd.	2019.6.11	Zhenqian Road, Shan Houpan Village, Hengjie Town, Luqiao District, Taizhou City, Zhejiang Province	US\$ 3,000,000	Electric machinery, frequency converter and R&D, production, sales, installation, after-sales and technology consulting service for industrial automatic equipment; electrical machinery and accessories and the production and sales of machinery accessories; import/export business of goods or technology.
Directmax International Ltd.	2002.7.2	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 7,750,000	Investment holdings and transfer.
XAVi Overseas Ltd.	2002.1.18	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 7,500,000	Investment holdings and transfer.
Systemax Development, Ltd.	2002.7.12	P.O.Box 3152, Road Town, Tortola, British Virgin Islands	US\$ 250,000	Sale of networking products
XAVi Technologies (Suzhou) Co., Ltd.	2002.12.25	No. 108, HuaHong Road, WuJiang Economics and Technology Development District, JiangSu, Mainland China	US\$10,000,000 (RMB68,820,935)	Production and sale of DSL bridges and routers.
XAVI Technologies (Thailand) Co., Ltd.	2020.2.26	82 Moo 4, Bangpakong Industrial Park, Thakham, Bangpakong, Chachoengsao 24130 Thailand	THB 55,000,000	Production and sales of networking products

(3) Presumed to have similar shareholder's data as in an affiliation or with controlling interest: Not Applicable

(4) In regards to the overall scope of business of affiliates, the scope of business of the Company and its subsidiaries includes: Manufacturing, trading, and management services.

(5) Profiles of the Directors, Supervisors, and General Managers of the affiliates

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Overseas Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Unikey Electronics Co., Ltd.	Chairman (Legal Representative)	Lu, Chin-Tsung	—	—
	Director of the Legal Representative	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Supervisor of the Legal Representative	(Vacancy)	—	—
	Legal Representatives: Chicony Electronics Co., Ltd.		90,000,000	100%
Hipro Overseas (BVI) Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Chicony Electronics (Thailand) Co., Ltd.	Director	Hsu, Kun-Tai	5	—
	Director	Lu, Chin-Tsung	1	—
	Director	Lin, Yu-Ling	—	—
	Director & CEO (Chief Executive Officer)	Lu Shu-Jun	1	—
Hipro Electronics CO., LTD.	Chairman (Legal Representative)	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Director of the Legal Representative	Lu, Chin-Tsung	—	—
	Supervisor of the Legal Representative	Hsu Yue-Yuan	—	—
	Legal Representatives: Chicony Electronics Co., Ltd.		4,660,000	100%
XAVI Technologies Corporation	Chairman (Legal Representative)	Lu, Chin-Tsung	444,136	0.64%
	Legal Representative: Chicony Electronics Co., Ltd.		31,402,440	45.15%
	Director & CEO	Chen, Chiu-Lung	846,591	1.22%
	Director	Li, Cih-Jing	5,018,798	7.22%
	Director	Li, Hui-Chin	900,035	1.29%
	Independent Director	Kuo, Tsung-Ming	—	—
	Independent Director	Hsieh, Wen-Chuan	—	—
	Independent Director	Lin, Kun-Cheng	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Power Technology Co., Ltd.	Chairman (Legal Representative)	Lu, Chin-Tsung	-	-
	Director (Legal Representative)	Huang, Yue-Chao	1,639,669	0.41%
	Legal Representative: Chicony Electronics Co., Ltd.		206,706,594	52.28%
	Director & CEO	Tseng, Kuo-Hua	3,987,229	1.01%
	Director	Li, Cih-Jing	24,362,547	6.16%
	Independent Director	Tsai, Duh-Kung	-	-
	Independent Director	Hung, Ching-Shan	-	-
	Independent Director	Sun, Ching-Feng	-	-
Chicony Global Inc.	Director	Hsu, Kun-Tai	—	—
Chicony America Inc.	Director	Hsu, Kun-Tai	—	—
	Director & CEO (Chief Executive Officer) and Secretary	Lu, Chin-Tsung	—	—
	Director and CFO	Chang, Yao Ching	—	—
Chicony Electronics (Dongguan) CO., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director and General Manager	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
Mao-Feng International Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Chicony Electronic (SuZhou) Co., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Tsai, Chin-Cheng	—	—
	Director and General Manager	Wang, Hui-Kai	—	—
	Supervisor	Huang, Chien-Yu	—	—
Chicony Electronics CEZ s.r.o	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Cheng, Yu-Hua	—	—
	Director	Lin, Yu-Ling	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Global Faith Inc.	Director	Lu, Chin-Tsung	—	—
Suzhou Mao-Qun Electronics Co., Ltd.	Chairman	Huang, Chien-Yu	—	—
	Director & General Manager	Wang, Hui-Kai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Chen, Lai-Zhu	—	—
	Supervisor	Wei, Chuan-Pin	—	—
Suzhou Qun-Yang Electronics Co., Ltd.	Chairman	Huang, Chien-Yu	—	—
	Director and General Manager	Wang, Hui-Kai	—	—
	Director	Chen, LaiZhu	—	—
	Supervisor	Tsai, Chin Cheng	—	—
Chicony Electronics Japan, Inc.	Chairman	Huang, Wen-Bin	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
	Supervisor	Lin, Yu-Ling	—	—
Kuang Mao International, Inc.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
Chicony America Group Inc.	Director	Hsu, Kun-Tai	—	—
	Director & CEO(Chief Executive Officer)	Lu, Chin-Tsung	—	—
	Director and Secretary	Chang, Yao Ching	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Electronic (Chongqing) Co., Ltd.	Chairman	Hsu, Kun-Tai	—	—
	Director	Huang, Chien-Yu	—	—
	Director and General Manager	Tsai, Chin-Cheng	—	—
	Supervisor	Lu, Chin-Tsung	—	—
Real Young Electronics. Co., Ltd.	Director	Hsu, Kun-Tai	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Chien-Yu	—	—
Maorui Electronics (DongGuan) Co., Ltd.	Chairman	Huang, Chien-Yu	—	—
	Director and General Manager	Hsu, Kun-Tai	—	—
	Director and Supervisor	Lu, Chin-Tsung	—	—
Quansun Investment Corp., Ltd.	Chairman (Legal Representative)	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Director of the Legal Representative	Lu, Chin-Tsung	—	—
	Supervisor of the Legal Representative	(Vacancy)	—	—
	Legal Representative: Hipro Electronics Co., Ltd.		8,000,000	100%
Qun Jing Power Technology Co., Ltd.	Chairman (Legal Representative)	Hsu, Kun-Tai	—	—
	Director of the Legal Representative	(Vacancy)	—	—
	Director of the Legal Representative	Lu, Chin-Tsung	—	—
	Supervisor of the Legal Representative	(Vacancy)	—	—
	Legal Representative: Hipro Electronics Co., Ltd.		100,000	100%
Chicony Power Holdings Inc.	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—
Chicony Power International, Inc.	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Power Technology Hong Kong Limited	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Huang, Jian-Yu	—	—
	Director	Ku, Ming-Hui	—	—
Chicony Power USA, Inc.	Director	Lu, Chin-Tsung	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director	Chang, Yao-Ching	—	—
Chicony Power Technology (SuZhou) Co. Ltd.	Chairman and General Manager	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Lin, Zhe-Shi	—	—
	Director	Huang, Jian-Yu	—	—
	Director	Wang, Young	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Chicony Power Technology (Dongguan) Co. Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Ku, Ming-Hui	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Quang Sheng Electronics (Nanchang) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Lin, Zhe-Shi	—	—
	Director and General Manager	Li, Zhu-Yu	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Chicony Power Technology (Chongqing) Co. Ltd.	Chairman and General Manager	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director	Huang, Jian-Yu	—	—
	Director	Lin, Zhe-Shi	—	—
	Director	Wang, Young	—	—
	Supervisor	Chen, Hsueh-Yi	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director and General Manager	Huang, Chung-Ming	—	—
	Supervisor	Huang, Ming-Hui	—	—
DongGuan Chicony Power Energy Trading Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director	Lu, Chin-Tsung	—	—
	Director and General Manager	Huang, Jian-Yu	—	—
	Supervisor	Chen, Hsueh-Yi	—	—
Chicony Power Technology (Taizhou) Co., Ltd.	Chairman	Tseng, Kuo-Hua	—	—
	Director and General Manager	Huang, Chung-Ming	—	—
	Director	Chen, Hsueh-Yi	—	—
	Supervisor	Huang, Jian-Yu	—	—
Chicony Power Technology (Thailand) Co., Ltd.	Director	Lu, Chin-Tsung	1	—
	Director	Tseng, Kuo-Hua	1	—
	Director	Huang, Jian-Yu	1	—
WitsLight Technology Co., Ltd	Director	Tseng, Kuo-Hua	—	—
	Director	Chen, Hsueh-Yi	—	—
	Director	Huang, Ming-Hui	—	—
	Director & General Manager	Huang, Huan-Hsiang	—	—
WitsLight Technology (Kunshan) Co., Ltd.	Chairman	Chen, Hsueh-Yi	—	—
	Director	Tseng, Kuo-Hua	—	—
	Director and General Manager	Huang, Huan-Hsiang	—	—
	Director	Huang, Ming-Hui	—	—
	Supervisor	Chien, Ming-Hui	—	—

Enterprise Name	Title	Name or Representative	Number of Shares Held	
			Shares Held /Issued Amount	Shares Held % /Issued Amount %
ZhuZhou Torch Auto Lamp Co., Ltd.	Chairman Director Director Director Supervisor	Chen, Hsueh-Yi Tseng, Kuo-Hua Huang, Huan-Hsiang Huang, Ming-Hui Chien, Ming-Hui	— — — — —	— — — — —
CarLight Technology Co., Ltd.	Chairman (Legal Representative) Director of the Legal Representative Director of the Legal Representative Director of the Legal Representative Supervisor of the Legal Representative Legal Representative: WitsLight Technology Corporation Limited	Chen, Hsueh-Yi Huang, Huan-Hsiang Huang, Ming-Hui Tseng, Kuo-Hua Chien, Ming-Hui	— — — — — 300,000	— — — — — 100%
Directmax International Ltd.	Director Director Director	Hsu, Kun-Tai Li, Hui-Chin Lu, Chin-Tsung	— — —	— — —
XAVi Overseas Ltd.	Director Director Director	Hsu, Kun-Tai Li, Hui-Chin Lu, Chin-Tsung	— — —	— — —
Systemax Development, Ltd.	Director Director Director	Hsu, Kun-Tai Li, Hui-Chin Lu, Chin-Tsung	— — —	— — —
XAVi Technologies (Suzhou) Co., Ltd.	Chairman Director Director Supervisor General Manager	Hsu, Kun-Tai Lu, Chin-Tsung Wang, Hui-Kai Li, Hui-Chin Chen, Chiu-Lung	— — — — —	— — — — —
XAVI Technologies (Thailand) Co., Ltd.	Director Director Director	Lu, Chin-Tsung Chen, Chiu-Lung Li, Hui-Chin	1 1 1	— — —

Note 1: Information pertaining to the above directors, supervisors, and general managers and their shareholdings have been updated as at April 15, 2022.

Note 2: Shares held includes the number of shares held in trust where the individual has the right of use.

2. The Company's business operating status, financial status, and business operations of each affiliate are denominated in thousands of NTD.

Enterprise Name	Authorized Capital (dollar)	Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
Chicony Overseas Inc.	US\$ 10,000,000	\$ 24,730,205	\$ 70,085	\$24,660,120	\$ -	\$ 4,922	\$ 1,365,296	\$ 1,365,296
Unikey Electronics Co., Ltd.	NT\$ 900,000,000	3,186,862	1,012,826	2,174,036	-	(146)	(96,612)	(1.07)
Hipro Overseas (BVI) Inc.	US\$ 12,560,000	2,555,646	-	2,555,646	-	(209)	14,021	1.12
Hipro Electronics CO., LTD.	NT\$ 46,600,000	1,780,360	781,503	998,857	-	(1,059)	105,300	22.60
XAVi Technologies Corporation	NT\$ 695,466,200	1,842,706	947,002	895,704	3,504,310	178,939	147,655	2.12
Chicony Electronics (Thailand) Co., Ltd.	THB 1,000,252,500	6,712,518	5,633,639	1,078,879	10,373,504	458,293	151,091	1,510.53
Chicony Global Inc.	US\$ 1,000,000	16,033,383	12,354,510	3,678,873	20,399,599	(262,992)	425,054	425.05
Chicony Power Technology Co., Ltd	NT\$ 3,921,471,840	24,744,347	13,630,887	11,113,460	38,191,921	2,727,931	2,827,207	7.22
Chicony America Inc.	US\$ 3,250,000	727,070	644,323	82,747	767,005	(27,410)	(456)	(0.14)
Chicony Electronics (Dongguan) CO., Ltd.	US\$ 9,760,000	10,066,364	5,932,146	4,134,218	10,245,701	182,226	126,790	-
Chicony Electronic (Suzhou) Co., Ltd.	US\$ 30,778,269 (RMB 224,440,430)	17,606,723	8,513,399	9,093,324	25,216,186	595,556	434,709	-
Chicony Electronics CEZ s.r.o	US\$ 6,555 (CZK 200,000)	237,891	12,964	224,927	407,961	(8,187)	366	-
Global Faith, Inc.	US\$ 3,850,000	(289,513)	36,957	(326,470)	(5,401)	(7,112)	(9,508)	(2.47)

Enterprise Name	Authorized Capital (dollar)		Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
Suzhou Mao-Qun Electronics Co., Ltd.	US\$	3,850,000	(51,878)	237,674	(289,552)	5,227	3,755	(7,797)	-
Suzhou Qun-Yang Electronics Co., Ltd.	RMB	1,000,000	\$ 32,147	\$ 121,718	\$ (89,571)	\$ 102,656	\$ (7,066)	\$ (8,015)	\$ -
Chicony Electronics Japan, Inc.	JPY	10,000,000	12,731	1,843	10,888	24,797	1,182	782	-
Kuang Mao International, Inc.	US\$	2,284,142	18,613	194,326	(175,713)	-	(32)	10,599	4.64
Chicony America Group Inc.	US\$	6,200,000	11	2,272	(2,261)	-	(45)	(45)	-
Chicony Electronic (Chongqing) Co., Ltd.	US\$	15,000,000	5,972,107	2,438,269	3,533,838	7,054,848	814,714	643,069	-
Real Young Elec. Co., Ltd.	US\$	9,139,780	1,380,651	331,057	1,049,594	-	(2,536)	139,470	15.26
Mao-Feng International Inc.	US\$	2,294,000	11,062,428	293,902	10,768,526	-	11,114	447,215	194.95
Maorui Electronics (DongGuan) Co., Ltd.	US\$	8,445,283	3,939,148	2,587,709	1,351,439	7,652,431	176,998	135,606	-
Quansun Investment Corp., Ltd.	NT\$	80,000,000	394,267	601,624	(207,357)	-	(217)	5,329	0.67
Chun Ching Power Technology Co., Ltd.	NT\$	1,000,000	70,286	194,503	(124,217)	-	(85)	(245)	(2.45)
Chicony Power Holdings Inc.	US\$	10,000,000	6,932,775	-	6,932,775	-	-	514,058	51.41
Chicony Power Technology (Thailand) Co., Ltd.	THB	290,000,000	765,235	615,634	149,601	549,748	(36,846)	(55,420)	(1.91)
Chicony Power International, Inc.	US\$	10,000,000	6,932,766	31	6,932,735	-	(238)	514,058	51.41
Chicony Power USA, Inc.	US\$	1,500,000	582,279	570,575	11,704	884,748	(11,066)	(11,971)	(7.98)
WitsLight Technology Co., Ltd.	US\$	12,800,000	109,819	33,149	76,670	-	(116)	(27,628)	(2.16)

Enterprise Name	Authorized Capital (dollar)		Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
CarLight Technology Co., Ltd.	NT\$	3,000,000	2,472	62,991	(60,519)	-	(12,655)	(13,272)	(44.24)
WitsLight Technology (KunShan) Co., Ltd.	US\$ (RMB	10,500,000 66,710,247)	\$ 827,818	\$ 658,483	\$ 169,335	\$ -	\$ (120,982)	\$ (13,843)	\$ -
ZhuZhou Torch Auto Lamp Co., Ltd.	RMB	46,000,000	716,223	551,905	164,318	932,307	(14,926)	(13,426)	-
Chicony Power Technology Hong Kong Limited	HK\$ (US\$	46,800,000 6,000,000)	6,683,640	1,276,028	5,407,612	116,504	2,735	555,489	11.87
Chicony Power Technology (DongGuan) Co., Ltd.	US\$ (RMB	20,750,000 157,684,105)	5,818,903	4,447,649	1,371,254	9,530,221	155,793	131,240	-
Chicony Power Technology (Suzhou) Co. Ltd.	US\$ (RMB	42,100,000 283,008,569)	9,836,303	6,657,457	3,178,846	16,785,550	410,134	342,404	-
Quang Sheng Electronics (Nanchang) Co., Ltd.	US\$ (RMB	4,000,000 31,170,839)	682,512	432,003	250,509	1,028,842	20,646	9,753	-
Chicony Power Technology (Chongqing) Co. Ltd.	US\$	10,000,000	4,627,159	2,737,122	1,890,037	7,655,341	340,616	254,786	-
Chicony Energy Saving Technology (Shanghai) Co., Ltd.	RMB	10,000,000	68,500	23,452	45,048	16,701	(932)	(817)	-
DongGuan Chicony Power Energy Trading Co., Ltd.	US\$	350,000	4,056	3,985	71	471	164	165	-
Chicony Power Technology (Taizhou) Co., Ltd.	US\$	3,000,000	16,168	140,439	(124,271)	17,093	(62,138)	(161,918)	-

Enterprise Name	Authorized Capital (dollar)		Total Assets Note 1	Total Liabilities Note 1	Net Worth Note 1	Operating Income Note 2	Operating Income Note 2	Income in Current Period (after taxation) Note 2	Earnings per Share (NTD) (after taxation)
Directmax International Ltd.	US\$	7,750,000	370,852	-	370,852	-	-	(25,164)	-
XAVi Overseas Ltd.	US\$	7,500,000	107,470	1,800	105,670	-	-	-	-
Systemax Development, Ltd.	US\$	250,000	\$ 212,287	\$ 5,828	\$ 206,459	\$ -	\$ 3,018	\$ 3,024	\$ -
XAVi Technologies (Suzhou) Co., Ltd.	US\$ (RMB	10,000,000 68,820,935)	1,326,504	1,243,385	83,119	2,766,610	(36,871)	(28,188)	-
XAVi Technologies (Thailand) Co., Ltd.	THB	55,000,000	737,646	662,589	75,057	495,115	13,423	8,669	-

Note 1: Hua Nan Bank's median exchange rate as of December 31, 2021.

Note 2: Hua Nan Bank's 2021 average exchange rate.

2. Processed Condition of the Private Placement Securities:

In the Most Recent Year and up to the Date of Printing of this Annual Report, the Company did not deal with private placement securities.

3. In the Most Recent Year and up to the Date of Printing of this Annual Report, status of subsidiary companies holding or disposal of the company's stock

Unit: NT\$1,000; Share; %

Subsidiary Name	Paid-in Capital	Sources of Capital	Proportion of Shareholding by the Company	Date of Acquisition or Disposition	Quantity and Amount of Shares Acquired (Note 1)		Quantity and Amount of Shares Disposed		Capital Gains/Losses From Investment	Number and Amount of Shares Held by the End of the Year or the Date of Printing		Pledge Under Lien	The Company Undertakes Endorsements/Guarantees in Favor of Subsidiaries	The Company Lent the Amount to the Subsidiary
					Quantity of Shares	Amount	Quantity of Shares	Amount		Amount	Quantity of Shares			
Unikey Electronics Co., Ltd.	900,000	Owned Capital	100%	2020	—	—	—	—	—	21,174,298	205,795	Note 1	—	1,132,000
				2021	—	—	—	—	—	21,174,298	205,795	Note 1	—	1,008,760
				3/31/2022	—	—	—	—	—	21,174,298	205,795	Note 2	—	1,009,760
Hipro Electronics CO., LTD.	46,600	Owned Capital	100%	2020	—	—	—	—	—	16,188,935	105,482	Note 3	—	435,000
				2021	—	—	—	—	—	16,188,935	105,482	Note 3	—	445,000
				3/31/2022	—	—	—	—	—	16,188,935	105,482	Note 3	—	445,000

Note 1: On December 31, 2020, Unikey Electronics Co., Ltd. held 7,200,000 shares of the Company's shares and pledged them to the bank

Note 2: On December 31, 2020 and March 31, 2022, Unikey Electronics Co., Ltd. held 6,200,000 shares of the Company's shares and pledged them to the bank

Note 3: On December 31, 2020, Hipro Electronics CO., LTD. held 12,600,000 shares of the Company's shares and pledged them to the bank.

Note 4: On December 31, 2021 and March 31, 2022, Hipro Electronics CO., LTD. held 5,000,000 shares of the Company's shares and pledged them to the bank.

Note 5: The impact of the subsidiary's holding or disposition of the Company's stock on the financial performance of the Company: From January 1, 2020 to March 31, 2022, the subsidiary did not sell the Company's stock, but received cash dividends from the Company, so it can reduce the debt ratio of the Company's consolidated statements.

4. Other supplementary information: None.

IX. Matters According to Article 36.3.2 of the Securities and Exchange Act of Taiwan in the Most Recent Year and up to the Date of Printing of this Annual Report Which Have Significant Impact to Shareholders' Equity or Stock Price: None.

**CHICONY ELECTRONICS CO., LTD. AND  
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
REPORT OF INDEPENDENT ACCOUNTANTS**

**DECEMBER 31, 2021 AND 2020**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHICONY ELECTRONICS CO., LTD.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Chicony Electronics Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

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

## ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

### **Appropriateness of warehouse operating revenue cut-off**

#### Description

Refer to Notes 4(32) and 6(23) for policies on revenue recognition and details of revenue.

The Group's revenue arises from sales of goods, consisting mainly of factory direct shipment and warehouse sales revenue. Warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians. The Group's warehouses are located in multiple countries, and the revenue recognition process involves several manual operations. Thus, we considered the warehouse sales revenue cut off as one of the key areas of focus for this fiscal year's audit.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Evaluated the internal controls for regular reconciliation between the Group and its warehouse custodians.
2. Performed the revenue recognition cut-off tests, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Group's accounting records.
3. Conducted warehouse inventory audit by using confirmation letters to validate inventory balances with the warehouse custodians.

## **Valuation of inventory**

### Description

Refer to Notes 4(12), 5(2) and 6(6) for the description of accounting policy, critical accounting estimates, uncertainty of assumptions and details of accounts.

The Group's main inventories are keyboard, power supplies, camera modules and other electronic products. The prices of such inventories are affected by market demand and the rapid technological changes. Therefore, there is higher risk of market decline. As the assessment of net realisable value of inventories is subject to management judgement, we considered the valuation of inventory as a key audit matter.

### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed whether the Group's accounting policies comply with the relevant standards and the reasonableness of management's evaluation process, including the determination of net realisable value of inventories, the sales expenses and the judgement of obsolete inventories. Checked whether the provision policies were consistently adopted in the reporting periods.
2. Obtained net realisable value statement of inventories to confirm whether the calculation logic was adopted consistently, and tested the data sources of selected samples which includes inventory price or purchase price to verify whether the net realisable value used by the management was in compliance with its policies, and recalculated the accuracy of allowance for inventory valuation losses.

### ***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain subsidiaries and investments accounted for using equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for using equity method amounted to NT\$6,585,368 thousand and NT\$4,731,772 thousand, constituting 7.86% and 6.27% of the consolidated total assets as at December 31, 2021 and 2020, respectively, and the net operating revenue amounted to NT\$884,748 thousand and

NT\$2,149,318 thousand, constituting 0.82% and 2.26% of the consolidated total operating revenue for the years then ended, respectively.

### ***Other matter - Parent company only financial reports***

We have audited and expressed an unqualified opinion with an *Other matter* section on the parent company only financial statements of Chicony Electronics Co., Ltd. as at 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can

arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

We also:

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

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

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

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

Chen, Chin-Chang      Weng, Shih-Jung  
For and on behalf of PricewaterhouseCoopers, Taiwan  
March 9, 2022

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.  
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2021 AMOUNT	December 31, 2020 AMOUNT
<b>Current assets</b>			
1100	Cash and cash equivalents	\$ 1,725,636	\$ 3,751,351
1110	Financial assets at fair value through profit or loss - current	2,155,172	3,415,825
1120	Financial assets at fair value through other comprehensive income - current	2,881,458	2,612,532
1150	Notes receivable, net	163,196	155,605
1170	Accounts receivable, net	28,514,140	23,304,935
1180	Accounts receivable - related parties	352,102	253,227
1200	Other receivables	241,537	283,945
130X	Inventories, net	21,796,221	15,691,852
1410	Prepayments	1,886,040	1,908,985
1470	Other current assets	15,244	1,739
11XX	<b>Total current assets</b>	<u>59,730,746</u>	<u>51,379,996</u>
<b>Non-current assets</b>			
1510	Financial assets at fair value through profit or loss - non-current	1,999,300	1,712,704
1517	Financial assets at fair value through other comprehensive income - non-current	381,581	425,161
1535	Financial assets at amortised cost - non-current	445,025	454,030
1550	Investments accounted for using equity method	218,383	192,368
1600	Property, plant and equipment, net	14,961,727	14,281,482
1755	Right-of-use assets	782,664	855,634
1760	Investment property - net	3,771,591	3,972,974
1780	Intangible assets	116,017	101,094
1840	Deferred income tax assets	223,929	232,271
1900	Other non-current assets	1,095,424	1,834,282
15XX	<b>Total non-current assets</b>	<u>23,995,641</u>	<u>24,062,000</u>
1XXX	<b>Total assets</b>	<u>\$ 83,726,387</u>	<u>\$ 75,441,996</u>

(Continued)

**CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2021 AMOUNT	December 31, 2020 AMOUNT
<b>Current liabilities</b>				
2100	Short-term borrowings	6(14) and 8	\$ 1,624,355	\$ 88,168
2120	Financial liabilities at fair value through profit or loss - current	6(2)	59,354	390,711
2130	Contract liabilities - current	6(23)	271,893	185,731
2150	Notes payable		22,686	21,392
2170	Accounts payable		27,078,593	25,139,279
2180	Accounts payable - related parties	7	475,434	485,964
2200	Other payables	6(15)	14,106,451	12,817,050
2230	Income tax liabilities		2,884,344	2,060,162
2280	Lease liabilities - current		138,721	136,230
2300	Other current liabilities	6(16)	93,263	300,863
21XX	<b>Total current liabilities</b>		<u>46,755,094</u>	<u>41,625,550</u>
<b>Non-current liabilities</b>				
2570	Deferred income tax liabilities	6(30)	397,258	512,215
2580	Lease liabilities - non-current		273,312	339,007
2600	Other non-current liabilities	6(17)	266,927	293,542
25XX	<b>Total non-current liabilities</b>		<u>937,497</u>	<u>1,144,764</u>
2XXX	<b>Total liabilities</b>		<u>47,692,591</u>	<u>42,770,314</u>
<b>Equity attributable to owners of parent</b>				
	Share capital	6(19)		
3110	Common stock		7,452,927	7,394,603
	Capital surplus	6(20)		
3200	Capital surplus		7,182,465	6,412,535
	Retained earnings	6(21)		
3310	Legal reserve		6,102,860	5,560,152
3320	Special reserve		4,252,574	3,290,829
3350	Unappropriated retained earnings		9,974,608	9,665,615
	Other equity interest	6(22)		
3400	Other equity interest		( 4,200,468 )	( 4,241,214 )
3500	Treasury stocks	6(19) and 8	( 311,277 )	( 311,277 )
31XX	<b>Equity attributable to owners of the parent</b>		<u>30,453,689</u>	<u>27,771,243</u>
36XX	Non-controlling interest	4(3)	5,580,107	4,900,439
3XXX	<b>Total equity</b>		<u>36,033,796</u>	<u>32,671,682</u>
	Significant contingent liabilities and unrecognised contract commitments	9		
	Significant events after the balance sheet date	11		
3X2X	<b>Total liabilities and equity</b>		<u>\$ 83,726,387</u>	<u>\$ 75,441,996</u>

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

**CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

	Items	Notes	Year ended December 31	
			2021	2020
			AMOUNT	AMOUNT
4000	Sales revenue	6(23) and 7	\$ 107,474,079	\$ 95,082,227
5000	Operating costs	6(6)(28)(29) and 7	( 88,571,844)	( 77,306,598)
5900	Net operating margin		18,902,235	17,775,629
	Operating expenses	6(28)(29)		
6100	Selling expenses		( 3,731,723)	( 3,862,736)
6200	General and administrative expenses		( 3,034,579)	( 2,729,786)
6300	Research and development expenses		( 3,481,205)	( 3,515,726)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	( 41,710)	( 4,681)
6000	Total operating expenses		( 10,289,217)	( 10,112,929)
6900	Operating profit		8,613,018	7,662,700
	Non-operating income and expenses			
7100	Interest income	6(24)	97,647	142,360
7010	Other income	6(25)	877,662	748,728
7020	Other gains and losses	6(26)	( 103,181)	( 256,878)
7050	Finance costs	6(27)	( 59,671)	( 67,643)
7060	Share of profit or loss of associates and joint ventures accounted for using equity method	6(7)	26,146	( 11,077)
7000	Total non-operating income and expenses		838,603	555,490
7900	<b>Profit before income tax</b>		9,451,621	8,218,190
7950	Income tax expense	6(30)	( 1,879,325)	( 1,650,419)
8200	<b>Profit for the year</b>		\$ 7,572,296	\$ 6,567,771

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Items	Notes	Year ended December 31	
		2021 AMOUNT	2020 AMOUNT
<b>Other comprehensive income</b>			
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>			
8311	Actuarial gain (loss) on defined benefit plan 6(17)	\$ 9,418	(\$ 635)
8316	Unrealized gain or loss on equity instruments at fair value through other comprehensive income 6(3)	402,372	(266,733)
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss	411,790	(267,368)
<b>Components of other comprehensive loss that will be reclassified to profit or loss</b>			
8361	Financial statements translation differences of foreign operations	(370,851)	(695,057)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss 6(7)	(131)	(2,078)
8360	Other comprehensive loss that will be reclassified to profit or loss	(370,982)	(697,135)
8300	<b>Total other comprehensive income (loss) for the year</b>	\$ 40,808	(\$ 964,503)
8500	<b>Total comprehensive income for the year</b>	\$ 7,613,104	\$ 5,603,268
Profit attributable to:			
8610	Owners of the parent	\$ 6,154,426	\$ 5,466,764
8620	Non-controlling interest	\$ 1,417,870	\$ 1,101,007
Comprehensive income attributable to:			
8710	Owners of the parent	\$ 6,196,952	\$ 4,517,525
8720	Non-controlling interest	\$ 1,416,152	\$ 1,085,743
Earnings per share (in NTD dollars)			
9750	Basic earnings per share 6(31)	\$ 8.71	\$ 7.80
9850	Diluted earnings per share 6(31)	\$ 8.56	\$ 7.68

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

**CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Equity attributable to owners of the parent													
Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Retained Earnings			Other equity interest			Asset revaluation increment	Treasury stocks	Total	Non-controlling interest	Total equity
			Legal reserve	Special reserve	Total unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income						
<b>2020</b>													
	Balance at January 1, 2020	\$ 7,344,975	\$ 6,114,005	\$ 4,976,270	\$ 3,105,405	\$ 9,370,658	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 311,277)	\$ 27,268,375	\$ 4,625,652	\$ 31,894,027
	Profit for 2020	-	-	-	-	5,466,764	-	-	-	-	5,466,764	1,101,007	6,567,771
6(22)	Other comprehensive loss for 2020	-	-	-	-	(298)	(687,358)	(261,583)	-	-	(949,239)	(15,264)	(964,503)
	Total comprehensive income (loss)	-	-	-	-	5,466,466	(687,358)	(261,583)	-	-	4,517,525	1,085,743	5,603,268
6(21)	Appropriations of 2019 earnings	-	-	-	-	-	-	-	-	-	-	-	-
	Legal reserve	-	-	583,882	-	(583,882)	-	-	-	-	-	-	-
	Special reserve	-	-	-	185,424	(185,424)	-	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(4,362,815)	-	-	-	(4,362,815)	-	(4,362,815)	
6(19)	Employees' stock dividends	49,628	350,372	-	-	-	-	-	-	-	400,000	-	400,000
	Cash dividends paid to the subsidiaries	-	220,443	-	-	-	-	-	-	-	220,443	-	220,443
6(32)	Adjustments to share of changes in equity of associates and joint ventures	-	105,827	-	-	-	-	-	-	-	105,827	218,507	324,334
6(32)	Difference between proceeds from addition and disposal of subsidiary and book value	-	(378,112)	-	-	-	-	-	-	(378,112)	-	378,112	-
	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(606,428)	(606,428)
6(3)	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(44,132)	-	44,132	-	-	-	-	-
	Disposals of investment property	-	-	-	-	4,744	-	-	(4,744)	-	-	-	-
6(32)	Non-controlling interest adjustment	-	-	-	-	-	-	-	-	-	-	(801,147)	(801,147)
	Balance at December 31, 2020	\$ 7,394,603	\$ 6,412,535	\$ 5,560,152	\$ 3,290,829	\$ 9,665,615	(\$ 2,802,749)	(\$ 2,815,388)	\$ 1,376,923	(\$ 311,277)	\$ 27,771,243	\$ 4,900,439	\$ 32,671,682
<b>2021</b>													
	Balance at January 1, 2021	\$ 7,394,603	\$ 6,412,535	\$ 5,560,152	\$ 3,290,829	\$ 9,665,615	(\$ 2,802,749)	(\$ 2,815,388)	\$ 1,376,923	(\$ 311,277)	\$ 27,771,243	\$ 4,900,439	\$ 32,671,682
	Profit for 2021	-	-	-	-	6,154,426	-	-	-	-	6,154,426	1,417,870	7,572,296
6(22)	Other comprehensive income (loss) for 2021	-	-	-	-	9,597	(356,416)	389,345	-	-	42,526	(1,718)	40,808
	Total comprehensive income (loss)	-	-	-	-	6,164,023	(356,416)	389,345	-	-	6,196,952	1,416,152	7,613,104
6(21)	Appropriations of 2020 earnings	-	-	-	-	-	-	-	-	-	-	-	-
	Legal reserve	-	-	542,708	-	(542,708)	-	-	-	-	-	-	-
	Special reserve	-	-	-	961,745	(961,745)	-	-	-	-	-	-	-
	Cash dividends	-	-	-	-	(4,099,110)	-	-	-	(4,099,110)	-	(4,099,110)	
6(19)	Employees' stock dividends	58,324	491,676	-	-	-	-	-	-	-	550,000	-	550,000
	Cash dividends paid to the subsidiaries	-	205,497	-	-	-	-	-	-	-	205,497	-	205,497
6(32)	Adjustments to share of changes in equity of associates and joint ventures	-	116,633	-	-	-	-	-	-	-	116,633	221,738	338,371
6(32)	Difference between proceeds from addition and disposal of subsidiary and book value	-	(43,876)	-	-	(243,650)	-	-	-	(287,526)	-	287,526	-
	Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(797,890)	(797,890)
6(3)	Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(8,218)	-	8,218	-	-	-	-	-
	Disposals of investment property	-	-	-	-	401	-	-	(401)	-	-	-	-
6(32)	Non-controlling interest adjustment	-	-	-	-	-	-	-	-	-	-	(447,858)	(447,858)
	Balance at December 31, 2021	\$ 7,452,927	\$ 7,182,465	\$ 6,102,860	\$ 4,252,574	\$ 9,974,608	(\$ 3,159,165)	(\$ 2,417,825)	\$ 1,376,522	(\$ 311,277)	\$ 30,453,689	\$ 5,580,107	\$ 36,033,796

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	Notes	Year ended December 31	
		2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 9,451,621	\$ 8,218,190
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(28)	2,879,979	2,437,434
Intangible assets amortization	6(11)(28)	79,775	73,033
Other non-current assets recognized as expenses	6(28)	27,685	61,028
Impairment loss determined in accordance with IFRS 9	12(2)	41,710	4,681
Share-based payments	6(18)	35,796	17,813
Interest income	6(24)	( 97,647 )	( 142,360 )
Dividend income	6(25)	( 117,568 )	( 243,213 )
Interest expense	6(27)	59,671	67,643
Net gain on financial assets and liabilities at fair value - derivative	6(2)(26)	( 913,249 )	( 325,691 )
Net loss on financial assets and liabilities at fair value - others	6(26)	23,326	578,743
Share of profit or loss of associates accounted for using equity method	6(7)	( 26,146 )	11,077
Gain arising from lease modifications	6(9)	( 1,092 )	225 )
Loss on disposal of property, plant and equipment	6(26)	115,420	34,439
Gain on disposals of investment property	6(26)	( 51,933 )	( 222,225 )
Loss on disposal of intangible assets	6(11)	2,533	-
Impairment loss of non-financial assets	6(11)(12)(26)	33,000	54,819
Gain on fair value adjustment of investment property	6(10)(26)	( 11,800 )	( 51,943 )
Accounts payable past due over two years transferred to other income	6(25)	( 211,538 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss - current		1,072,236	( 515,076 )
Notes receivable		( 7,591 )	( 1,869 )
Accounts receivable		( 5,250,915 )	( 3,125,578 )
Accounts receivable - related parties		( 98,875 )	79,123
Other receivables		75,269	7,196
Inventories		( 6,104,369 )	( 1,844,506 )
Prepayments		22,945	( 455,625 )
Other current assets		( 13,505 )	5,235
Changes in operating liabilities			
Contract liabilities - current		86,163	37,915
Notes payable		1,294	( 4,950 )
Accounts payable		2,150,852	1,402,889
Accounts payable - related parties		( 10,530 )	70,387
Other payables		2,172,034	2,431,781
Other current liabilities		7,138	166,247
Other non-current liabilities		( 26,615 )	35,086
Cash inflow generated from operations		5,395,074	8,861,498
Interest received		64,861	61,131
Dividends received		117,493	242,463
Interest paid		( 54,632 )	( 69,107 )
Income tax paid		( 1,134,267 )	( 665,793 )
Net cash flows from operating activities		<u>4,388,529</u>	<u>8,430,192</u>

(Continued)

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	Notes	Year ended December 31	
		2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets and liabilities at fair value through profit or loss - others		(\$ 1,625,485 )	(\$ 1,378,757 )
Disposal of financial assets and liabilities at fair value through profit or loss - others		2,073,647	1,869,590
Disposal of financial assets at fair value through other comprehensive income	6(3)	156,971	135,108
Acquisition of property, plant and equipment	6(33)	( 3,213,286 )	( 3,406,962 )
Proceeds from disposal of property, plant and equipment		223,808	171,625
Acquisition of investment property	6(10)	( 1,714 )	-
Proceeds from disposal of investment property		145,869	2,394,737
Acquisition of intangible assets	6(11)	( 96,591 )	( 82,432 )
Increase in other non-current assets		( 35,229 )	( 1,359,233 )
(Increase) decrease in refundable deposits		( 97,162 )	27,600
Net cash flows used in investing activities		( 2,469,172 )	( 1,628,724 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in short-term borrowings	6(34)	1,536,154	( 806,832 )
Increase in long-term borrowings		-	200,000
Decrease in long-term borrowings	6(34)	( 100,000 )	( 200,000 )
Repayment of lease liabilities		( 145,391 )	( 130,178 )
Payments to acquire treasury shares		( 3,893,613 )	( 4,142,372 )
Treasury stock transferred to employees		36,996	38,487
Change in non-controlling interests	6(32)	( 447,858 )	( 801,147 )
Cash dividend distributed by subsidiaries		( 797,890 )	( 606,428 )
Net cash flows used in financing activities		( 3,811,602 )	( 6,448,470 )
Effect of exchange rate changes		( 133,470 )	( 738,169 )
Net decrease in cash and cash equivalents		( 2,025,715 )	( 385,171 )
Cash and cash equivalents at beginning of year	6(1)	3,751,351	4,136,522
Cash and cash equivalents at end of year	6(1)	\$ 1,725,636	\$ 3,751,351

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

CHICONY ELECTRONICS CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANISATION

Chicony Electronics Co., Ltd. (the “Company”) was incorporated in 1983 as a company limited by shares under the provisions of the Company Law of the Republic of China. The Company has been a listed company since 1999. The Company and its subsidiaries (collectively referred herein as the “Group”) are engaged in the manufacturing and sales of keyboards and other computer peripheral components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 9, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Compliance statement

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

##### (2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Financial assets at fair value through other comprehensive income.
  - (c) Investment property measured subsequently using the fair value model.
  - (d) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
Chicony Electronics Co., Ltd. (CEC)	Chicony Overseas Inc. (COI)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Unikey Electronics Co., Ltd. (UNIKEY)	Manufacturing and sales of computers and computer peripherals	100%	100%	
"	Hipro Overseas (BVI) Inc. (HOI)	Sales of switching power supplies and other electronic parts and management of overseas acquisitions and investments	100%	100%	
"	Hipro Electronics Ltd. (HEC)	Sales of switching power supplies and other electronic parts	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
CEC	XAVi Technology Corp. (XAVi)	Researching, manufacturing and sales of DSL bridges and routers	45.34%	46.63%	Note A Note C
"	Chicony Electronics (Thailand) Co., Ltd. (CET)	Manufacturing and sales of computer peripherals	100%	100%	
"	Chicony Global Inc. (CGI)	Sales of computer peripherals	100%	100%	
"	Chicony Power Technology Co., Ltd. (CP)	Manufacturing and sales of plastic goods	53.02%	52.00%	
COI	Chicony America Inc. (CAI)	Sales of computer peripherals	100%	100%	
"	Chicony Electronics (Dong Guan) Co., Ltd. (CEM2)	Manufacturing and sales of computers and computer peripherals	100%	100%	
"	Mao-Feng International Inc. (Mao-Feng)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Chicony Electronics (Suzhou) Co., Ltd. (CEM3)	Manufacturing and sales of computers and computer peripherals	100%	100%	
"	Global Faith Inc. (GFI)	Sales of computer peripherals and management of overseas acquisitions and investments	60%	60%	
"	Real Young Electronics Co., Ltd. (Real Young)	Design and sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Mao-Ray Electronics (DongGuan) Co., Ltd. (Mao-Ray)	Manufacturing of electronic parts, keyboards and plastic products	100%	100%	
"	Suzhou Mao-Qun Electronics Co., Ltd. (Mao-Qun)	Manufacturing of electronic parts, keyboards and plastic products	60%	60%	
"	Chicony Electronics CEZ s.r.o. (CEZ)	Sales of computer peripherals	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
COI	Suzhou Qun-Yang Electronics Co., Ltd. (Qun-Yang)	Manufacturing and sales of electronic parts, keyboard and plastic products	60%	60%	
"	Chicony Electronics Japan Co., Ltd. (CEJ)	Sales of computer peripherals	100%	100%	
"	Kuang Mao International Inc. (Kuang Mao)	Sales of computer peripherals and management of overseas acquisitions and investments	100%	100%	
"	Chicony America Group Inc. (CAGI)	Internet solution for E-Commerce solution	100%	100%	
"	Chicony Electronics (Chong-Qing) Co., Ltd. (CEM5)	Manufacturing and sales of computer peripherals	100%	100%	
HEC	Quansun Investment Corp. Ltd. (Quansun)	Investment holdings	100%	100%	
"	Qun-Jing Power Co., Ltd. (Qun-Jing)	Sales of computer peripherals and consumer equipment	100%	100%	
CP	Chicony Power Holdings Inc. (CPH)	Investment holdings	100%	100%	
"	Chicony Power Technology (Thailand) Co., Ltd. (CPTH)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power International Inc. (CPI)	Investment holdings	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
CP	Chicony Power USA Inc. (CPUS)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	
"	Chicony Power Technology HongKong Limited (CPHK)	Research and development centre and investment holdings	100%	100%	
"	WitsLight Technology Co., Ltd. (WTS)	Design, researching and developing LED lighting modules and investment holdings	100%	83.68%	Note B
WTS	WitsLight Technology (Kunshan) Co., Ltd. (WTK)	International trade sales of LED lighting modules	100%	100%	
"	Zhuzhou Torch Auto Lamp CO., Ltd. (Zhuzhou Torch)	Production and sales of automotive and motorcycle components, electric machine and device, lamps and plastic products	100%	100%	
"	Carlight Technology Co., Ltd. (CT)	Design, researching and developing and sales of automotive and motorcycle lamps and other components	100%	100%	
CPHK	Chicony Power Technology (DongGuan) Co., Ltd. (CPDG) (Formerly Hipro Electronics (Dong Guan) Co., Ltd.)(HDG)	Manufacturing and sales of switching power supplies and other electronic parts	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
CPHK	Chicony Power Technology (Suzhou) Co., Ltd. (CPSZ)	Production and sales of electronic equipment (high-performance power supply, power module and voltage transformer) and LED lighting equipment	100%	100%	
"	Quang Sheng Electronics (Nanchang) Co., Ltd. (GSE)	Production and sales of electronic equipment (magnetic element, circuit board and keyboard) and voltage transformer	100%	100%	
"	Chicony Power Technology (Chong-Qing) Co., Ltd. (CPCQ)	Production and sales of electronic equipment (high-performance power supply, power module and voltage transformer) and LED lighting equipment	100%	100%	
"	Chicony Energy Saving Technology (Shanghai) Co., Ltd. (CPSH)	Consultation, development, transfer and service of energy-saving technology, energy management and sales and installation of energy-saving lighting equipment	100%	100%	
"	Chicony Power Technology Trading (Dong Guan) Co., Ltd. (CPDGT)	Importing and exporting of switching power supplies, LED lighting equipment, and other electronics	100%	100%	
"	Chicony Power Technology (Taizhou) Co., Ltd. (CPTZ)	Researching and developing, manufacturing, sales, installation, after-sale, and technology advisory services of electric machinery, electric frequency device and industry automation equipment; manufacturing and sales of electrical machinery and components; import and export of goods and technology	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2021	December 31, 2020	
XAVi	Directmax International Ltd. (Directmax)	Management of overseas acquisitions and investments	100%	100%	Note D
"	XAVi Technologies (Thailand) Co., Ltd. (XAVi Thailand)	Manufacturing, processing and sales of communication products	100%	100%	Note E
"	XAVi Overseas Ltd. (XAVi Overseas)	Management of overseas acquisitions and investments	100%	100%	Note D
"	Systemax Development Ltd. (Systemax)	Sales of DSL bridges and routers	100%	100%	
"	XAVi Technologies (Suzhou) Co., Ltd.	Manufacturing and sales of DSL bridges and routers	100%	100%	Note D

Note A: Although the Company holds less than 50% of the voting shares directly or indirectly, the remaining shares of these companies are extremely dispersed. The participation of other shareholders in the previous shareholders' meeting indicates that the Company has the current ability to direct the relevant activities of these companies and there is no sign that there is a collective decision-making agreement made among other shareholders. Under the assessment, the Company has control over the entity which was included in the consolidated financial statements.

Note B: CP purchased shares from the original shareholder, WTS, on July 15, 2021 and July 31, 2020 and held 100% and 83.68% equity interest in WTS after the purchase, respectively.

Note C: XAVi decreased its capital on November 10, 2020. The ratio of capital reduction was approximately 30%.

Note D: XAVi Technologies (Suzhou) Co., Ltd. has completed the reorganisation in the second quarter of 2021 and all of its shares originally held by XAVi Overseas are now held by Directmax.

Note E: XAVi had completed the new establishment of Xavi Thailand in the amount of THB 50,000 thousand in the first quarter of 2020 and made an additional investment of THB 5,000 thousand in the second quarter of 2021.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2021 and 2020, the non-controlling interest amounted to \$5,580,107 and \$4,900,439, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2021		December 31, 2020	
		Amount	Ownership (%)	Amount	Ownership (%)
Chicony Power Technology Co., Ltd.	Taiwan	\$ 5,221,104	46.98%	\$ 4,566,626	48.00%

Summarised financial information of the subsidiaries:

Balance sheets

	Chicony Power Technology Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	\$ 23,111,816	\$ 18,701,568
Non-current assets	6,900,732	6,469,523
Current liabilities	( 18,638,214)	( 15,347,884)
Non-current liabilities	( 260,874)	( 292,576)
Total net assets	\$ 11,113,460	\$ 9,530,631

Statements of comprehensive income

	Chicony Power Technology Co., Ltd.	
	Years ended December 31,	
	2021	2020
Revenue	\$ 40,363,978	\$ 34,863,027
Profit before income tax	3,579,665	2,721,457
Income tax expense	( 751,190)	( 594,237)
Profit for the year	2,828,475	2,127,220
Other comprehensive income, net of tax	14,310	10,693
Total comprehensive income for the year	\$ 2,842,785	\$ 2,137,913
Comprehensive income attributable to non-controlling interest	\$ 1,335,905	\$ 1,021,550
Dividends paid to non-controlling interest	\$ 760,771	\$ 606,428

## Statements of cash flows

	<u>Chicony Power Technology Co., Ltd.</u>	
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Net cash provided by operating activities	\$ 1,412,478	\$ 3,086,269
Net cash used in investing activities	( 1,485,098)	( 1,980,943)
Net cash used in financing activities	( 238,130)	( 1,472,823)
Effect of exchange rates	6,285	( 6,532)
Decrease in cash and cash equivalents	( 304,465)	( 374,029)
Cash and cash equivalents, beginning of year	1,013,512	1,387,541
Cash and cash equivalents, end of year	<u>\$ 709,047</u>	<u>\$ 1,013,512</u>

### (4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

## B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - (i) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - (iii) All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

## (5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value.

(9) Accounts receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; and the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Leasing arrangements (lessor) - lease receivables / operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the

aforementioned approach.

- H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives are 20~55 years for buildings and structures, 1~10 years for machinery and testing equipment, 1~5 years for molding equipment and 1~20 years for other equipment.

(16) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes

- in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(18) Intangible assets

A. Trademarks and licenses

Separately acquired trademarks and licenses are stated at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 1~10 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~10 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

D. Other intangible assets are mainly technical skill and amortised on a straight-line basis over its estimated useful life of 2~14 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its

recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for an investment property is measured subsequently using the fair value model.

(21) Borrowings

- A. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(22) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(23) Financial liabilities at fair value through profit or loss

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(27) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of

government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.

- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

#### C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

#### D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

### (28) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.
- B. Restricted stocks:
  - (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.
  - (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign

during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if employees resign during the vesting period, the Company will redeem at no consideration and retire those stocks.

(29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to

settle on a net basis or realise the asset and settle the liability simultaneously.

- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(30) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(31) Dividends

Cash dividends are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's shareholders or when the Board of Directors with attendance of at least two thirds of total directors and approval by a majority of the directors present. Stock dividends are recorded as stock dividends to be distributed in the Company's financial statements in the period in which they are resolved by the Company's shareholders and are reclassified to ordinary shares on the effective date of new shares issuance..

(32) Revenue recognition

A. Sales of goods

- (a) Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) According to the contracts with customers, as the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the

payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(33) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortised to profit or loss over the estimated useful lives of the related assets as reduced depreciation expense.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical accounting judgements - Evaluation of investment property

The Group follows the guidance of IAS 40 "Investment property" to determine the assets to be measured at fair value. Unless in extreme circumstances that there is a definite evidence that the fair value of investment property cannot be reliably measured on an ongoing basis, the investment property of the Group is measured at fair value after the initial recognition.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. Evaluation of investment property

The Group's investment properties are measured at fair value. The fair value is evaluated using the income approach by an external appraiser. It involves critical assumptions including occupancy rate, rent growth rate, discount rate, etc.. Those assumptions may be affected by the economic conditions, market needs, etc. that may change.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 11,130	\$ 11,628
Checking accounts and demand deposits	1,626,303	3,454,907
Time deposits	88,203	284,816
	<u>\$ 1,725,636</u>	<u>\$ 3,751,351</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of cash and cash equivalents pledged as collateral are provided in Note 8.

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 2,702,452	\$ 3,078,914
Unlisted stocks	20,809	20,809
Corporate bonds	22,770	22,770
Non-hedging derivatives		
Forward exchange contracts	246,225	732,449
Exchange rate swaps	<u>5,402</u>	<u>53</u>
	2,997,658	3,854,995
Valuation adjustment	( <u>842,486</u> )	( <u>439,170</u> )
	<u>\$ 2,155,172</u>	<u>\$ 3,415,825</u>
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
Forward exchange contracts	\$ 59,354	\$ 387,581
Exchange rate swaps	<u>-</u>	<u>3,130</u>
	<u>\$ 59,354</u>	<u>\$ 390,711</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 725,534	\$ 747,663
Beneficiary certificates	<u>1,208,949</u>	<u>1,089,083</u>
	1,934,483	1,836,746
Valuation adjustment	<u>64,817</u>	( <u>124,042</u> )
	<u>\$ 1,999,300</u>	<u>\$ 1,712,704</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Equity instruments	(\$ 59,388)	(\$ 613,468)
Debt instruments	1,347	8,560
Beneficiary certificates	34,715	26,165
Derivatives	<u>913,249</u>	<u>325,691</u>
	<u>\$ 889,923</u>	<u>(\$ 253,052)</u>

B. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

Derivative instruments	December 31, 2021		
	Contract amount (Notional Principal) (In thousands)		Due Date
Forward foreign exchange contracts			
-SELL NTD/BUY USD	USD	580,000	2022.01.03~2022.02.25
-SELL USD/BUY RMB	USD	384,000	2022.01.04~2022.12.21
-SELL THB/BUY USD	USD	134,000	2022.01.18~2022.07.11
-SELL RMB/BUY USD	USD	28,109	2022.01.04~2022.03.10
-SELL USD/BUY NTD	USD	75,000	2022.01.03~2022.03.22
-SELL USD/BUY THB	USD	2,996	2022.01.08
Exchange rate swaps			
-SELL USD/BUY NTD	USD	50,500	2022.02.22~2022.03.29
Derivative instruments	December 31, 2020		
	Contract amount (Notional Principal) (In thousands)		Due Date
Forward foreign exchange contracts			
-SELL NTD/BUY USD	USD	415,000	2021.01.07~2021.02.26
-SELL RMB/BUY USD	USD	78,567	2021.01.04~2021.04.07
-SELL USD/BUY RMB	USD	437,500	2021.01.04~2021.12.01
-SELL USD/BUY NTD	USD	60,000	2021.01.15~2021.02.23
-SELL THB/BUY USD	USD	75,000	2021.01.15~2021.02.10
Exchange rate swaps			
-SELL USD/BUY NTD	USD	21,600	2021.02.22~2021.03.18

Forward foreign exchange contracts / Foreign exchange swap contracts

The Group entered into forward foreign exchange contracts and foreign exchange swap contracts to buy (sell) foreign exchange swap and interest rate swap to hedge exchange rate risk of import and export proceeds. However, these forward foreign exchange contracts and foreign exchange swap contracts are not accounted for under hedge accounting.

C. The Group has no financial assets and liabilities at fair value through profit or loss pledged to others.

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

Items	December 31, 2021	December 31, 2020
Current items:		
Listed stocks	\$ 4,182,378	\$ 4,275,431
Unlisted stocks	73,127	74,607
	4,255,505	4,350,038
Valuation adjustment	( 1,374,047)	( 1,737,506)
	\$ 2,881,458	\$ 2,612,532
Non-current items:		
Listed stocks	\$ 1,281,850	\$ 1,281,850
Unlisted stocks	484,444	589,881
	1,766,294	1,871,731
Valuation adjustment	( 1,384,713)	( 1,446,570)
	\$ 381,581	\$ 425,161

- A. The Group has elected to classify equity investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - non-current. The fair value of such investments as of December 31, 2021 and 2020 was equivalent to their carrying amount.
- B. The Group sold \$156,971 and \$135,108 equity investments at fair value which resulted in cumulative losses on disposal of \$22,944 and \$74,571 and were transferred as a deduction item to unappropriated retained earnings during the years ended December 31, 2021 and 2020, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 402,372	(\$ 266,733)
Cumulative losses reclassified to retained earnings due to derecognition	\$ 22,944	\$ 74,571
Dividend income recognised in profit or loss held at end of year	\$ 57,890	\$ 45,360

- D. The Group has no financial assets at fair value through other comprehensive income pledged to others.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2021	December 31, 2020
Non-current items:		
Corporate bonds	\$ 445,025	\$ 454,030

A. Interest income from financial assets measured at amortised cost for the years ended December 31, 2021 and 2020 amounted to \$40,435 and \$85,279, respectively.

B. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 163,196	\$ 155,605
Accounts receivable	\$ 28,653,616	\$ 23,484,278
Less: Allowance for uncollectible accounts	( 139,476)	( 179,343)
	\$ 28,514,140	\$ 23,304,935

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 28,362,192	\$ 163,196	\$ 22,809,755	\$ 155,605
1 to 30 days	138,458	-	321,327	-
31 to 120 days	33,237	-	162,567	-
121 to 215 days	45,245	-	46,337	-
Over 365 days	74,484	-	144,292	-
	\$ 28,653,616	\$ 163,196	\$ 23,484,278	\$ 155,605

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, the balances of accounts and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$20,514,551.

C. The Group has no notes or accounts receivable pledged to others as collateral.

D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group was equal to carrying amount.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 10,642,738	(\$ 747,245)	\$ 9,895,493
Work in progress	3,724,508	( 188,797)	3,535,711
Finished goods	8,966,479	( 601,462)	8,365,017
	<u>\$ 23,333,725</u>	<u>(\$ 1,537,504)</u>	<u>\$ 21,796,221</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,140,087	(\$ 431,482)	\$ 5,708,605
Work in progress	2,771,644	( 204,534)	2,567,110
Finished goods	8,107,536	( 691,399)	7,416,137
	<u>\$ 17,019,267</u>	<u>(\$ 1,327,415)</u>	<u>\$ 15,691,852</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2021	2020
Cost of goods sold	\$ 87,976,877	\$ 76,833,341
Loss on decline in market value	473,766	436,870
Others	121,201	36,387
	<u>\$ 88,571,844</u>	<u>\$ 77,306,598</u>

The other losses (gains) represent the loss (gain) on physical count and income from sale of scraps and wastes.

(7) Investments accounted for using equity method

A. Investments accounted for using the equity method were as follows:

	December 31, 2021	December 31, 2020
Associate:		
Sky-Fine Investment Limited (Sky-Fine)	\$ 18,455	\$ 7,708
Swift Success Holdings Limited (Swift Success)	<u>199,928</u>	<u>184,660</u>
	<u>\$ 218,383</u>	<u>\$ 192,368</u>

B. The share of profit (loss) of associates accounted for using equity method for the years ended December 31, 2021 and 2020 are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associate:		
Sky-Fine Investment Limited (Sky-Fine)	\$ 11,495	(\$ 10,816)
Swift Success Holdings Limited (Swift Success)	<u>14,651</u>	<u>( 261)</u>
	<u>\$ 26,146</u>	<u>(\$ 11,077)</u>

The amount of profit or loss of associates and other comprehensive income or loss of Sky-Fine Investment Limited is evaluated based on its audited financial statements for the same reporting period.

C. Associates

As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial associates amounted to \$218,383 and \$192,368, respectively. The Group's share of the operating results are summarised below:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Profit (loss) for the year from continuing operations	\$ 26,146	(\$ 11,077)
Other comprehensive loss, net of tax	<u>( 131)</u>	<u>( 2,078)</u>
Total comprehensive income (loss)	<u>\$ 26,015</u>	<u>(\$ 13,155)</u>

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Tooling equipment</u>	<u>Testing equipment</u>	<u>Construction in progress</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>								
Cost	\$ 757,088	\$ 8,749,116	\$ 7,543,061	\$ 5,554,341	\$ 3,214,319	\$ 796,824	\$ 4,072,471	\$ 30,687,220
Accumulated depreciation and impairment	-	( 2,450,369)	( 4,311,509)	( 4,528,239)	( 2,101,073)	-	( 3,014,548)	( 16,405,738)
	<u>\$ 757,088</u>	<u>\$ 6,298,747</u>	<u>\$ 3,231,552</u>	<u>\$ 1,026,102</u>	<u>\$ 1,113,246</u>	<u>\$ 796,824</u>	<u>\$ 1,057,923</u>	<u>\$ 14,281,482</u>
<u>2021</u>								
Opening net book amount	\$ 757,088	\$ 6,298,747	\$ 3,231,552	\$ 1,026,102	\$ 1,113,246	\$ 796,824	\$ 1,057,923	\$ 14,281,482
Additions	89,230	520,135	781,164	437,541	624,672	244,423	400,188	3,097,353
Disposals	-	-	( 129,272)	( 63,356)	( 22,699)	-	( 123,901)	( 339,228)
Reclassifications	19,315	865,082	284,133	269,647	104,884	( 870,486)	168,919	841,494
Depreciation	-	( 361,479)	( 741,812)	( 679,714)	( 483,176)	-	( 454,201)	( 2,720,382)
Impairment loss	-	-	( 133)	-	-	-	( 7,850)	( 7,983)
Net exchange differences	( 22,684)	( 52,180)	( 33,794)	2,737	( 14,387)	( 51,045)	( 19,656)	( 191,009)
Closing net book amount	<u>\$ 842,949</u>	<u>\$ 7,270,305</u>	<u>\$ 3,391,838</u>	<u>\$ 992,957</u>	<u>\$ 1,322,540</u>	<u>\$ 119,716</u>	<u>\$ 1,021,422</u>	<u>\$ 14,961,727</u>
<u>At December 31, 2021</u>								
Cost	\$ 842,949	\$ 10,086,025	\$ 8,130,805	\$ 5,629,898	\$ 3,720,964	\$ 119,716	\$ 4,266,155	\$ 32,796,512
Accumulated depreciation and impairment	-	( 2,815,720)	( 4,738,967)	( 4,636,941)	( 2,398,424)	-	( 3,244,733)	( 17,834,785)
	<u>\$ 842,949</u>	<u>\$ 7,270,305</u>	<u>\$ 3,391,838</u>	<u>\$ 992,957</u>	<u>\$ 1,322,540</u>	<u>\$ 119,716</u>	<u>\$ 1,021,422</u>	<u>\$ 14,961,727</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Tooling equipment</u>	<u>Testing equipment</u>	<u>Construction in progress</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>								
Cost	\$ 621,313	\$ 6,946,841	\$ 7,499,023	\$ 5,174,391	\$ 2,512,656	\$ 1,105,959	\$ 3,875,891	\$ 27,736,074
Accumulated depreciation and impairment	-	( 2,163,052)	( 4,134,800)	( 4,036,277)	( 1,793,002)	-	( 2,787,263)	( 14,914,394)
	<u>\$ 621,313</u>	<u>\$ 4,783,789</u>	<u>\$ 3,364,223</u>	<u>\$ 1,138,114</u>	<u>\$ 719,654</u>	<u>\$ 1,105,959</u>	<u>\$ 1,088,628</u>	<u>\$ 12,821,680</u>
<u>2020</u>								
Opening net book amount	\$ 621,313	\$ 4,783,789	\$ 3,364,223	\$ 1,138,114	\$ 719,654	\$ 1,105,959	\$ 1,088,628	\$ 12,821,680
Additions	100,029	87,567	592,311	312,159	642,814	1,441,730	346,041	3,522,651
Disposals	-	( 154)	( 139,152)	( 1,002)	( 28,796)	-	( 36,960)	( 206,064)
Reclassifications	38,180	1,663,892	111,613	106,621	109,942	( 1,735,411)	76,071	370,908
Depreciation	-	( 273,603)	( 705,870)	( 537,888)	( 339,391)	-	( 416,157)	( 2,272,909)
Net exchange differences	( 2,434)	37,256	8,427	8,098	9,023	( 15,454)	300	45,216
Closing net book amount	<u>\$ 757,088</u>	<u>\$ 6,298,747</u>	<u>\$ 3,231,552</u>	<u>\$ 1,026,102</u>	<u>\$ 1,113,246</u>	<u>\$ 796,824</u>	<u>\$ 1,057,923</u>	<u>\$ 14,281,482</u>
<u>At December 31, 2020</u>								
Cost	\$ 757,088	\$ 8,749,116	\$ 7,543,061	\$ 5,554,341	\$ 3,214,319	\$ 796,824	\$ 4,072,471	\$ 30,687,220
Accumulated depreciation and impairment	-	( 2,450,369)	( 4,311,509)	( 4,528,239)	( 2,101,073)	-	( 3,014,548)	( 16,405,738)
	<u>\$ 757,088</u>	<u>\$ 6,298,747</u>	<u>\$ 3,231,552</u>	<u>\$ 1,026,102</u>	<u>\$ 1,113,246</u>	<u>\$ 796,824</u>	<u>\$ 1,057,923</u>	<u>\$ 14,281,482</u>

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows: None.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Leasing arrangements - lessee

A. The Group leases various assets including land use right, buildings, machinery and equipment, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. Short-term leases with a lease term of 12 months or less comprise multifunction printers, low-value assets comprise warehouses, offices and business vehicles. Those were not included in right-of-use assets.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Years ended December 31,	
	2021	2020
	Book value	Book value
Buildings and structures	\$ 383,086	\$ 446,237
Land use right	399,578	409,397
	<u>\$ 782,664</u>	<u>\$ 855,634</u>
	Years ended December 31,	
	2021	2020
	Depreciation expense	Depreciation expense
Buildings and structures	\$ 149,195	\$ 154,269
Land use right	10,402	10,256
	<u>\$ 159,597</u>	<u>\$ 164,525</u>

D. As of December 31, 2021, the Group signed a land use right contract with the Bureau of Land Resources for use of the land in the municipality of Chongqing, WuJiang City of Jiangsu Province and Dongguan City of Guangdong Province with a term of 50 years. All rentals had been paid on the contract date, shown as 'Long-term prepaid rents - Land use right'. The grants received from the local government, as a reward for the local investment, were deducted from the cost of land use right.

E. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets (including changes in foreign exchange rate) were \$113,713 and \$127,049, respectively.

F. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 19,463	\$ 23,610
Expense on short-term lease contracts	118,100	90,613
Expense on leases of low-value assets	2,222	2,255
Gain on lease modification	1,092	225

G. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$285,176 and \$246,656, respectively.

H. The Group has no right-of-use assets pledged to others.

(10) Investment property

	Years ended December 31,	
	2021	2020
At January 1	\$ 3,972,974	\$ 6,447,876
Additions — from subsequent expenditures	1,714	-
Disposal	( 214,897)	( 2,479,067)
Reclassifications — transfer out	-	( 47,778)
Gain on fair value adjustment	11,800	51,943
At December 31	<u>\$ 3,771,591</u>	<u>\$ 3,972,974</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2021	2020
Rental income from investment property	<u>\$ 70,551</u>	<u>\$ 66,293</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 17,589</u>	<u>\$ 13,863</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ 17,033</u>	<u>\$ 19,264</u>

B. Basis of investment property at fair value:

The Group's investment properties are land and buildings of office building. Office buildings are located in Sanchong District and Wugu District in New Taipei City. They mainly earn from rental revenue with rental periods ranging from 1 to 10 years. The assumptions used for the years ended December 31, 2021 and 2020 are as follows:

(a) Details of the Group's investment property are as follows:

	December 31, 2021	
	CEC Headquarter	Wugu Building
The subject		
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City
Valuation method	Income approach	Income approach
Valuation firm	Colliers	Colliers
Valuer	Chien Hui, Ku	Feng Ju, Ke
Evaluation basis date	December 31, 2021	December 31, 2021

	December 31, 2020		
	CEC Headquarter	Wugu Building	Residential Compound Building
The subject			
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia
Valuer	Min An, Yang	Shao You, Chung	Min An, Yang
Evaluation basis date	December 15, 2020 (Note)	December 15, 2020 (Note)	December 31, 2020

Note: We obtained appraisal reports as of December 31 2020 from the appraiser.

(b) The fair value of the Company's properties (including buildings and car parks) was evaluated using the discounted cash flow analysis of income approach.

The estimation process of the valuation method involves differentiating between rented and not yet rented. The former is calculated by contract rent and the latter is calculated by market price. It also considers comparative rent information of similar properties to determine annual growth range of rent; including idle loss, decoration offset loss, and the closing balance of disposal value of that property to calculate future cash inflow, then discounted by an appropriated discount rate accumulated until the valuation date. Future cash outflow which consists of expenses directly related to operations, i.e. land tax, house tax, insurance fee, management fee, maintenance fee, replacement allocation, amortization of agent fee, etc., is estimated based on the actual expenses incurred in the current year, considering the Company's current operating results and changes which may occur in the future.

(c) The rent, occupancy rate and income of past year of the Group's properties (including buildings and car parks) and comparative rent information of similar properties are as follows:

Year ended	Estimated rent (\$/3.3m <sup>2</sup> /month)	Similar comparative local or market	Occupancy rate	Income of past year
<u>December 31, 2021</u>				
CEC Headquarter	\$909~\$972	Equivalent to estimated rent	50.35%	\$ 48,511
Wugu Building	\$580~\$680	Equivalent to estimated rent	100%	22,040
<u>December 31, 2020</u>				
CEC Headquarter	\$898~\$968	Equivalent to estimated rent	38.32%	\$ 44,253
Wugu Building	\$282~\$737	Equivalent to estimated rent	100%	22,040
Residential Compound Building	\$840~\$962	Equivalent to estimated rent	-	-

(d) Rent growth rate is evaluated by considering the lease contract and actual market situation. Discount rate is evaluated by risk premium approach which takes the return rate on investment of the most general goods as standard, adopted the floating interest rate on a 2-year time deposits of a small amount, as posted by the Chunghwa Post Co., Ltd. plus 0.75 percentage points; and explore the liquidity, risk level, value-added level and the ease of management of the subject. The rent growth rates and discount rates are as follows:

	December 31, 2021		
	CEC Headquarter	Wugu Building	Residential Compound Building
Rent growth rate	1.00%	1.00%	1.00%
Discount rate	2.845%	2.995%	2.12%
	December 31, 2020		
	CEC Headquarter	Wugu Building	Residential Compound Building
Rent growth rate	1.00%	1.00%	1.00%
Discount rate	2.23%	2.90%	2.12%

C. The fair value information about the investment property is provided in Note 12(3).

D. Impairment of investment property: None.

E. Information about the investment property that was pledged to others as collateral is provided

in Note 8.

F. The maturity analysis of the lease payments receivables under the operating leases is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
2021	\$ -	\$ 52,080
2022	62,779	43,086
2023	56,612	34,898
2024	48,311	34,211
2025	42,404	33,348
After 2026	55,518	43,260
	<u>\$ 265,624</u>	<u>\$ 240,883</u>

(11) Intangible assets

	<u>Trademarks and patents</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>					
Cost	\$ 92,040	\$ 386,769	\$ 8,879	\$ 34,668	\$ 522,356
Accumulated amortisation and impairment	( 71,240)	( 318,038)	-	( 31,984)	( 421,262)
	<u>\$ 20,800</u>	<u>\$ 68,731</u>	<u>\$ 8,879</u>	<u>\$ 2,684</u>	<u>\$ 101,094</u>
<u>2021</u>					
Opening net book amount	\$ 20,800	\$ 68,731	\$ 8,879	\$ 2,684	\$ 101,094
Additions	17,874	78,717	-	-	96,591
Disposals	-	( 2,533)	-	-	( 2,533)
Reclassifications	-	2,070	-	-	2,070
Amortisation	( 18,923)	( 60,091)	-	( 761)	( 79,775)
Impairment loss	( 394)	( 615)	-	-	( 1,009)
Net exchange differences	-	( 246)	( 177)	2	( 421)
Closing net book amount	<u>\$ 19,357</u>	<u>\$ 86,033</u>	<u>\$ 8,702</u>	<u>\$ 1,925</u>	<u>\$ 116,017</u>
<u>At December 31, 2021</u>					
Cost	\$ 109,914	\$ 465,673	\$ 8,702	\$ 34,117	\$ 618,406
Accumulated amortisation and impairment	( 90,557)	( 379,640)	-	( 32,192)	( 502,389)
	<u>\$ 19,357</u>	<u>\$ 86,033</u>	<u>\$ 8,702</u>	<u>\$ 1,925</u>	<u>\$ 116,017</u>

	<u>Trademarks and patents</u>	<u>Software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>					
Cost	\$ 72,616	\$ 320,372	\$ 132,795	\$ 31,634	\$ 557,417
Accumulated amortisation and impairment	( 53,032)	( 264,786)	( 69,085)	( 28,173)	( 415,076)
	<u>\$ 19,584</u>	<u>\$ 55,586</u>	<u>\$ 63,710</u>	<u>\$ 3,461</u>	<u>\$ 142,341</u>
<u>2020</u>					
Opening net book amount	\$ 19,584	\$ 55,586	\$ 63,710	\$ 3,461	\$ 142,341
Additions	19,424	63,008	-	-	82,432
Reclassifications	-	3,788	-	-	3,788
Amortisation	( 18,208)	( 54,035)	-	( 790)	( 73,033)
Impairment loss	-	-	( 54,819)	-	( 54,819)
Net exchange differences	-	384	( 12)	13	385
Closing net book amount	<u>\$ 20,800</u>	<u>\$ 68,731</u>	<u>\$ 8,879</u>	<u>\$ 2,684</u>	<u>\$ 101,094</u>
<u>At December 31, 2020</u>					
Cost	\$ 92,040	\$ 386,769	\$ 129,529	\$ 29,896	\$ 638,234
Accumulated amortisation and impairment	( 71,240)	( 318,038)	( 120,650)	( 27,212)	( 537,140)
	<u>\$ 20,800</u>	<u>\$ 68,731</u>	<u>\$ 8,879</u>	<u>\$ 2,684</u>	<u>\$ 101,094</u>

A. Details of amortisation on intangible assets are as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating costs	\$ 7,264	\$ 3,641
Selling expenses	1,913	1,432
Administrative expenses	22,220	14,809
Research and development expenses	48,378	53,151
	<u>\$ 79,775</u>	<u>\$ 73,033</u>

B. Goodwill is allocated to the Group's cash-generating units identified according to operating segment as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
America	<u>\$ 8,702</u>	<u>\$ 8,879</u>

- C. Goodwill of the Group's Asia segment is allocated to the cash-generating units identified by Zhuzhou Torch Auto Lamp Co., Ltd. (TORCH). The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. The key assumptions used for value-in-use calculations are as follows: The value-in-use was discounted at the weighted average cost of capital's discount rate of 3.84% for the year ended December 31, 2020, to reflect the specific risks relating to the relevant cash-generating units. For the year ended December 31, 2020, based on TORCH's assessment that its future operating profit will not be as expected, an impairment loss of \$54,819 (listed under 'other gains and losses' in the statement of comprehensive income) was recognised for the goodwill of Asia segment due to the recoverable amount was less than the carrying amount.
- D. The Group shut down certain production lines due to operational considerations for the year ended December 31, 2021 which resulted to an impairment of intangible assets amounting to \$1,009. Please refer to Note 6(12) for details.

(12) Impairment of non-financial assets

- A. The Group recognised impairment loss for the years ended December 31, 2021 and 2020 amounting to \$33,000 and \$54,819, respectively. Details of such loss are as follows:

	Year ended December 31,	
	2021	2020
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss - property, plant and equipment	\$ 7,983	\$ -
Impairment loss - intangible assets	1,009	54,819
Impairment loss - others	24,008	-
	<u>\$ 33,000</u>	<u>\$ 54,819</u>

- B. The impairment loss reported by operating segments is as follows:

	Year ended December 31,	
	2021	2020
	Recognised in profit or loss	Recognised in profit or loss
Taiwan	\$ 8,992	\$ -
Impairment loss - others	24,008	54,819
	<u>\$ 33,000</u>	<u>\$ 54,819</u>

- C. The Group shut down certain production lines due to operational considerations for the year ended December 31, 2021 which resulted to an impairment in property, plant and equipment, intangible assets and other assets. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss of \$33,000 accordingly. The recoverable amount of the cash-generating units is the asset's fair value less costs of disposal or value-in-use. The fair value is classified as a level 3 fair value.

(13) Other non-current assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guarantee deposits paid	\$ 210,095	\$ 87,778
Prepayments for business facilities	717,040	1,577,231
Others	168,289	169,273
	<u>\$ 1,095,424</u>	<u>\$ 1,834,282</u>

Information on other non-current assets that were pledged to others as collateral is provided in Note 8.

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank unsecured borrowings	\$ 1,535,279	0.68%~1%	None
Secured borrowings	89,076	2.32%~2.6%	Notes receivable
	<u>\$ 1,624,355</u>		
<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank unsecured borrowings	\$ 50,000	0.89%~0.90%	None
Secured borrowings	38,168	2.80%~3.07%	Notes receivable
	<u>\$ 88,168</u>		

- A. As of December 31, 2021, the Group had issued promissory notes as guarantee for the short-term-loans. Please see Note 9(1).
- B. Information about the collateral that the Company provided for the short-term borrowings is provided in Note 8.
- C. The Group has signed an agreement to offset financial assets and liabilities with financial institutions. The agreement meets the offsetting criteria of IAS 32, the financial assets and liabilities are offset and reported in the net amount in the balance sheet. Details of the offset as of December 31, 2021 and 2020 are as follows:

<u>December 31, 2021</u>			
<u>Description</u>	<u>Gross amounts of recognised financial assets/liabilities</u>	<u>Gross amounts of recognised financial assets/liabilities set off in the balance sheet</u>	<u>Net amounts presented in the balance sheet</u>
Bank deposit/ Bank borrowings	TWD12,702,028 (In thousands)	TWD12,702,028 (In thousands)	\$ -
<u>December 31, 2020</u>			
<u>Description</u>	<u>Gross amounts of recognised financial assets/liabilities</u>	<u>Gross amounts of recognised financial assets/liabilities set off in the balance sheet</u>	<u>Net amounts presented in the balance sheet</u>
Bank deposit/ Bank borrowings	TWD 3,279,488 (In thousands)	TWD 3,279,488 (In thousands)	\$ -

(15) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Marketing allowance payable	\$ 4,368,444	\$ 3,798,421
Salary payable and annual bonus	2,803,633	2,742,115
Employees' dividends and directors' and supervisors' remuneration payable	1,525,940	1,280,963
Processing expense payable	1,054,390	685,100
Construction and equipment expense payable	556,374	750,717
Miscellaneous purchase payable	538,661	705,411
Others	3,259,009	2,854,323
	<u>\$ 14,106,451</u>	<u>\$ 12,817,050</u>

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Long-term bank borrowings				
TCB	Borrowing period is from November 4, 2020 to January 20, 2021; interest is repayable upon maturity of the principal	1.797%	None	\$ 100,000
Less: Current portion (shown as other current liabilities)				( <u>100,000</u> )
				<u>\$ -</u>

Note: Revolving credit for five years starting from the first drawdown (January, 2016), each credit period is limited to 90 to 180 days.

- A. As of December 31, 2021 and 2020, the Group's Chairman had issued promissory notes to guarantee the long-term loans. Please see Note 9(1).
- B. Information about the long-term borrowings that were pledged to others as collateral is provided in Note 8.
- C. In the fourth quarter of 2018, the Group had signed individual credit contracts with E. Sun Commercial Bank, Land Bank of Taiwan and Hua Nan Commercial Bank for long-term operating use. The contract period is five years, and the loan facilities are \$2,000,000, \$1,000,000 and \$1,000,000, respectively. For the loan facility mentioned above, the Group had pledged partial floors of the headquarters building. For the information on pledged assets, please refer to Note 8.
- D. A long-term syndicated loan for five years was signed by CP with Taiwan Cooperative Bank as the lead bank in October 2015. It is to be used for the operations. The loan has expired as of January 2021.

The main contents of the contract are as follows:

- (a) CP's annual consolidated financial statements should maintain financial ratios as follows:
- i. Current ratio is above 100%,
  - ii. Financial liabilities divided by net tangible assets after subtracting cash and cash equivalents is under 250%,
  - iii. Time interest earned is above 300%, and
  - iv. Net tangible assets are above \$4,000,000.

The above financial ratios are based on the annual financial statements. If the Company does not conform to the contract, the Company should increase capital by cash or by other means. From the next day of the managing bank's notification until the next interest payment date after the Company conforms to the contract, the lending rates will be increase by 0.125% of the used but unsettled amount of this contract, and it will not be considered a breach of contract. If CP could not adjust the financial ratios by next inspection day (subjected to the consolidated financial statements audited by auditors), the borrower is considered to have violated the contract.

- (b) CP should maintain appropriate accounts receivable ratio, which means the total of qualified accounts receivable balance and the compensation accounts balance divided by the remainder of undrawn balance should be above 50%. The remainder of undrawn balance is CP's expected drawdown amounts plus the remainder of undrawn amounts. If the ratio cannot be maintained appropriately, CP should choose any of the following actions to make the accounts receivable ratio comply with the contract within seven days after the managing bank's notification:
- i. Provide other qualified accounts receivable which was certified by the managing bank, or,
  - ii. Repay the loan before maturity, or,
  - iii. Repay or deposit in compensation accounts to maintain appropriate accounts receivable ratio above (or equal to) 50%.
- (c) As part of the contract, the commitment fee should be calculated every three months, which begins six months after CP drawdowns the credit for the first time. During the commitment fee calculation period, if the average drawdown amounts are less than 60% of the total loan facility, the commitment fee should be calculated quarterly, using the difference of actual drawdown amounts and 50% of the total loan facility, multiplied by 0.1%, the annual fee rate, and then pay the managing bank every three months.

#### (17) Pensions

##### A. Defined benefit plans: Employee contributions

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year

of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 394,052)	(\$ 407,542)
Fair value of plan assets	<u>192,348</u>	<u>190,503</u>
Net defined benefit liability	<u>(\$ 201,704)</u>	<u>(\$ 217,039)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2021</u>			
Balance at January 1	(\$ 407,542)	\$ 190,503	(\$ 217,039)
Current service cost	( 1,476)	-	( 1,476)
Interest (expense) income	( 1,642)	784	( 858)
	<u>( 410,660)</u>	<u>191,287</u>	<u>( 219,373)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,593	2,593
Change in demographic assumptions	( 8,222)	-	( 8,222)
Change in financial assumptions	7,232	-	7,232
Experience adjustments	<u>7,815</u>	<u>-</u>	<u>7,815</u>
	<u>6,825</u>	<u>2,593</u>	<u>9,418</u>
Pension fund contribution	-	8,251	8,251
Paid pension	<u>9,783</u>	<u>( 9,783)</u>	<u>-</u>
Balance at December 31	<u>(\$ 394,052)</u>	<u>\$ 192,348</u>	<u>(\$ 201,704)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 398,989)	\$ 176,945	(\$ 222,044)
Current service cost	( 2,065)	-	( 2,065)
Interest (expense) income	( 2,983)	1,353	( 1,630)
	<u>( 404,037)</u>	<u>178,298</u>	<u>( 225,739)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	6,206	6,206
Change in demographic assumptions	( 1,199)	-	( 1,199)
Change in financial assumptions	( 12,130)	-	( 12,130)
Experience adjustments	6,488	-	6,488
	<u>( 6,841)</u>	<u>6,206</u>	<u>( 635)</u>
Pension fund contribution	-	9,242	9,242
Paid pension	3,336	( 3,243)	93
Balance at December 31	<u>(\$ 407,542)</u>	<u>\$ 190,503</u>	<u>(\$ 217,039)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets As of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2021	2020
Discount rate	0.625%~0.700%	0.300%~0.500%
Future salary increases	2.500%~3.000%	2.500%~3.000%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 8,150)	\$ 8,434	\$ 8,112	(\$ 7,811)

<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 8,979)	\$ 9,303	\$ 8,930	(\$ 8,667)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2021 and 2020 are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$17,080.
- (g) As of December 31, 2021, the weighted average duration of the retirement plan is 7.9~9.8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 28,203
1-2 year(s)	16,052
2-5 years	122,312
Over 5 years	91,987
	<u>\$ 258,554</u>

#### B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the

employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The overseas subsidiaries of the Company have defined contribution plans.
- (c) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$959,208 and \$665,606, respectively.

(18) Share-based payment

- A. For the years ended December 31, 2021 and 2020, CP's and XAVi's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Treasury stock transferred to employees	March 3, 2021	916 thousand shares	-	Vested immediately
Treasury stock transferred to employees	March 2, 2020	948 thousand shares	-	"
1st employee stock options	August 31, 2021	894 thousand shares	4 years	2 years' service

- B. (a) Details of CP's treasury stock transferred to employees are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	-	\$ -	-	\$ -
Options granted	916	40.51	948	40.72
Options exercised	(916)	40.51	(948)	40.72
Options outstanding at December 31	<u>-</u>	-	<u>-</u>	-
Options exercisable at December 31	<u>-</u>	-	<u>-</u>	-

(b) Details of XAVi's 1st employee stock options are as follows:

	2021	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	\$ -
Options granted	<u>894</u>	15.00
Options outstanding at December 31	<u>894</u>	15.00
Options exercisable at December 31	<u>-</u>	-

C. (a) For the years ended December 31, 2021 and 2020, the weighted average stock prices of options on the exercise date were NT\$79.08 and NT\$55.55 (in dollars), respectively.

(b) For the year ended December 31, 2021, XAVi's exercise prices of stock options outstanding was \$15 (in dollars) and the weighted-average remaining contractual period was 3.25 years.

D. (a) CP's and XAVi's fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Treasury stock transferred to employees	March 3, 2021	\$79.00	\$40.51	28.07% (Note)	15 days	-	0.14%	\$38.49
"	March 2, 2020	59.50	40.72	27.34% (Note)	"	-	0.45%	18.79
1st employee stock options	August 31, 2021	42.15	15.00	34.49% (Note)	3.25 years	-	0.27%	4.3229

Note: Expected price volatility rate is estimated based on the average annualised standard deviation by using the daily rates of returns from the grant date back to 6 months ago as the hypothesised value.

E. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2021	2020
Equity-settled	<u>\$ 35,796</u>	<u>\$ 17,813</u>

(19) Share capital

A. As of December 31, 2021, the Company's authorised capital was \$8,000,000, and the paid-in capital was \$7,452,927 with a par value of \$10 (in dollars) per share, and the outstanding common stock was 800 million shares.

Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	<u>2021</u>	<u>2020</u>
At January 1	702,098	697,135
Employee share compensation	5,832	4,963
At December 31	<u>707,930</u>	<u>702,098</u>

B. On March 10, 2021, the Company's Board of Directors approved the employees' stock bonus amounting to \$550,000 at the previous closing price of \$94.3 (in dollars) before the day of the Board of Directors' meeting, issuing 5,832 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 8, 2021, and the Company had completed the related registration on April 23, 2021.

C. On March 10, 2020, the Company's Board of Directors approved the employees' stock bonus amounting to \$400,000 at the previous closing price of \$80.6 (in dollars) before the day of the Board of Directors' meeting, issuing 4,963 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 8, 2020, and the Company had completed the related registration on April 21, 2020.

D. Treasury stock

(a) Reason for stocks reacquisition and movements in the number of the Company's treasury stocks are as follows:

		<u>December 31, 2021</u>		
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (in thousands)</u>	<u>Carrying amount</u>	<u>Fair value (in dollars) (per share)</u>
UNIKEY	For investment	21,174	\$ 205,795	\$ 82.30
HEC	For investment	16,189	105,482	82.30
		<u>37,363</u>	<u>\$ 311,277</u>	

		<u>December 31, 2020</u>		
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares (in thousands)</u>	<u>Carrying amount</u>	<u>Fair value (in dollars) (per share)</u>
UNIKEY	For investment	21,174	\$ 205,795	\$ 86.20
HEC	For investment	16,189	105,482	86.20
		<u>37,363</u>	<u>\$ 311,277</u>	

- (b) Pursuant to the R.O.C. Securities and Exchange Law, the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

A summary of the Company's capital surplus as of December 31, 2021 and 2020 is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Share premium	\$ 4,369,558	\$ 3,877,882
Treasury share transactions	2,015,775	1,810,278
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	43,876
Changes in ownership interests in subsidiaries	795,961	679,328
Others	1,171	1,171
	<u>\$ 7,182,465</u>	<u>\$ 6,412,535</u>

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, if any; and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance and as special reserve in accordance to relevant regulations when necessary; and the remainder, if any, to be appropriated shall be presented by the Board of Directors and resolved by the stockholders at the stockholders' meeting. Since June 5, 2019, the Board of Directors can distribute all or part of the distributable dividends and bonus, legal reserve and capital surplus in the form of cash as resolved by a majority vote at their meeting attended by two-thirds of the total number of directors and report to the shareholders which the aforementioned regulation of requiring resolution from the shareholders is not applicable.

- B. The Company's dividend policy is summarised below: the Company is in the development stage of the electronics industry. The dividend policy should be formulated by considering the capital requirements of the new products and promoting the return on equity simultaneously. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividends should not be less than 10% of the total amounts of stockholders' dividends. The above restrictions will not be applicable if the total amount of stockholders' dividends is less than \$0.5 (in dollars) per share.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. The appropriations of 2020 and 2019 earnings had been resolved at the shareholders' meeting on March 10, 2021 and June 10, 2020, respectively, and the details are summarised below:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 542,708		\$ 583,882	
Special reserve	961,745		185,424	
Cash dividends	4,099,110	\$ 5.50	4,362,815	\$ 5.90

The appropriations of 2020 earnings, aside from the cash dividends which had been resolved by the Board of Directors and shall only be reported to the shareholders, had been resolved after meeting the statutory voting threshold on June 11, 2021 via the electronic voting platform for shareholders' meeting and had been resolved at the shareholders' meeting on August 27, 2021.

F. Subsequent events: The appropriations of 2021 earnings had been proposed at the Board of Directors' meeting on March 9, 2022, and the details are summarised below:

	<u>Year ended December 31, 2020</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 591,255	
Special reserve	13,076	
Cash dividends	4,586,263	\$ 6.10

The appropriations of 2021 earnings, aside from the cash dividends which had been resolved by the Board of Directors and shall only be reported to the shareholders, have not yet been resolved by the shareholders as of March 9, 2022.

(22) Other equity interest

	<u>2021</u>			
	<u>Currency translation</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Revaluation increment</u>	<u>Total</u>
At January 1	(\$ 2,802,749)	(\$ 2,815,388)	\$ 1,376,923	(\$ 4,241,214)
Revaluation				
-Group	-	389,345	-	389,345
-Transfer	-	8,218	-	8,218
Currency translation differences:				
-Group	( 356,285)	-	-	( 356,285)
-Associates	( 131)	-	-	( 131)
Revaluation increment				
-Transfer	-	-	( 401)	( 401)
At December 31	<u>(\$ 3,159,165)</u>	<u>(\$ 2,417,825)</u>	<u>\$ 1,376,522</u>	<u>(\$ 4,200,468)</u>

	2020			
	Currency translation	Unrealised gains (losses) on valuation	Revaluation increment	Total
At January 1	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 3,331,661)
Revaluation				
-Group	-	( 261,583)	-	( 261,583)
-Transfer	-	44,132	-	44,132
Currency translation differences:				
-Group	( 685,280)	-	-	( 685,280)
-Associates	( 2,078)	-	-	( 2,078)
Revaluation increment				
-Transfer	-	-	( 4,744)	( 4,744)
At December 31	(\$ 2,802,749)	(\$ 2,815,388)	\$ 1,376,923	(\$ 4,241,214)

### (23) Operating revenue

#### A. Disaggregation of revenue from contracts with customers

<u>Year ended December 31, 2021</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Europe</u>	<u>Total</u>
Revenue from contracts with customers					
Electronic component products	\$ 38,303,745	\$ 22,179,381	\$ 842,805	\$ 224	\$ 61,326,155
Consumer electronic products	41,256,580	2,714,149	772,828	400,300	45,143,857
Others	588,840	377,395	36,048	1,784	1,004,067
	<u>\$ 80,149,165</u>	<u>\$ 25,270,925</u>	<u>\$ 1,651,681</u>	<u>\$ 402,308</u>	<u>\$ 107,474,079</u>
<u>Year ended December 31, 2020</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Europe</u>	<u>Total</u>
Revenue from contracts with customers					
Electronic component products	\$ 32,275,278	\$ 20,371,854	\$ 682,132	\$ 351	\$ 53,329,615
Consumer electronic products	34,091,113	5,664,597	929,456	529,480	41,214,646
Others	318,991	217,747	101	1,127	537,966
	<u>\$ 66,685,382</u>	<u>\$ 26,254,198</u>	<u>\$ 1,611,689</u>	<u>\$ 530,958</u>	<u>\$ 95,082,227</u>

#### B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract liabilities	\$ 271,893	\$ 185,731	\$ 147,815

C. Contract liability balance at the beginning of 2021 and 2020 was all included in the operating revenue.

(24) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 57,212	\$ 57,081
Interest income from financial assets measured at amortised cost	40,435	85,279
	<u>\$ 97,647</u>	<u>\$ 142,360</u>

(25) Other income

	Years ended December 31,	
	2021	2020
Rental revenue	\$ 71,611	\$ 66,461
Dividend income	117,568	243,213
Others	476,945	439,054
Accounts payable past due two years transferred to other income	211,538	-
	<u>\$ 877,662</u>	<u>\$ 748,728</u>

(26) Other gains and losses

	Years ended December 31,	
	2021	2020
Net gain on financial assets and liabilities at fair value through profit or loss - derivative instruments	\$ 913,249	\$ 325,691
Net loss on financial assets and liabilities at fair value through profit or loss - others	( 23,326)	( 578,743)
Net currency exchange loss	( 602,993)	( 187,811)
Loss on disposal of property, plant and equipment	( 115,420)	( 34,439)
Gain on disposal of investment property	51,933	222,225
Impairment on non-financial assets	( 33,000)	( 54,819)
Gain on fair value adjustment of investment property	11,800	51,943
Other gains and losses	( 305,424)	( 925)
	<u>(\$ 103,181)</u>	<u>(\$ 256,878)</u>

(27) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 40,208	\$ 44,033
Lease liability	19,463	23,610
	<u>\$ 59,671</u>	<u>\$ 67,643</u>

(28) Expenses by nature

	Year ended December 31, 2021		
	<u>Cost of revenue</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 10,393,324	\$ 5,215,211	\$ 15,608,535
Depreciation	2,393,354	486,625	2,879,979
Amortisation on intangible assets	7,264	72,511	79,775
Other assets transferred to expense	18,645	9,040	27,685

	Year ended December 31, 2020		
	<u>Cost of revenue</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit expense	\$ 8,814,173	\$ 5,241,583	\$ 14,055,756
Depreciation	2,065,997	371,437	2,437,434
Amortisation on intangible assets	3,641	69,392	73,033
Other assets transferred to expense	29,822	31,206	61,028

(29) Employee benefit expense

	Year ended December 31, 2021		
	<u>Cost of revenue</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 8,461,461	\$ 4,630,497	\$ 13,091,958
Labor and health insurance fees	105,136	211,605	316,741
Pension costs	770,138	191,405	961,543
Other personnel expenses	1,056,589	181,704	1,238,293
	<u>\$ 10,393,324</u>	<u>\$ 5,215,211</u>	<u>\$ 15,608,535</u>

	Year ended December 31, 2020		
	<u>Cost of revenue</u>	<u>Operating expense</u>	<u>Total</u>
Wages and salaries	\$ 7,587,102	\$ 4,715,987	\$ 12,303,089
Labor and health insurance fees	78,101	191,368	269,469
Pension costs	507,822	161,479	669,301
Other personnel expenses	642,996	172,881	815,877
	<u>\$ 8,816,021</u>	<u>\$ 5,241,715</u>	<u>\$ 14,057,736</u>

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 11% for employees' compensation and shall not be higher than 1% for directors' remuneration.
- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$934,885 and \$847,551, respectively; directors' remuneration was accrued at \$58,082 and \$52,656, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 11.79% and 0.73% of distributable profit of current year for the year ended December 31, 2021, respectively. The employees' compensation and directors' remuneration

resolved by the Board of Directors were \$934,885 and \$58,082, respectively, and the employees' compensation will be distributed in the form of shares.

- C. Employees' compensation of \$847,551 and directors' remuneration of \$52,656 for 2020 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. For the year ended December 31, 2020, 5,832 thousand shares of stock were issued as employee compensation, and the number of shares were calculated based on the closing price of \$ 94.3 (in dollars) on the day before the Board of Directors' meeting.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 2,069,957	\$ 1,870,325
Tax on undistributed earnings	20,106	15,161
Prior year income tax over estimation	( 109,529)	( 84,017)
Total current tax	1,980,534	1,801,469
Deferred tax:		
Origination and reversal of temporary differences	( 101,209)	( 151,050)
Total deferred tax	( 101,209)	( 151,050)
Income tax expense	<u>\$ 1,879,325</u>	<u>\$ 1,650,419</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 2,667,010	\$ 1,812,368
Effect from items adjusted in accordance with tax regulation	( 603,555)	( 8,093)
Effect from investment tax credits	( 94,707)	( 85,000)
Prior year income tax overestimation	( 109,529)	( 84,017)
Undistributed earnings	20,106	15,161
Income tax expense	<u>\$ 1,879,325</u>	<u>\$ 1,650,419</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2021			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
-Deferred tax assets:				
Unrealised exchange loss	\$ 18,480	(\$ 14,197)	\$ -	\$ 4,283
Provision for inventory price decline	63,394	( 6,156)	-	57,238
Allowance for doubtful accounts in excess of tax limit	471	-	-	471
Unrealised accrued expenses	74,885	32,844	-	107,729
Unrealised government grants	42,949	350	-	43,299
Others	32,092	( 21,183)	-	10,909
	<u>\$ 232,271</u>	<u>(\$ 8,342)</u>	<u>\$ -</u>	<u>\$ 223,929</u>
Temporary differences:				
-Deferred tax liabilities:				
Fair value adjustment of investment property	(\$ 233,752)	\$ 43,673	\$ 5,406	(\$ 184,673)
Unrealised exchange gain	( 156,144)	52,121	-	( 104,023)
Unrealised financial asset evaluation gain	( 41,325)	14,165	-	( 27,160)
Gain on long-term equity investment	( 253)	-	-	( 253)
Temporary differences of fixed assets for tax and financial purposes	( 1,979)	41	-	( 1,938)
Unrealised pension contribution	( 436)	99	-	( 337)
Others	( 78,326)	( 548)	-	( 78,874)
	<u>(\$ 512,215)</u>	<u>\$ 109,551</u>	<u>\$ 5,406</u>	<u>(\$ 397,258)</u>

	2020		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
-Deferred tax assets:			
Unrealised exchange loss	\$ -	\$ 18,480	\$ 18,480
Provision for inventory price decline	41,993	21,401	63,394
Allowance for doubtful accounts in excess of tax limit	-	471	471
Unrealised accrued expenses	52,439	22,446	74,885
Unrealised government grants	43,489	( 540)	42,949
Others	14,418	17,674	32,092
	<u>\$ 152,339</u>	<u>\$ 79,932</u>	<u>\$ 232,271</u>
Temporary differences:			
-Deferred tax liabilities:			
Fair value adjustment of investment property	(\$ 394,251)	\$ 160,499	(\$ 233,752)
Unrealised exchange gain	( 97,096)	( 59,048)	( 156,144)
Unrealised financial asset evaluation gain	( 11,452)	( 29,873)	( 41,325)
Gain on long-term equity investment	-	( 253)	( 253)
Temporary differences of fixed assets for tax and financial purposes	( 2,138)	159	( 1,979)
Unrealised pension contribution	-	( 436)	( 436)
Others	( 78,396)	70	( 78,326)
	<u>(\$ 583,333)</u>	<u>\$ 71,118</u>	<u>(\$ 512,215)</u>

D. As of December 31, 2021 and 2020, the amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	<u>\$ 999,187</u>	<u>\$ 1,012,295</u>

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

F. According to the Preferential Tax Policy Issues concerning Further Implementation of the Development of Western China regulated by the "Law of the People's Republic of China on Enterprise Income Tax" and the State Taxation Administration, Ministry of Finance, industrial items that CEM5 and CPCQ set in the western region as specified in the "Catalogue of encouraging industries in Western China" were supervisory business. The enterprises whose main business income accounted for more than 70% of the total enterprise income in the

current year are entitled to a 10% tax exemption before and in 2020 and extend the Preferential Tax Policy Issues concerning the Development of Western China after applying and obtaining approval from the competent tax authority. The enterprises whose main business income accounted for more than 60% of the total enterprise income in the current year are also entitled to a 10% of tax exemption from 2021 to 2030 after applying and obtaining approval from the competent tax authority. The tax rate is 15%.

(31) Earnings per share

	Year ended December 31, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 6,154,426	706,843	<u>\$ 8.71</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>12,446</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 6,154,426</u>	<u>719,289</u>	<u>\$ 8.56</u>

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,466,764	701,161	\$ <u>7.80</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	10,767	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>5,466,764</u>	<u>711,928</u>	\$ <u>7.68</u>

(32) Transactions with non-controlling interest

A. Acquisition of additional equity interest in a subsidiary

- (a) For the year ended December 31, 2021, the Group acquired an additional 1.02% of shares of its subsidiary-CP for a total cash consideration of \$440,572. The carrying amount of non-controlling interest in CP was \$4,726,103 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$148,134 and a decrease in the equity attributable to owners of the parent by \$292,438. For the year ended December 31, 2020, the Group acquired an additional 2.41% of shares of its subsidiary-CP for a total cash consideration of \$635,120. The carrying amount of non-controlling interest in CP was \$4,515,654 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$256,841 and a decrease in the equity attributable to owners of the parent by \$378,279. The effect of changes in interests in CP on the equity attributable to owners of the parent for the years ended December 31, 2021 and 2020 is shown below:

	Years ended December 31,	
	2021	2020
Carrying amount of non-controlling interest acquired	\$ 148,134	\$ 256,841
Consideration paid to non-controlling interest	( <u>440,572</u> )	( <u>635,120</u> )
Capital surplus		
- difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	<u>(\$ 292,438)</u>	<u>(\$ 378,279)</u>

- (b) For the year ended December 31, 2021, the Group acquired an additional 0.19% of shares of its subsidiary-XAVi for a total cash consideration of \$1,615. The carrying amount of non-controlling interest in XAVi was \$482,775 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$1,672 and an increase in the equity attributable to owners of the parent by \$57. For the year ended December 31, 2020, the Group acquired an additional 0.69% of shares of its subsidiary-XAVi for a total cash consideration of \$6,949. The carrying amount of non-controlling interest in XAVi was \$587,098 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$7,116 and an increase in the equity attributable to owners of the parent by \$167. The effect of changes in interests in XAVi on the equity attributable to owners of the parent for the years ended December 31, 2021 and 2020 is shown below:

	Years ended December 31,	
	2021	2020
Carrying amount of non-controlling interest acquired	\$ 1,672	\$ 7,116
Consideration paid to non-controlling interest	( 1,615)	( 6,949)
Capital surplus		
- difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	<u>\$ 57</u>	<u>\$ 167</u>

- (b) For the year ended December 31, 2021, CP acquired an additional 16.32% of shares of its subsidiary, WTS, for a total cash consideration of \$29,199. The carrying amount of non-controlling interest in WTS was \$17,514 at the acquisition date. This transaction resulted in a decrease in the non-controlling interest by \$5,490 and a decrease in the equity attributable to owners of the parent by \$6,195. For the year ended December 31, 2020, CP acquired an additional 5.551% of shares of its subsidiary, WTS, for a total cash consideration of \$7,955. The carrying amount of non-controlling interest in WTS at the acquisition date was the same as the total consideration paid. This transaction resulted in a decrease in the non-controlling interest by \$7,955 but there was no change in the equity attributable to owners of the parent. The effect of changes in interests in WTS on the equity attributable to owners of the parent for the years ended December 31, 2021 and 2020 is shown below:

	Years ended December 31,	
	2021	2020
Carrying amount of non-controlling interest acquired	\$ 17,514	\$ 7,955
Consideration paid to non-controlling interest	( 29,199)	( 7,955)
Decrease in non-controlling interest	<u>5,490</u>	<u>-</u>
Capital surplus		
- difference between proceeds on actual acquisition of or disposal of equity interest in a subsidiary and its carrying amount	<u>(\$ 6,195)</u>	<u>\$ -</u>

B. Disposal of equity interest in a subsidiary (that did not result in a loss of control)

- (a) For the year ended December 31, 2021, the Group disposed of 1.48% of shares of its subsidiary-XAVi for a total cash consideration of \$23,528. The carrying amount of non-controlling interest in 23,528 was \$449,921 at the disposal date. This transaction resulted in an increase in the non-controlling interest by \$11,532 and an increase in the equity attributable to owners of the parent by \$11,050. The effect of changes in interests in XAVi on the equity attributable to owners of the parent for the year ended December 31, 2021 is shown below:

	<u>Year ended</u> <u>December 31, 2021</u>
Carrying amount of non-controlling interest disposed	(\$ 11,532)
Consideration received from non-controlling interest	23,528
Other equity (such as translation differences)	( 946)
Capital surplus	
- recognition of changes in ownership interest in subsidiaries	<u>\$ 11,050</u>

- (b) XAVi decreased its capital on November 10, 2020 in the amount of \$298,057, of which included \$138,979 pertains to proceeds for shares returned to the parent company and \$159,078 pertains to proceeds for shares returned to the non-controlling interest. This transaction did not affect the shareholding ratio. The effect on the equity attributable to owners of the parent for the year ended December 31, 2020 is shown below:

	<u>Year ended</u> <u>December 31, 2020</u>
Carrying amount decreased because of capital reduction	(\$ 138,984)
Proceeds from capital reduction	<u>138,979</u>
Capital surplus	
- recognition of changes in ownership interest in subsidiaries	<u>(\$ 5)</u>

C. Changes in ownership interest in subsidiaries

- (a) The subsidiary-CP, distributed employee share compensation and transferred treasury stock to employees for the year ended December 31, 2021. This transaction resulted in an increase in the non-controlling interest by \$221,442 and an increase in the equity attributable to owners of the parent by \$116,390 which totally increased shareholders' equity by \$337,832 (shown as 'capital surplus - recognition of changes in ownership interest in subsidiaries').
- (b) The subsidiary-XAVi, distributed employee stock options for the year ended December 31, 2021. This transaction resulted in an increase in the non-controlling interest by \$296 and an increase in the equity attributable to owners of the parent by \$243 which totally increased shareholders' equity by \$539 (shown as 'capital surplus - recognition of changes in ownership interest in subsidiaries').
- (c) The subsidiary-CP, distributed employee share compensation and transferred treasury stock to employees for the year ended December 31, 2020. This transaction resulted in an increase in the non-controlling interest by \$218,502 and an increase in the equity attributable to owners of the parent by \$105,832 which totally increased shareholders' equity by \$324,334 (shown as 'capital surplus - recognition of changes in ownership interest in subsidiaries')..

(33) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 3,097,353	\$ 3,522,651
Add: Opening balance of payable on equipment	583,741	468,052
Less: Ending balance of payable on equipment	(467,808)	(583,741)
Cash paid during the year	<u>\$ 3,213,286</u>	<u>\$ 3,406,962</u>

(34) Changes in liabilities from financing activities

	2021			
	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Total
At January 1	\$ 88,168	\$ 100,000	\$ 475,238	\$ 663,406
Changes in cash flow from financing activities	1,536,154	( 100,000)	( 145,391)	1,290,763
Impact of changes in foreign exchange rate	33	-	( 9,089)	( 9,056)
Changes in other non-cash items	-	-	91,275	91,275
At December 31	<u>\$ 1,624,355</u>	<u>\$ -</u>	<u>\$ 412,033</u>	<u>\$ 2,036,388</u>
	2020			
	Short-term borrowings	Long-term borrowings (Note)	Lease liability	Total
At January 1	\$ 895,000	\$ 100,000	\$ 482,769	\$ 1,477,769
Changes in cash flow from financing activities	( 806,832)	-	( 130,178)	( 937,010)
Impact of changes in foreign exchange rate	-	-	( 6,445)	( 6,445)
Changes in other non-cash items	-	-	129,092	129,092
At December 31	<u>\$ 88,168</u>	<u>\$ 100,000</u>	<u>\$ 475,238</u>	<u>\$ 663,406</u>

Note: Including current portion

## 7. RELATED PARTY TRANSACTIONS

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Newmax Technology Co., Ltd.	Other related party
Clevo Co.	Other related party
Hongwell	Other related party
Chicony Square	Other related party
Kapok Computer (Kunshan) Co., Ltd.	Other related party
Buynow Group (including Loyang, Anshan, Quanzhou, Zhengzhou, etc)	Other related party
Hon Hui Co., Ltd. (including Shanghai, New Taipei, Ruiguang, etc)	Other related party
Far Win (Kunshan) Co., Ltd.	Other related party
Far Win (Dong guan) Co., Ltd.	Other related party
ShunOn Electronic Co.	Other related party
Jiaying Chunxiang Electronic Technology Co., Ltd.	Other related party
Chongqing Chunxiang Electronic Technology Co., Ltd.	Other related party
Jim Yu Plastic Electronic (Wujiang) Co., Ltd.	Other related party
Cheung Shun (Wujiang) Plastic Processing Technology Co., Ltd.	Other related party
Key management personnel	Other related party

### (2) Significant related party transactions

#### A. Operating revenue:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Sales of goods:		
Other related parties	\$ <u>1,061,795</u>	\$ <u>934,711</u>

The terms of the sales to related parties were the same as those to third parties.

#### B. Purchases:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Purchases of goods:		
Other related parties	\$ <u>2,455,376</u>	\$ <u>2,037,162</u>

The terms of the purchases from related parties were the same as those to third parties.

#### C. Receivables from related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
Other related parties	\$ <u>352,102</u>	\$ <u>253,227</u>

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. There was no allowance for doubtful accounts pertaining to accounts receivable from related parties.

D. Payables to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
Other related parties	\$ 475,434	\$ 485,964

The payables from related parties arise mainly from purchase transactions. The payables are unsecured in nature and bear no interest.

E. Lease transactions – lessor:

(a) As of December 31, 2021, the main lease contracts between the Group and related parties are as follows:

<u>Lessee</u>	<u>Leased object</u>	<u>Lease payment</u>	<u>Lease term</u>
Other related parties	Buildings and structures	\$ 213/ month	Within a year

(b) The Group's rental income during the year derived from leasing offices to related parties is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties	\$ 2,573	\$ 854

F. Dividend income:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Other related parties	\$ 37,774	\$ 26,070

G. Disposal of investment property:

No such transaction for the year ended December 31, 2021.

	<u>Year ended December 31, 2020</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
	<u>(before tax)</u>	
Key management personnel	\$ 61,512	\$ 8,041

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 225,275	\$ 207,407
Termination benefits	2,005	2,138
Share-based payments	126,138	122,756
	<u>\$ 353,418</u>	<u>\$ 332,301</u>

## 8. PLEDGED ASSETS

(1) The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Bank deposits (shown as other current assets)	\$ 11,978	\$ -	Guarantee for acceptance bill
Notes receivable	89,076	38,168	Discounted bank financing
Property, plant and equipment	1,158,418	1,177,020	Long-term borrowings and short-term borrowings
Investment property	3,132,591	3,132,753	Long-term borrowings and short-term borrowings
Refundable deposits (shown as other non-current assets)	138,366	25,154	Performance guarantee and bid bond
"			Deposits and guarantee for plant and operating leases
	71,729	62,624	
	<u>\$ 4,602,158</u>	<u>\$ 4,435,719</u>	

(2) As of December 31, 2021 and 2020, UNIKEY has pledged the Company's common stock (shown as "treasury stock") amounting to 7,200,000 shares, as collateral for loans.

(3) As of December 31, 2021 and 2020, HEC has pledged the Company's common stock (shown as "treasury stock") amounting to 12,600,000 shares, as collateral for loans.

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of December 31, 2021, for bank loans, financing forward exchange contracts, bill purchased and accounts receivable factoring purposes, the Group provided standby promissory notes totaling \$27,382,840 as security.

(2) The amounts of unpaid payment for construction in progress and acquisition of machinery and equipment are as follows:

	December 31, 2021	December 31, 2020
	<u>\$ 121,424</u>	<u>\$ 130,346</u>

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) Please see Notes 6(21) and 6(29) for the details of appropriations of the 2021 earnings.
- (2) In order to meet the future business development needs, the subsidiary-CPTH engaged third parties to build a new plant on its own land in Chachoengsao province, Thailand. The total amount of the construction contract was THB 1,361,000 thousand (approximately NTD 1,147,000 thousand).

## 12. OTHERS

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 4,154,472	\$ 5,128,529
Financial assets at fair value through other comprehensive income - designation of equity instrument	3,263,039	3,037,693
Financial assets at amortised cost		
Cash and cash equivalents	1,725,636	3,751,351
Financial assets at amortised cost	445,025	454,030
Notes receivable	163,196	155,605
Accounts receivable (including related parties)	28,866,242	23,558,162
Other receivables	241,537	283,945
Guarantee deposits paid	210,095	87,778
	<u>\$ 39,069,242</u>	<u>\$ 36,457,093</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial liabilities at fair value through profit or loss	\$ 59,354	\$ 390,711
Financial liabilities at amortised cost		
Short-term borrowings	1,624,355	88,168
Notes payable	22,686	21,392
Accounts payable (including related parties)	27,554,027	25,625,243
Other accounts payable	14,106,451	12,817,050
Long-term borrowings (including current portion)	-	100,000
Lease liability	412,033	475,237
	<u>\$ 43,778,906</u>	<u>\$ 39,517,801</u>

#### B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange contracts and foreign exchange swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures.

Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

- iii. The Group hedges exchange rate risk by foreign exchange rate and foreign exchange swap rate. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021			Year ended December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD	876,583	27.6750	\$ 24,259,435	1%	\$ 242,594 \$ -
USD:RMB (Note)	USD	1,110,401	6.3709	30,730,348	1%	307,303 -
USD:THB (Note)	USD	70,711	33.3755	1,956,927	1%	19,569
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD	1,358,723	27.6750	\$ 37,603,932	1%	\$ 376,039 \$ -
USD:RMB (Note)	USD	624,577	6.3709	17,285,168	1%	172,852 -
USD:THB (Note)	USD	218,221	33.3755	6,039,266	1%	60,393 -
	December 31, 2020			Year ended December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD	702,612	28.2350	\$ 19,968,602	1%	\$ 199,686 \$ -
USD:RMB (Note)	USD	1,025,879	6.5249	28,965,694	1%	289,657 -
USD:THB (Note)	USD	43,694	30.0371	1,233,700	1%	12,337
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD	1,264,347	28.2350	\$ 35,829,255	1%	\$ 358,293 \$ -
USD:RMB (Note)	USD	624,545	6.5249	17,634,028	1%	176,340 -
USD:THB (Note)	USD	124,796	30.0371	3,523,615	1%	35,236 -

Note: The functional currencies of certain subsidiaries belonging to the Group are not NTD, thus, this information has to be considered when reporting. For example, when a subsidiary's functional currency is RMB, the subsidiary's segments that are involved with USD have to be taken into consideration.

Total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020, amounted to \$602,993 and \$187,811, respectively.

#### Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of financial instruments would change due to the change of the future value of investee companies. If the prices of these financial instruments had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$38,819 and \$43,731, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$32,630 and \$30,377, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in the NTD, USD and JPY.

At December 31, 2021 and 2020, if market interest rates had been 25bp higher with all other variables held constant, other comprehensive income for the years ended December 31, 2021 and 2020 would have been \$0 and \$250 lower, respectively.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost and at fair value through profit or loss.
- ii. According to the Group's internal management policy, the Group only trades with banks with good credit. According to the credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The

utilisation of credit limits is regularly monitored.

- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the simplified approach using a provision matrix, based on the loss rate methodology to estimate expected credit loss.
- v. According to the Group's internal management policy, the default occurs when the contract payments are past due over 360 days.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable (including related parties). On December 31, 2021 and 2020, the provision matrix is as follows:

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0.00%~0.07%	\$ 28,714,294	\$ 21,228
1-30 days past due	0.26%~2.32%	138,458	3,209
31-120 days past due	0.36%~6.39%	33,237	2,125
121-125 days past due	8.33%~84.94%	45,245	38,430
Over 360 days past due	100%	74,484	74,484
		<u>\$ 29,005,718</u>	<u>\$ 139,476</u>
<u>December 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.6%	\$ 23,062,982	\$ 22,482
1-30 days past due	2%~18%	321,327	2,535
31-120 days past due	3%~30%	162,567	1,297
121-125 days past due	20%~30%	46,337	8,737
Over 360 days past due	100%	144,292	144,292
		<u>\$ 23,737,505</u>	<u>\$ 179,343</u>

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
	<u>Accounts receivable</u>	<u>Accounts receivable</u>
At January 1	\$ 179,343	\$ 176,777
Provision for impairment	41,710	4,681
Write-offs	( 78,849)	-
Effect of foreign exchange	( 2,728)	( 2,115)
At December 31	<u>\$ 139,476</u>	<u>\$ 179,343</u>

ix. Movements in loss allowance for investments in debt instruments carried at amortised cost are as follows:

	<u>December 31, 2021</u>			
		<u>Lifetime</u>		
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	<u>Total</u>
Financial assets at amortised cost	<u>\$ 445,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 445,025</u>
	<u>December 31, 2020</u>			
		<u>Lifetime</u>		
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Impairment of credit</u>	<u>Total</u>
Financial assets at amortised cost	<u>\$ 454,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,030</u>

The financial assets at amortised cost held by the Group were corporate bonds. As their expected loss rates were remote under the assessment, there was no loss allowance on December 31, 2021 and 2020.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2021 and 2020, the Group held money market position of \$ 6,499,509 and \$9,035,578, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Expiring within one year	\$ 28,392,882	\$ 31,214,465
Expiring beyond one year	<u>4,000,000</u>	<u>4,000,000</u>
	<u>\$ 32,392,882</u>	<u>\$ 35,214,465</u>

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021		
<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 1,625,018	\$ -
Notes payable	22,686	-
Accounts payable (including related parties)	27,554,027	-
Other payables	14,106,451	-
Lease liability	153,123	288,606
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	\$ 59,354	\$ -
December 31, 2020		
<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 88,327	\$ -
Notes payable	21,392	-
Accounts payable (including related parties)	25,625,242	-
Other payables	12,817,050	-
Lease liability	154,096	363,247
Long-term borrowings (including current portion)	100,098	-
<u>Derivative financial liabilities:</u>		
Financial liabilities at fair value through profit or loss	\$ 390,711	\$ -

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks (including emerging stocks), beneficiary certificates and convertible bonds, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain stock instruments, beneficiary certificates and investment property is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable

(including related parties), other receivables, short-term borrowings, accounts payable (including related parties) and other payables are approximate to their fair values.

- C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2021				
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 1,882,565	\$ -	\$ -	\$ 1,882,565
Debt securities	20,980	-	-	20,980
Non-hedging derivatives				
Forward exchange contracts	-	246,225	-	246,225
Exchange rate swaps	-	5,402	-	5,402
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	902,414	902,414
Beneficiary certificates	96,069	-	1,000,817	1,096,886
Financial assets at fair value through other comprehensive income - current				
Equity securities	2,881,458	-	-	2,881,458
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	34,494	347,087	381,581
Investment property (Note)	-	-	3,771,591	3,771,591
	<u>\$ 4,881,072</u>	<u>\$ 286,121</u>	<u>\$ 6,021,909</u>	<u>\$11,189,102</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 59,354</u>	<u>\$ -</u>	<u>\$ 59,354</u>

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 2,660,425	\$ -	\$ -	\$ 2,660,425
Debt securities	22,898	-	-	22,898
Non-hedging derivatives				
Forward exchange contracts	-	732,449	-	732,449
Exchange rate swaps	-	53	-	53
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	763,390	763,390
Beneficiary certificates	36,180	-	913,134	949,314
Financial assets at fair value through other comprehensive income - current				
Equity securities	2,612,532	-	-	2,612,532
Financial assets at fair value through other comprehensive income - non-current				
Equity securities	-	16,005	409,156	425,161
Investment property (Note)	-	-	3,972,974	3,972,974
	<u>\$ 5,332,035</u>	<u>\$ 748,507</u>	<u>\$ 6,058,654</u>	<u>\$12,139,196</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss - current				
Non-hedging derivatives				
Forward exchange contracts	\$ -	\$ 387,581	\$ -	\$ 387,581
Exchange rate swaps	-	3,130	-	3,130
	<u>\$ -</u>	<u>\$ 390,711</u>	<u>\$ -</u>	<u>\$ 390,711</u>

Note: Investment property measured at fair value.

(b) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging stock</u>	<u>Open-end fund</u>	<u>Convertible bond</u>
Market quoted price	Closing price	Average trades price	Net asset value	Closing

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	<u>2021</u>		
	<u>Beneficiary certificates</u>	<u>Equity instruments</u>	<u>Total</u>
At January 1	\$ 913,134	\$ 1,172,546	\$ 2,085,680
Acquired during the year	113,155	29,463	142,618
Sold during the year	( 40,587)	( 92,085)	( 132,672)
Recognised in profit or loss	24,826	119,853	144,679
Recognised in other comprehensive income	-	43,369	43,369
Effect of exchange rate changes	( 9,711)	( 23,645)	( 33,356)
At December 31	<u>\$ 1,000,817</u>	<u>\$ 1,249,501</u>	<u>\$ 2,250,318</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2021 (Recorded as non-operating income and expense)	<u>\$ 24,826</u>	<u>\$ 119,853</u>	<u>\$ 144,679</u>

	2020		
	Beneficiary certificates	Equity instruments	Total
At January 1	\$ 738,399	\$ 1,367,388	\$ 2,105,787
Acquired during the year	227,985	-	227,985
Sold during the year	( 63,368)	( 97,128)	( 160,496)
Recognised in profit or loss	21,515	( 42,229)	( 20,714)
Recognised in other comprehensive income	-	( 20,860)	( 20,860)
Effect of exchange rate changes	( 11,397)	( 34,625)	( 46,022)
At December 31	<u>\$ 913,134</u>	<u>\$ 1,172,546</u>	<u>\$ 2,085,680</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2020 (Recorded as non-operating income and expense)	<u>\$ 21,515</u>	<u>(\$ 42,229)</u>	<u>(\$ 20,714)</u>

Information about the movements of the investment property in Level 3 is provided in Note 6(10).

- F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.
- G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 155,285	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	1,094,216	Net asset value	N/A	-	N/A
Private equity fund investment	1,000,817	Net asset value	N/A	-	N/A
Investment property	3,771,591	Income approach	Revenue growth rate, discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 146,349	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	1,026,197	Net asset value	N/A	-	N/A
Private equity fund investment	913,134	Net asset value	N/A	-	N/A
Investment property	3,972,974	Income approach	Revenue growth rate, discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

				December 31, 2021			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets							
Equity instruments	Market approach, Net asset value	±1%	\$ 9,024	(\$ 9,024)	\$ 3,471	(\$ 3,471)	
Beneficiary certificates	Net asset value	±1%	10,008	( 10,008)	-	-	
			<u>\$ 19,032</u>	<u>(\$ 19,032)</u>	<u>\$ 3,471</u>	<u>(\$ 3,471)</u>	
				December 31, 2020			
				Recognised in profit or loss		Recognised in other comprehensive income	
		Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instruments	Market approach, Net asset value	±1%	\$ 7,634	(\$ 7,634)	\$ 4,092	(\$ 4,092)	
Beneficiary certificates	Net asset value	±1%	9,131	( 9,131)	-	-	
			<u>\$ 16,765</u>	<u>(\$ 16,765)</u>	<u>\$ 4,092</u>	<u>(\$ 4,092)</u>	

#### (4) Other matters

During the outbreak of the Covid-19 pandemic and with the government's various preventive measures, the Group was able to maintain its regular operations. The Group's ability to continue as

a going concern, impairment of assets and financing risk were not significantly affected based on the Group's assessment.

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 8.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

#### (2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

#### (3) Information on investments in Mainland China

- A. Basic information: Please refer to table 11.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 13(1).

#### (4) Major shareholders information

Major shareholders information: Please refer to table 12.

### 14. SEGMENT INFORMATION

#### (1) General information

The Group operates business from a geographic perspective; geographically, the Group currently

focuses on wholesale in Taiwan, Mainland China, America, and Europe.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on a measure of adjusted EBITDA. Interest income and expense are not allocated to operating segments, as this type of activity is driven by the Group central treasury, which manages the cash position of the Group. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Europe</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
<u>Year ended December 31, 2021</u>						
Revenue from external customers	\$ 80,149,165	\$ 25,270,925	\$ 1,651,681	\$ 402,308	\$ -	\$ 107,474,079
Inter-segment revenue	<u>5,910,758</u>	<u>95,629,095</u>	<u>-</u>	<u>3,537</u>	( 101,543,390)	<u>-</u>
Segment revenue	<u>\$ 86,059,923</u>	<u>\$ 120,900,020</u>	<u>\$ 1,651,681</u>	<u>\$ 405,845</u>	<u>(\$ 101,543,390)</u>	<u>\$ 107,474,079</u>
Segment profit	<u>\$ 6,203,372</u>	<u>\$ 5,329,091</u>	<u>(\$ 1,862)</u>	<u>(\$ 7,897)</u>	<u>\$ 77,753</u>	<u>\$ 11,600,457</u>
<u>Year ended December 31, 2020</u>						
Revenue from external customers	\$ 66,685,382	\$ 26,254,198	\$ 1,611,689	\$ 530,958	\$ -	\$ 95,082,227
Inter-segment revenue	<u>2,698,811</u>	<u>80,650,860</u>	<u>16</u>	<u>2,264</u>	( 83,351,951)	<u>-</u>
Segment revenue	<u>\$ 69,384,193</u>	<u>\$ 106,905,058</u>	<u>\$ 1,611,705</u>	<u>\$ 533,222</u>	<u>(\$ 83,351,951)</u>	<u>\$ 95,082,227</u>
Segment profit	<u>\$ 4,554,291</u>	<u>\$ 5,471,159</u>	<u>(\$ 32,757)</u>	<u>(\$ 12,194)</u>	<u>\$ 253,696</u>	<u>\$ 10,234,195</u>

(5) Reconciliation for segment income

The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2021 and 2020 is provided as follows:

	Years ended December 31,	
	2021	2020
Reportable segments income	\$ 11,600,457	\$ 10,234,195
Related loss not yet classified	( 2,987,439)	( 2,571,495)
Total non-operating income and expenses	838,603	555,490
Income before tax from continuing operations	<u>\$ 9,451,621</u>	<u>\$ 8,218,190</u>

(6) Information on products and services

Revenue from third parties is mainly derived from the sale of computer peripheral products, consumer electronic products and other electronic products as follows:

	Years ended December 31,	
	2021	2020
Electrical components products	\$ 61,326,155	\$ 53,329,615
Consumer Electrical products and other electronic products	45,143,857	41,214,646
Others	1,004,067	537,966
	<u>\$ 107,474,079</u>	<u>\$ 95,082,227</u>

(7) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 80,149,165	\$ 3,335,329	\$ 66,685,382	\$ 3,439,927
Asia	25,270,925	13,377,549	26,254,198	13,497,193
America	1,651,681	32,345	1,611,689	46,760
Europe	402,308	514	530,958	834
	<u>\$ 107,474,079</u>	<u>\$ 16,745,737</u>	<u>\$ 95,082,227</u>	<u>\$ 16,984,714</u>

The Group's geographical revenue information is determined based on the area collecting the accounts receivable.

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, but excluding financial assets and deferred income tax assets.

(8) Major customer information

For the years ended December 31, 2021 and 2020, details of customers accounting for at least 10% of the Group's operating revenues in the consolidated comprehensive income statement are as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
A customer	\$ 11,359,057	Asia	\$ 9,560,678	Asia

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**CHICONY ELECTRONICS CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND REPORT OF INDEPENDENT**  
**ACCOUNTANTS**  
**DECEMBER 31, 2021 AND 2020**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHICONY ELECTRONICS CO., LTD.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Chicony Electronics Co., Ltd. (the “Company”) as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020 and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company’s 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

### ***Valuation of inventory***

#### Description

Refer to Notes 4(10), 5(2) and 6(5) for the description of accounting policy, critical accounting estimates, uncertainty of assumptions and details of accounts.

The Company's main inventories are keyboard, camera modules and other electronic products. The prices of such inventories are affected by market demand and the rapid technological changes. Therefore, there is a higher risk of market decline. As the assessment of net realisable value of inventories is subject to management judgement, we considered the valuation of inventory as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

3. Assessed whether the Company's accounting policies comply with the relevant standards and the reasonableness of management's evaluation process, including the determination of net realisable value of inventories, the sales expenses and the determination of obsolete inventories. Checked whether the provision policies were consistently adopted in the reporting periods.
4. Obtained net realisable value statement of inventories to confirm whether the calculation logic was adopted consistently, and tested the data sources of selected samples which includes inventory price or purchase price to verify whether the net realisable value used by the management was in compliance with its policies, and recalculated the accuracy of allowance for inventory valuation losses.

### ***Appropriateness of warehouse operating revenue cut-off***

#### Description

Refer to Notes 4(32) and 6(23) for the accounting policies on revenue recognition, critical

accounting assumptions and the details of revenue of the investments accounted for using equity method of the Company—Chicony Power Technology Co., Ltd., and its subsidiaries (the “CP Group”).

The CP Group’s revenue arises from sales of goods, consisting mainly of factory direct shipment and warehouse sales income. Warehouse sales revenue is recognised when the goods are dispatched from the warehouses (transfer of control of products) and it is based on the reports and other relevant information provided by the warehouse custodians. The CP Group’s warehouses are located in multiple countries, and the revenue recognition process involves several manual operations. Thus, we considered the warehouse sales income cut-off as one of the key areas of focus for this fiscal year’s audit.

#### How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. We evaluated the internal controls for regular reconciliation between the CP Group and its warehouse custodians.
2. We performed the revenue recognition cut-off tests, including obtaining sufficient appropriate audit evidences from the warehouse custodians and reviewing the reconciliations of the Group’s accounting records.
3. We conducted warehouse inventory audit by using physical counts or using confirmation letters to validate inventory balances with the warehouse custodians.

#### ***Other matter – Reference to the audits of other auditors***

We did not audit the financial statements of certain investments accounted for using equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for using equity method amounted to NT\$1,085,293 thousand and NT\$1,086,070 thousand, constituting 1.75% and 1.87% of the total assets as at December 31, 2021 and 2020, respectively, and the comprehensive income (including the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method and share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method) amounted to NT\$33,482 thousand and NT\$345,983 thousand, constituting 0.54% and

7.66% of the total comprehensive income for the years then ended, respectively.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

***Auditors' responsibilities for the audit of the parent company only financial statements***

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

deficiencies in internal control that we identify during our audit.

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

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

Chen, Ching Chang      Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 9, 2022

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021	December 31, 2020
<b>Current assets</b>			
1100	Cash and cash equivalents	6(1) \$ 166,234	\$ 666,415
1110	Financial assets at fair value through profit or loss - current	6(2) 329,913	510,732
1120	Financial assets at fair value through other comprehensive income - current	6(3) 1,116,845	990,796
1150	Notes receivable, net	6(4) 26,748	10,162
1170	Accounts receivable, net	6(4) 9,342,003	7,431,063
1180	Accounts receivable - related parties	7 235,349	98,185
1200	Other receivables	30,428	59,113
1210	Other receivables - related parties	7 2,687,189	3,471,579
130X	Inventories, net	6(5) 1,557,151	1,121,834
1410	Prepayments	68,497	95,728
11XX	<b>Total current assets</b>	<u>15,560,357</u>	<u>14,455,607</u>
<b>Non-current assets</b>			
1510	Financial assets at fair value through profit or loss - non-current	6(2) 849,808	714,781
1517	Financial assets at fair value through other comprehensive income - non-current	6(3) 87,885	70,803
1550	Investments accounted for using equity method	6(6) 37,110,870	34,442,199
1600	Property, plant and equipment, net	6(7) and 8 1,877,339	1,928,304
1755	Right-of-use assets	6(8) 79,440	98,895
1760	Investment property, net	6(9) and 8 6,252,267	6,459,644
1780	Intangible assets	16,600	15,640
1900	Other non-current assets	8 17,370	18,438
15XX	<b>Total non-current assets</b>	<u>46,291,579</u>	<u>43,748,704</u>
1XXX	<b>Total assets</b>	<u>\$ 61,851,936</u>	<u>\$ 58,204,311</u>

(Continued)

**CHICONY ELECTRONICS CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2021	December 31, 2020
<b>Current liabilities</b>			
2150	Notes payable	\$ 3,546	\$ 3,663
2170	Accounts payable	321,073	273,124
2180	Accounts payable - related parties	7 16,040,633	15,945,736
2200	Other payables	6(11) 3,487,401	3,268,688
2220	Other payables - related parties	7 9,045,438	8,541,111
2230	Income tax liabilities	1,472,318	1,014,419
2280	Lease liabilities - current	19,443	19,249
2300	Other current liabilities	11,030	125,599
21XX	<b>Total current liabilities</b>	<u>30,400,882</u>	<u>29,191,589</u>
<b>Non-current liabilities</b>			
2570	Deferred income tax liabilities	6(25) 401,164	532,416
2580	Lease liabilities - non-current	61,186	80,629
2640	Accrued pension liabilities	6(13) 154,960	166,381
2670	Other non-current liabilities	380,055	462,053
25XX	<b>Total non-current liabilities</b>	<u>997,365</u>	<u>1,241,479</u>
2XXX	<b>Total liabilities</b>	<u>31,398,247</u>	<u>30,433,068</u>
<b>Equity</b>			
<b>Share capital</b>			
3110	Common stock	6(14) 7,452,927	7,394,603
<b>Capital surplus</b>			
3200	Capital surplus	6(15) 7,182,465	6,412,535
<b>Retained earnings</b>			
3310	Legal reserve	6(16) 6,102,860	5,560,152
3320	Special reserve	4,252,574	3,290,829
3350	Unappropriated retained earnings	9,974,608	9,665,615
<b>Other equity interest</b>			
3400	Other equity interest	6(17) ( 4,200,468)	( 4,241,214)
3500	Treasury stocks	6(14) ( 311,277)	( 311,277)
3XXX	<b>Total equity</b>	<u>30,453,689</u>	<u>27,771,243</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>			
<b>Significant events after the balance sheet date</b>			
3X2X	<b>Total liabilities and equity</b>	<u>\$ 61,851,936</u>	<u>\$ 58,204,311</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31	
			2021	2020
4000	<b>Sales revenue</b>	6(18) and 7	\$ 44,363,693	\$ 36,581,549
5000	<b>Operating costs</b>	6(5) and 7	( 38,004,879)	( 30,442,599)
5950	<b>Net operating margin</b>		<u>6,358,814</u>	<u>6,138,950</u>
	<b>Operating expenses</b>	6(22)(23) and 7		
6100	Selling expenses		( 1,163,061)	( 1,169,047)
6200	General and administrative expenses		( 824,008)	( 1,091,177)
6300	Research and development expenses		( 1,327,338)	( 1,248,962)
6450	Impairment loss determined in accordance with IFRS 9	12(2)	( 2,341)	( 909)
6000	<b>Total operating expenses</b>		<u>( 3,316,748)</u>	<u>( 3,510,095)</u>
6900	<b>Operating profit</b>		<u>3,042,066</u>	<u>2,628,855</u>
	<b>Non-operating income and expenses</b>			
7100	Interest income	6(19) and 7	17,251	24,063
7010	Other income	6(20) and 7	334,778	289,681
7020	Other gains and losses	6(21)	467,019	1,392,349
7050	Finance costs	6(24) and 7	( 44,773)	( 58,958)
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(6)	<u>3,117,924</u>	<u>2,037,003</u>
7000	<b>Total non-operating income and expenses</b>		<u>3,892,199</u>	<u>3,684,138</u>
7900	<b>Profit before income tax</b>		<u>6,934,265</u>	<u>6,312,993</u>
7950	Income tax expense	6(25)	( 779,839)	( 846,229)
8200	<b>Profit for the year</b>		<u>\$ 6,154,426</u>	<u>\$ 5,466,764</u>
	<b>Other comprehensive income</b>			
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>			
8311	Actuarial gains on defined benefit plans	6(13)	\$ 9,880	\$ 75
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income		212,864	13,835
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		<u>176,198</u>	<u>( 275,791)</u>
8310	<b>Other comprehensive income (loss) that will not be reclassified to profit or loss</b>		<u>398,942</u>	<u>( 261,881)</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>			
8361	Exchange differences on translation of foreign operations	6(17)	( 356,285)	( 685,280)
8380	Share of other comprehensive loss of associates and joint ventures accounted for using equity method	6(17)	<u>( 131)</u>	<u>( 2,078)</u>
8360	<b>Other comprehensive loss that will be reclassified to profit or loss</b>		<u>( 356,416)</u>	<u>( 687,358)</u>
8300	<b>Other comprehensive income (loss) for the year</b>		<u>\$ 42,526</u>	<u>( \$ 949,239)</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 6,196,952</u>	<u>\$ 4,517,525</u>
	<b>Earnings per share (in NT dollars)</b>	6(26)		
9750	<b>Basic earnings per share</b>		<u>\$ 8.71</u>	<u>\$ 7.80</u>
9850	<b>Diluted earnings per share</b>		<u>\$ 8.56</u>	<u>\$ 7.68</u>

The accompanying notes are an integral part of these parent company only financial statements.

**CHICONY ELECTRONICS CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other Equity Interest					Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Asset revaluation increment	Treasury stocks	
<b>2020</b>											
Balance at January 1, 2020		\$ 7,344,975	\$ 6,114,005	\$ 4,976,270	\$ 3,105,405	\$ 9,370,658	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 311,277)	\$ 27,268,375
Profit for 2020		-	-	-	-	5,466,764	-	-	-	-	5,466,764
Other comprehensive loss for 2020	6(17)	-	-	-	-	( 298 )	( 687,358 )	( 261,583 )	-	-	( 949,239 )
Total comprehensive income (loss)		-	-	-	-	5,466,466	( 687,358 )	( 261,583 )	-	-	4,517,525
Appropriations of 2019 earnings:	6(16)										
Legal reserve		-	-	583,882	-	( 583,882 )	-	-	-	-	-
Special reserve		-	-	-	185,424	( 185,424 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 4,362,815 )	-	-	-	-	( 4,362,815 )
Employees' stock dividends	6(14)	49,628	350,372	-	-	-	-	-	-	-	400,000
Cash dividends paid to the subsidiaries		-	220,443	-	-	-	-	-	-	-	220,443
Adjustments to share of changes in equity of associates and joint ventures		-	105,827	-	-	-	-	-	-	-	105,827
Difference between proceeds from addition and disposal of subsidiary and book value		-	( 378,112 )	-	-	-	-	-	-	-	( 378,112 )
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	( 44,132 )	-	44,132	-	-	-
Disposal of investment property		-	-	-	-	4,744	-	-	( 4,744 )	-	-
Balance at December 31, 2020		\$ 7,394,603	\$ 6,412,535	\$ 5,560,152	\$ 3,290,829	\$ 9,665,615	(\$ 2,802,749)	(\$ 2,815,388)	\$ 1,376,923	(\$ 311,277)	\$ 27,771,243
<b>2021</b>											
Balance at January 1, 2021		\$ 7,394,603	\$ 6,412,535	\$ 5,560,152	\$ 3,290,829	\$ 9,665,615	(\$ 2,802,749)	(\$ 2,815,388)	\$ 1,376,923	(\$ 311,277)	\$ 27,771,243
Profit for 2021		-	-	-	-	6,154,426	-	-	-	-	6,154,426
Other comprehensive (income) loss for 2021	6(17)	-	-	-	-	9,597	( 356,416 )	389,345	-	-	42,526
Total comprehensive income (loss)		-	-	-	-	6,164,023	( 356,416 )	389,345	-	-	6,196,952
Appropriations of 2020 earnings:	6(16)										
Legal reserve		-	-	542,708	-	( 542,708 )	-	-	-	-	-
Special reserve		-	-	-	961,745	( 961,745 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 4,099,110 )	-	-	-	-	( 4,099,110 )
Employees' stock dividends	6(14)	58,324	491,676	-	-	-	-	-	-	-	550,000
Cash dividends paid to the subsidiaries		-	205,497	-	-	-	-	-	-	-	205,497
Adjustments to share of changes in equity of associates and joint ventures		-	116,633	-	-	-	-	-	-	-	116,633
Difference between proceeds from addition and disposal of subsidiary and book value		-	( 43,876 )	-	-	( 243,650 )	-	-	-	-	( 287,526 )
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	( 8,218 )	-	8,218	-	-	-
Disposal of investment property		-	-	-	-	401	-	-	( 401 )	-	-
Balance at December 31, 2021		\$ 7,452,927	\$ 7,182,465	\$ 6,102,860	\$ 4,252,574	\$ 9,974,608	(\$ 3,159,165)	(\$ 2,417,825)	\$ 1,376,522	(\$ 311,277)	\$ 30,453,689

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 6,934,265	\$ 6,312,993
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(22)	82,278	81,465
Amortisation	6(22)	17,851	16,519
Impairment loss determined in accordance with IFRS 9	12(2)	2,341	909
Interest income	6(19)	( 17,251 )	( 24,063 )
Dividend income	6(21)	( 52,394 )	( 30,589 )
Interest expense	6(25)	44,773	58,958
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(21)	( 114,611 )	( 113,857 )
Share of profit of associates accounted for using equity method	6(6)	( 3,117,924 )	( 2,037,003 )
Gain on disposal of property, plant and equipment	6(21)	-	( 285 )
Gain on disposal of investment property	6(21)	( 51,933 )	( 222,225 )
Gain on fair value adjustment of investment property	6(9)(21)	( 5,807 )	( 25,479 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		( 16,586 )	1,150
Accounts receivable		( 1,913,281 )	( 2,664,192 )
Accounts receivable - related parties		( 137,164 )	109,352
Other receivables		28,685	9,254
Other receivables - related parties		667,150	( 261,094 )
Inventories, net		( 435,317 )	359,746
Prepayments		27,231	49,373
Changes in operating liabilities			
Notes payable		( 117 )	-
Accounts payable		47,949	( 66,100 )
Accounts payable - related parties		94,897	( 6,818,484 )
Other payables		768,283	786,619
Other payables - related parties		96,161	( 489,937 )
Other current liabilities		169	( 1,906 )
Defined benefit obligation - non-current		( 1,541 )	( 1,040 )
Cash inflow (outflow) generated from operations		2,948,107	( 4,969,916 )
Interest received		17,251	24,063
Dividends received		988,485	731,285
Interest paid		( 43,017 )	( 58,320 )
Income tax paid		( 446,968 )	( 125,303 )
Net cash flows from (used in) operating activities		<u>3,463,858</u>	<u>( 4,398,191 )</u>

(Continued)

CHICONY ELECTRONICS CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets and liabilities at fair value through profit or loss		(\$ 525,863 )	(\$ 857,534 )
Proceeds from disposal of financial assets and liabilities at fair value through profit or loss		686,266	939,713
Proceeds from disposal of financial assets and liabilities at fair value through other comprehensive income		69,734	558
Acquisition of investments accounted for using equity method		( 734,351 )	( 689,894 )
Proceeds from disposal of investments accounted for using equity method		23,527	-
Return of capital from investments accounted for using equity method		-	138,979
Decrease (increase) in other receivables - related parties		117,240	( 168,450 )
Acquisition of property, plant and equipment	6(9)	( 13,187 )	( 19,590 )
Disposal of property, plant and equipment		-	427
Acquisition of investment property		( 1,714 )	-
Disposal of investment property		145,869	2,394,737
Acquisition of intangible assets		( 18,811 )	( 17,483 )
Decrease in refundable deposits		5	38,484
Decrease in other non-current assets		1,063	6,597
Net cash flows (used in) from investing activities		<u>( 250,222 )</u>	<u>1,766,544</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Decrease in short-term borrowings		-	( 600,000 )
Increase in other payables - related parties	6(27)	408,166	7,547,283
Payment of cash dividends	6(16)	( 4,099,110 )	( 4,362,815 )
(Decrease) increase in guarantee deposits received		( 3,624 )	981
Repayment of lease liabilities	6(27)	( 19,249 )	( 19,058 )
Net cash flows (used in) from financing activities		<u>( 3,713,817 )</u>	<u>2,566,391</u>
Net decrease in cash and cash equivalents		( 500,181 )	( 65,256 )
Cash and cash equivalents at beginning of year	6(1)	<u>666,415</u>	<u>731,671</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 166,234</u>	<u>\$ 666,415</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHICONY ELECTRONICS CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

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

15. HISTORY AND ORGANISATION

Chicony Electronics Co., Ltd. (the “Company”) was incorporated in 1983 as a company limited by shares under the provisions of the Company Law of the Republic of China. The Company has been a listed company since 1999. The Company is engaged in the manufacturing and sales of keyboards and other computer peripheral components.

16. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 9, 2022.

17. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note: Earlier application from January 1, 2021 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(5) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(6) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

## 18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### (1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

### (2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

### (3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Company’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

#### B. Translation of foreign operations

- (a) The operating results and financial position of all the entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - (i) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - (iii) All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or joint arrangements, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate or joint arrangements after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

#### (4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

- (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is

established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- C. The Company's operating pattern of accounts receivable that are expected to be factored is for the purpose of selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in profit or loss.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; and the Company has not retained control of the financial asset.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investments accounted for using equity method / subsidiaries, associates and joint ventures

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The

Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using equity method and are initially recognised at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts

previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- J. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- L. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- M. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. Except for buildings and structures which have a useful life of 55 years, the estimated useful lives of other fixed assets are 2~7 years.

(13) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~3 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where

there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

## (22) Employee benefits

### A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

### B. Pensions

#### (a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

#### (b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

### C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier.

Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

### D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as

changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

- (a) Sales revenue of the Company are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) According to the contracts with customers, as the time interval between the transfer of the committed goods or services and payment by the customer does not exceeds one year. The Company will not adjust the transaction prices for the time value of money.
- (c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

19. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and

estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(4) Critical accounting judgements – Evaluation of investment property

The Company follows the guidance of IAS 40 ‘Investment property’ to determine the assets to be measured at fair value. Unless in extreme circumstances, there is a definite evidence that fair value of investment property cannot be reliably measured on an ongoing basis, all the investment property of the Company is measured at fair value after the initial recognition.

(5) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates.

Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. Evaluation of investment property

The Company’s investment properties are measured at fair value. The fair value is evaluated using the income approach by an external appraiser. It involves critical assumptions including occupancy rate, rent growth rate, discount rate, etc.. Those assumptions may be affected by the economic conditions, market needs, etc. that may change.

20. DETAILS OF SIGNIFICANT ACCOUNTS

(6) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 354	\$ 348
Checking accounts and demand deposits	<u>165,880</u>	<u>666,067</u>
	<u>\$ 166,234</u>	<u>\$ 666,415</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(7) Financial assets at fair value through profit or loss

Items	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 641,759	\$ 781,128
Unlisted stocks	20,809	20,809
	662,568	801,937
Valuation adjustment	( 332,655)	( 291,205)
	\$ 329,913	\$ 510,732
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 389,907	\$ 394,390
Beneficiary certificates	317,000	267,000
	706,907	661,390
Valuation adjustment	142,901	53,391
	\$ 849,808	\$ 714,781

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2021	2020
Equity instruments	\$ 107,092	\$ 123,701
Debt instruments	3,264	-
Beneficiary certificates	4,255	( 9,844)
	\$ 114,611	\$ 113,857

B. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(8) Financial assets at fair value through other comprehensive income

Items	December 31, 2021	December 31, 2020
Current items:		
Listed stocks	\$ 1,032,775	\$ 1,065,503
Valuation adjustment	84,070	( 74,707)
	\$ 1,116,845	\$ 990,796
Non-current items:		
Listed stocks	\$ 859,750	\$ 859,750
Unlisted stocks	129,000	129,131
	988,750	988,881
Valuation adjustment	( 900,865)	( 918,078)
	\$ 87,885	\$ 70,803

- A. The Company has elected to classify equity investments that are considered to be strategic investments or have steady dividend income as financial assets at fair value through other comprehensive income - current and financial assets at fair value through other comprehensive income - non-current. The fair values of such investments were \$1,116,845, \$87,885 and \$990,796, \$70,803 at December 31, 2021 and 2020, respectively.
- B. The Company sold \$69,734 and \$558 of equity investments at fair value which resulted in cumulative gain (losses) on disposal of \$36,874 and (\$52) and were transferred as a deduction item to unappropriated retained earnings during the years ended December 31, 2021 and 2020, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2021	2020
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	\$ 212,864	\$ 13,835
Cumulative gain (losses) reclassified to retained earnings due to derecognition	\$ 36,874	(\$ 52)
Dividend income recognised in profit or loss held at end of year	\$ 19,191	\$ 14,813

- D. The Company has no financial assets at fair value through other comprehensive income pledged to others.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(9) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 26,748	\$ 10,162
Accounts receivable	\$ 9,378,219	\$ 7,464,938
Less: Allowance for uncollectible accounts	( 36,216)	( 33,875)
	<u>\$ 9,342,003</u>	<u>\$ 7,431,063</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 9,307,732	\$ 26,748	\$ 7,034,770	\$ 10,162
1 to 30 days	19,186	-	241,656	-
31 to 120 days	15,881	-	147,126	-
121 to 215 days	136	-	9,032	-
Over 365 days	35,284	-	32,354	-
	<u>\$ 9,378,219</u>	<u>\$ 26,748</u>	<u>\$ 7,464,938</u>	<u>\$ 10,162</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2021 and 2020, the balances of accounts and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$4,812,058.
- C. The Company has no notes and accounts receivable pledged to others as collateral.
- D. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were equivalent to the carrying amount.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(10) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 255	\$ -	\$ 255
Finished goods	1,227,714	( 80,991)	1,146,723
Merchandise inventory	418,535	( 8,362)	410,173
	<u>\$ 1,646,504</u>	<u>(\$ 89,353)</u>	<u>\$ 1,557,151</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Finished goods	\$ 856,252	(\$ 82,955)	\$ 773,297
Merchandise inventory	373,647	( 25,110)	348,537
	<u>\$ 1,229,899</u>	<u>(\$ 108,065)</u>	<u>\$ 1,121,834</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2021	2020
Cost of goods sold	\$ 37,986,167	\$ 30,438,901
Loss on decline in market value	18,712	3,698
	<u>\$ 38,004,879</u>	<u>\$ 30,442,599</u>

(11) Investments accounted for using equity method

A. Investments accounted for using the equity method were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Shown as investments accounted for using equity method</u>		
<u>Subsidiaries</u>		
Chicony Overseas Inc.	\$ 24,725,937	\$ 23,470,611
Chicony Electronics (Thailand) Co., Ltd.	885,868	544,240
Hipro Overseas (BVI) Inc.	2,555,646	2,593,190
XAVi Technology Corp.	303,798	291,398
Chicony Power Technology Co., Ltd.	4,914,875	4,015,643
Chicony Global Inc.	3,293,355	3,048,916
Unikey Electronics Co., Ltd.	431,391	478,201
	<u>\$ 37,110,870</u>	<u>\$ 34,442,199</u>
<u>Shown as other non-current liabilities</u>		
<u>Subsidiaries</u>		
Hipro Electronics Ltd.	<u>\$ 364,938</u>	<u>\$ 443,310</u>

B. The share of profit (loss) of subsidiaries and associates accounted for using equity method for the years ended December 31, 2021 and 2020 are as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Subsidiaries</u>		
Chicony Overseas Inc.	\$ 1,364,908	\$ 981,748
Chicony Electronics (Thailand) Co., Ltd.	120,912	276,320
Hipro Overseas (BVI) Inc.	14,021	34,153
XAVi Technology Corp.	63,838	74,064
Chicony Power Technology Co., Ltd.	1,436,672	1,130,517
Chicony Global Inc.	314,383	266,534
Hipro Electronics Ltd.	16,261	16,392
Unikey Electronics Co., Ltd.	( 213,071)	( 742,725)
	<u>\$ 3,117,924</u>	<u>\$ 2,037,003</u>

C. For the information about subsidiaries, refer to Note 4(3) of consolidated financial statements for the year ended December 31, 2021.

(12) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Testing equipment</u>	<u>Construction in progress</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>						
Cost	\$ 341,033	\$ 1,623,699	\$ 83,498	\$ 1,583	\$ 174,037	\$ 2,223,850
Accumulated depreciation and impairment	-	( 111,729)	( 60,364)	-	( 123,453)	( 295,546)
	<u>\$ 341,033</u>	<u>\$ 1,511,970</u>	<u>\$ 23,134</u>	<u>\$ 1,583</u>	<u>\$ 50,584</u>	<u>\$ 1,928,304</u>
<u>2021</u>						
Opening net book amount as at January 1	\$ 341,033	\$ 1,511,970	\$ 23,134	\$ 1,583	\$ 50,584	\$ 1,928,304
Additions	-	-	6,620	-	6,567	13,187
Reclassifications	-	-	254	( 1,583)	-	( 1,329)
Depreciation	-	( 29,042)	( 9,415)	-	( 24,366)	( 62,823)
Closing net book amount as at December 31	<u>\$ 341,033</u>	<u>\$ 1,482,928</u>	<u>\$ 20,593</u>	<u>\$ -</u>	<u>\$ 32,785</u>	<u>\$ 1,877,339</u>
<u>At December 31, 2021</u>						
Cost	\$ 341,033	\$ 1,623,699	\$ 90,172	\$ -	\$ 180,604	\$ 2,235,508
Accumulated depreciation and impairment	-	( 140,771)	( 69,578)	-	( 147,820)	( 358,169)
	<u>\$ 341,033</u>	<u>\$ 1,482,928</u>	<u>\$ 20,594</u>	<u>\$ -</u>	<u>\$ 32,784</u>	<u>\$ 1,877,339</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Testing equipment</u>	<u>Construction in progress</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2020</u>						
Cost	\$ 327,859	\$ 1,591,225	\$ 73,971	\$ 1,978	\$ 195,239	\$ 2,190,272
Accumulated depreciation and impairment	-	( 83,278)	( 51,205)	-	( 125,305)	( 259,788)
	<u>\$ 327,859</u>	<u>\$ 1,507,947</u>	<u>\$ 22,766</u>	<u>\$ 1,978</u>	<u>\$ 69,934</u>	<u>\$ 1,930,484</u>
<u>2020</u>						
Opening net book amount as at January 1	\$ 327,859	\$ 1,507,947	\$ 22,766	\$ 1,978	\$ 69,934	\$ 1,930,484
Additions	-	-	10,059	-	4,234	14,293
Disposals	-	-	( 1)	-	( 141)	( 142)
Reclassifications	13,174	32,475	-	( 395)	425	45,679
Depreciation	-	( 28,452)	( 9,690)	-	( 23,868)	( 62,010)
Closing net book amount as at December 31	<u>\$ 341,033</u>	<u>\$ 1,511,970</u>	<u>\$ 23,134</u>	<u>\$ 1,583</u>	<u>\$ 50,584</u>	<u>\$ 1,928,304</u>
<u>At December 31, 2020</u>						
Cost	\$ 341,033	\$ 1,623,699	\$ 83,498	\$ 1,583	\$ 174,037	\$ 2,223,850
Accumulated depreciation and impairment	-	( 111,729)	( 60,364)	-	( 123,453)	( 295,546)
	<u>\$ 341,033</u>	<u>\$ 1,511,970</u>	<u>\$ 23,134</u>	<u>\$ 1,583</u>	<u>\$ 50,584</u>	<u>\$ 1,928,304</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows: None.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Notes 6(12) and 8.

(13) Leasing arrangements - lessee

- A. The Company leases various assets including buildings, business vehicles and multifunction printers. Rental contracts are typically made for periods of 1 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. Short-term leases with a lease term of 12 months or less comprise multifunction printers, low-value assets comprise certain offices and business vehicles. Those were not included in right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Book value</u>	<u>Book value</u>
Buildings and structures	\$ 79,440	\$ 98,895
	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings and structures	\$ 19,455	\$ 19,455

- D. For the years ended December 31, 2021 and 2020, the Company has no additions to right-of-use assets.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 911	\$ 1,102
Expense on short-term lease contracts	705	1,271
Expense on leases of low-value assets	886	1,006

- F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$21,751 and \$22,437, respectively.

(14) Investment property

	<u>2021</u>	<u>2020</u>
At January 1	\$ 6,459,644	\$ 8,961,010
Additions – from subsequent expenditures	1,714	-
Disposal	( 214,898)	( 2,479,067)
Reclassifications	-	( 47,778)
Gain on fair value adjustment	5,807	25,479
At December 31	<u>\$ 6,252,267</u>	<u>\$ 6,459,644</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	<u>Years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Rental income from investment property	<u>\$ 132,488</u>	<u>\$ 128,702</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 39,795</u>	<u>\$ 35,103</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ 17,033</u>	<u>\$ 19,264</u>

B. Basis of investment property at fair value:

The Company's investment properties are land and buildings of office building and residential compound building. Office buildings are located in Sanchong District and Wugu District in New Taipei City. They mainly earn from rental revenue with rental period ranging from 1 to 7 years. Residential compound building is located in Sanchong District in New Taipei City. The main purpose is for sale.

The assumptions used for the years ended December 31, 2021 and 2020 are as follows:

(a) Details of the Company's investment property are as follows:

	December 31, 2021			
The subject	CEC Headquarter	Wugu Building	Chicony Laboratory	
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City	
Valuation method	Income approach	Income approach	Income approach	
Valuation firm	Colliers	Colliers	Colliers	
Appraiser	Roy Ku	Ariel Ke	Carrie Chan	
Evaluation basis date	December 31, 2021	December 31, 2021	December 31, 2021	

	December 31, 2020			
The subject	CEC Headquarter	Wugu Building	Chicony Laboratory	Residential Compound Building
Location	Sanchong District, New Taipei City	Wugu District, New Taipei City	Sanchong District, New Taipei City	Sanchong District, New Taipei City
Valuation method	Income approach	Income approach	Income approach	Income approach
Valuation firm	Panasia	Panasia	Panasia	Panasia
Appraiser	Min An, Yang	Shao You, Chung	Shao You, Chung	Min An, Yang
Evaluation basis date	December 15, 2020 (Note)	December 15, 2020 (Note)	December 15, 2020 (Note)	December 31, 2020

Note: We obtained validity statements of appraisal report as of December 31, 2020 from appraiser.

(b) The Company's office buildings' (including car parks) fair value was evaluated using the discounted cash flow analysis of income approach.

The estimation process of the valuation method involves differentiating between rented and not yet rented. The former is calculated by contract rent and the latter is calculated by market price. It also considers comparative rent information of similar properties to determine annual growth range of rent; includes idle loss, decoration offset loss, and the closing balance of disposal value of that property to calculate future cash inflow, then discounted by an appropriated discount rate accumulated until the valuation date. Future cash outflow which consists of expenses directly related to operations, i.e. land tax, house tax, insurance fee, management fee, maintenance fee, replacement allocation, amortisation of agent fee and etc., is estimated based on the actual expenses incurred in the current year, taking into consideration the Company's

current operating results and changes which may occur in the future.

- (c) The rent, occupancy rate and income of the Company's office buildings (including car parks) and comparative rent information of similar properties are as follows:

<u>The subject</u>	<u>Estimated rent (\$/3.3m<sup>2</sup>/month)</u>	<u>Similar comparative subject in local or market</u>	<u>Occupancy rate</u>	<u>Income of past year</u>
Year ended				
<u>December 31, 2021</u>				
CEC Headquarter	\$909~\$1,017	Equivalent to estimated rent	71.07%	\$ 109,613
Wugu Building	\$580~\$680	Equivalent to estimated rent	100%	22,040
Chicony Laboratory	\$750~\$825	Equivalent to estimated rent	100%	835
<u>The subject</u>	<u>Estimated rent (\$/3.3m<sup>2</sup>/month)</u>	<u>Similar comparative subject in local or market</u>	<u>Occupancy rate</u>	<u>Income of past year</u>
Year ended				
<u>December 31, 2020</u>				
CEC Headquarter	\$898~\$1,012	Equivalent to estimated rent	63.42%	\$ 105,827
Wugu Building	\$282~\$737	Equivalent to estimated rent	100%	22,040
Chicony Laboratory	\$730	Equivalent to estimated rent	100%	835
Residential				
Compound Building	\$840~\$962	Equivalent to estimated rent	-	-

- (d) Rent growth rate is evaluated by considering the lease contract and actual market situation. Discount rate is evaluated by risk premium approach which takes the return rate on investment of the most general goods as standard, adopted the floating interest rate on a 2-year time deposits of a small amount, as posted by the Chunghwa Post Co., Ltd. plus 0.75 percentage points; and explore the liquidity, risk level, value-added level and the ease of management of the subject. The range of rent growth rate and discount rate are as follows:

	<u>December 31, 2021</u>			
	<u>CEC Headquarter</u>	<u>Wugu Building</u>	<u>Chicony Laboratory</u>	
Rent growth rate	1.00%	1.00%	1.00%	
Discount rate	2.845%	3.00%	2.845%	
	<u>December 31, 2020</u>			
	<u>CEC Headquarter</u>	<u>Wugu Building</u>	<u>Chicony Laboratory</u>	<u>Residential Compound Building</u>
Rent growth rate	1.00%	1.00%	1.00%	1.00%
Discount rate	2.23%	2.90%	2.40%	2.12%

C. The fair value information about the investment property is provided in Note 12(3).

D. Information about the investment property that was pledged to others as collateral is provided

in Notes 6(12) and 8.

(15) Short-term borrowings

- A. The Company had no short-term borrowings as of December 31, 2021 and 2020.
- B. As of December 31, 2021 and 2020, the Company had issued guarantee notes for the short-term borrowings amounting to \$13,849,200 and \$14,203,340, respectively.

(16) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Salary payable and annual bonus	\$ 1,233,260	\$ 1,076,295
Employees' compensation and directors' and supervisors' remuneration payable	995,636	895,434
Marketing allowance payable	475,981	678,581
Storage charge payable	111,506	93,728
Construction and equipment expense payable	89,117	170,490
Insurance expense payable	53,211	46,012
Freight charges and customs clearing fee payable	40,755	46,758
Others	487,935	261,390
	<u>\$ 3,487,401</u>	<u>\$ 3,268,688</u>

(17) Long-term borrowings

As of December 31, 2021 and 2020, the Company had no long-term borrowings while issued guarantee notes for the long-term borrowings amounted to \$2,600,000 and \$2,000,000, respectively.

In the fourth quarter of 2018, the Company had signed individual credit contracts with E. Sun Commercial Bank, Land Bank of Taiwan and Hua Nan Commercial Bank for long-term operating use. The contract period is 5 years, and the revolving loan facilities are \$2,000,000, \$1,000,000 and \$1,000,000, respectively. For the credit lines mentioned above, the Company has pledged partial floors of the headquarters building as described in Note 8. As of December 31, 2021, the Company has not drawn the credit line.

(18) Pensions

A. Defined benefit plan: Employee contributions

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the

Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 273,251)	(\$ 288,749)
Fair value of plan assets	<u>118,291</u>	<u>122,368</u>
Net accrued pension liability	<u>(\$ 154,960)</u>	<u>(\$ 166,381)</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2021</u>			
Balance at January 1	(\$ 288,749)	\$ 122,368	(\$ 166,381)
Current service cost	( 1,394)	-	( 1,394)
Interest (expense) income	( 1,083)	466	( 617)
	<u>(\$ 291,226)</u>	<u>\$ 122,834</u>	<u>(\$ 168,392)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,688	1,688
Change in demographic assumptions	( 5,786)	-	( 5,786)
Change in financial assumptions	5,428	-	5,428
Experience adjustments	<u>8,550</u>	<u>-</u>	<u>8,550</u>
	<u>8,192</u>	<u>1,688</u>	<u>9,880</u>
Pension fund contribution	-	3,552	3,552
Paid pension	<u>9,783</u>	<u>( 9,783)</u>	<u>-</u>
Balance at December 31	<u>(\$ 273,251)</u>	<u>\$ 118,291</u>	<u>(\$ 154,960)</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2020</u>			
Balance at January 1	(\$ 284,256)	\$ 116,760	(\$ 167,496)
Current service cost	( 1,444)	-	( 1,444)
Interest (expense) income	( 2,132)	890	( 1,242)
	<u>(\$ 287,832)</u>	<u>\$ 117,650</u>	<u>(\$ 170,182)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,235	4,235
Change in demographic assumptions	( 55)	-	( 55)
Change in financial assumptions	( 9,025)	-	( 9,025)
Experience adjustments	4,920	-	4,920
	<u>( 4,160)</u>	<u>4,235</u>	<u>75</u>
Pension fund contribution	-	3,726	3,726
Paid pension	3,243	( 3,243)	-
Balance at December 31	<u>(\$ 288,749)</u>	<u>\$ 122,368</u>	<u>(\$ 166,381)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.625%</u>	<u>0.375%</u>
Future salary increases	<u>2.500%</u>	<u>2.500%</u>

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ <u>5,332</u> )	<u>\$ 5,508</u>	<u>\$ 5,317</u>	(\$ <u>5,175</u> )
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ <u>6,067</u> )	<u>\$ 6,273</u>	<u>\$ 6,039</u>	(\$ <u>5,873</u> )

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2021 and 2020 are the same.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$3,627.
- (g) As of December 31, 2021, the weighted average duration of the retirement plan is 7.9 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	26,206
1-2 year(s)		5,567
2-5 years		93,163
Over 5 years		<u>66,714</u>
	<u>\$</u>	<u>191,650</u>

#### B. Defined contribution plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees

with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2021 and 2020 were \$44,944 and \$43,355, respectively.

(19) Share capital

- A. As of December 31, 2021, the Company's authorised capital was \$8,000,000, consisting of 800,000 thousand shares of ordinary stock and the paid-in capital was \$7,452,927 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (shares in thousands):

	2021	2020
At January 1	702,098	697,135
Employee share compensation	5,832	4,963
At December 31	<u>707,930</u>	<u>702,098</u>

- B. On March 10, 2021, the Company's Board of Directors approved the employees' stock bonus amounting to \$550,000 at the previous closing price of \$94.3 (in dollars) before the day of the Board of Directors' meeting (March 9, 2021), issuing 5,832 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 8, 2021, and the Company had completed the related registration on April 23, 2021.

- C. On March 10, 2020, the Company's Board of Directors approved the employees' stock bonus amounting to \$400,000 at the previous closing price of \$80.6 (in dollars) before the day of the Board of Directors' meeting (March 9, 2020), issuing 4,963 thousand shares. The Company has obtained a letter of approval from the appropriate authorities. The issue date was set on April 8, 2020, and the Company had completed the related registration on April 21, 2020.

D. Treasury stock

- (a) Reason for stocks reacquisition and movements in the number of the Company's treasury stocks are as follows:

		December 31, 2021		
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount	Fair value (in dollars) (per share)
UNIKEY	For investment	21,174	\$ 205,795	\$ 82.30
HEC	For investment	16,189	105,482	82.30
		<u>37,363</u>	<u>\$ 311,277</u>	

		December 31, 2020		
Name of company holding the shares	Reason for reacquisition	Number of shares (in thousands)	Carrying amount	Fair value (in dollars) (per share)
UNIKEY	For investment	21,174	\$ 205,795	\$ 86.20
HEC	For investment	16,189	105,482	86.20
		<u>37,363</u>	<u>\$ 311,277</u>	

- (b) Pursuant to the R.O.C. Securities and Exchange Law, the number of stocks bought back as treasury stock should not exceed 10% of the number of the Company's issued and outstanding stocks and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

#### (20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

A summary of the Company's capital surplus as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Share premium	\$ 4,369,558	\$ 3,877,882
Treasury share transactions	2,015,775	1,810,278
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	43,876
Changes in ownership interests in subsidiaries	795,961	679,328
Others	1,171	1,171
	<u>\$ 7,182,465</u>	<u>\$ 6,412,535</u>

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses, if any; and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the total capital stock balance and as special reserve in accordance with relevant regulations when necessary; and the remainder, if any, to be appropriated shall be proposed by the Board of Directors and resolved by the stockholders at the stockholders' meeting.

The Board of Directors can distribute all or part of the distributable dividends and bonus, legal reserve and capital surplus in the form of cash as resolved by a majority vote at their meeting attended by two-thirds of the total number of directors and report to the shareholders which the aforementioned regulation of requiring resolution from the shareholders is not applicable.

B. The Company's dividend policy is summarised below: As the Company is belongs to the continually evolving electronics industry, the dividend policy takes into consideration the capital requirement for new products as well as increase the return on shareholders' investment. Therefore, the total amounts of stockholders' dividends should not exceed 90% of the total distributable earnings, and then the cash dividend should not be less than 10% of the total amounts of stockholders' dividends. The above mentioned restrictions will not to be applicable if total amounts of stockholders' dividends are less than \$0.5 (in dollars) per share.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The appropriations of 2020 and 2019 earnings had been resolved at the shareholders' meeting on June 11, 2021 and June 10, 2020, respectively, and the details are summarised below:

	Years ended December 31,			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 542,708		\$ 583,882	
Special reserve	961,745		185,424	
Cash dividends	4,099,110	\$ 5.50	4,362,815	\$ 5.90

The appropriations of 2020 earnings, aside from the cash dividends which have been resolved by the Board of Directors and shall only be reported to the shareholders, the remaining appropriations have been resolved after meeting the statutory voting threshold on June 11, 2021 via the electronic voting platform for shareholders' meeting and had been resolved at the shareholders' meeting on August 27, 2021.

E. Subsequent events: The appropriations of 2021 earnings had been proposed at the Board of Directors' meeting on March 9, 2022, and the details are summarised below:

	<u>Year ended December 31, 2021</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 591,255	
Special reserve	13,076	
Cash dividends	4,586,263	\$ 6.10

For the appropriations of 2021 earnings, aside from the cash dividends which have been resolved by the Board of Directors and shall only be reported to the shareholders. The remaining appropriations have not yet been resolved by the shareholders as of March 9, 2022.

(22) Other equity interest

	<u>2021</u>			
	<u>Currency translation</u>	<u>Unrealised gains (losses) on valuation</u>	<u>Revaluation increment</u>	<u>Total</u>
At January 1	(\$ 2,802,749)	(\$ 2,815,388)	\$ 1,376,923	(\$ 4,241,214)
Revaluation				
- Company	-	212,864	-	212,864
- Subsidiary	-	176,481	-	176,481
- Transfer out	-	8,218	-	8,218
Currency translation differences:				
- Company	( 356,285)	-	-	( 356,285)
- Associates	( 131)	-	-	( 131)
Revaluation increment				
- Transfer out	-	-	( 401)	( 401)
At December 31	<u>(\$ 3,159,165)</u>	<u>(\$ 2,417,825)</u>	<u>\$ 1,376,522</u>	<u>(\$ 4,200,468)</u>

	2020			
	Currency translation	Unrealised gains (losses) on valuation	Revaluation increment	Total
At January 1	(\$ 2,115,391)	(\$ 2,597,937)	\$ 1,381,667	(\$ 3,331,661)
Revaluation				
- Company	-	13,835	-	13,835
- Subsidiary	-	( 275,418)	-	( 275,418)
- Transfer out	-	44,132	-	44,132
Currency translation differences:				
- Company	( 685,280)	-	-	( 685,280)
- Associates	( 2,078)	-	-	( 2,078)
Revaluation increment				
- Transfer out	-	-	( 4,744)	( 4,744)
At December 31	<u>(\$ 2,802,749)</u>	<u>(\$ 2,815,388)</u>	<u>\$ 1,376,923</u>	<u>(\$ 4,241,214)</u>

(23) Operating revenue

Disaggregation of revenue from contracts with customers

	Years ended December 31,	
	2021	2020
Revenue from contracts with customers		
Electronic components products	\$ 10,144,088	\$ 8,686,552
Consumer electronic products and other electronic products	32,466,587	26,143,785
Others	1,753,018	1,751,212
	<u>\$ 44,363,693</u>	<u>\$ 36,581,549</u>

(24) Interest income

	Years ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 146	\$ 269
Other interest income	17,105	23,794
	<u>\$ 17,251</u>	<u>\$ 24,063</u>

(25) Other income

	Years ended December 31,	
	2021	2020
Rental revenue	\$ 132,488	\$ 128,702
Dividend income	52,394	30,589
Others	149,896	130,390
	<u>\$ 334,778</u>	<u>\$ 289,681</u>

(26) Other gains and losses

	Years ended December 31,	
	2021	2020
Net gain on financial assets and liabilities at fair value through profit or loss - other	\$ 114,611	\$ 113,857
Net currency exchange gain	310,984	1,035,063
Gain on disposal of property, plant and equipment	-	285
Gain on disposal of investment property	51,933	222,225
Gain on fair value adjustment of investment property	5,807	25,479
Others	( 16,316)	( 4,560)
	<u>\$ 467,019</u>	<u>\$ 1,392,349</u>

(27) Expenses by nature

	Years ended December 31,	
	2021	2020
Employee benefit expense	\$ 2,114,460	\$ 2,326,528
Depreciation charges on property, plant and equipment and right-of-use asset	82,278	81,465
Amortisation on intangible assets	17,851	16,519

(28) Employee benefit expense

	Years ended December 31,	
	2021	2020
Wages and salaries	\$ 1,854,072	\$ 1,935,402
Labor and health insurance fees	97,317	89,475
Pension costs	46,955	46,041
Directors' and supervisors' remuneration	58,082	52,656
Other personnel expenses	58,034	52,954
	<u>\$ 2,114,460</u>	<u>\$ 2,176,528</u>

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than

11% for employees' compensation and shall not be higher than 1% for directors' and supervisors' remuneration.

- B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$934,885 and \$847,551, respectively; directors' and supervisors' remuneration was accrued at \$58,082 and \$52,656, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 11.79% and 0.73% of distributable profit of current year for the year ended December 31, 2021, respectively. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$934,885 and \$58,082, respectively, and the employees' compensation will be distributed in the form of cash and shares.

- C. Employees' compensation of \$847,551 and directors' and supervisors' remuneration of \$52,656 for 2020 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. For the year ended December 31, 2020, 5,832 thousand shares of stock were issued as employee compensation, and the number of shares were calculated based on the price of \$94.3 (in dollars).

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- D. As of December 31, 2021 and 2020, the Company had 844 and 864 employees, respectively. There were both 6 directors who have not served as employees as of December 31, 2021 and 2020.

- E. (a) Average employee benefit expense in 2021 and 2020 was \$2,454 and \$2,475, respectively.

(b) Average employee salaries in 2021 and 2020 were \$2,212 and \$2,256, respectively.

(c) Adjustment of average employee salaries was (2%).

(d) Directors who have not served as employees were not included in the calculation of the abovementioned average employee benefit expense and employee salaries.

(e) The Company has no supervisors' remuneration as it has set up an audit committee.

- F. The Company's remuneration policy is as follows:

Remuneration of directors (including independent directors) includes rewards and directors' remuneration from earnings distribution. The remuneration is determined by the remuneration committee after considering directors' participation in the operation of the Company and the value of their contribution to the Company. Remuneration of general manager and vice general manager includes salaries, bonuses, employees' compensation and pensions contributed under regulations. The remuneration is determined by the remuneration committee after considering the Company's annual operating revenue, profit performance and the achievement of the managers' performance goals and referring to the performance and the general pay levels of the

industry.

Remuneration of employees includes monthly salaries, bonuses and employees' compensation. The salary standard of the employees is determined based on the position, education and experience background, professional knowledge and market value. The employees' compensation will be distributed in the form of shares or cash as resolved by the Board of Directors. The Company appraises performance of its employees regularly every year to make sure it knows well about its employees' working performance and uses the appraisal as basis for promotion, training development and remuneration distribution.

Remuneration of directors and managers as well as employees' compensation are reported to the Board of Directors for resolution after being discussed by the remuneration committee.

(29) Finance costs

	Years ended December 31,	
	2021	2020
Interest expense		
Bank loan	\$ 9,900	\$ 14,704
Lease liability	911	1,102
Others	33,962	43,152
	<u>\$ 44,773</u>	<u>\$ 58,958</u>

(30) Income tax

A. Income tax expense

	Years ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the year	\$ 975,885	\$ 981,353
Tax on undistributed earnings	-	7,652
Prior year income tax overestimation	( 70,200)	( 75,055)
Income tax expense	<u>905,685</u>	<u>913,950</u>
Deferred tax:		
Origination and reversal of temporary differences	( 125,846)	( 67,721)
Income tax expense	<u>\$ 779,839</u>	<u>\$ 846,229</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	\$ 1,386,853	\$ 1,262,599
Prior year income tax overestimation	( 70,200)	( 75,055)
Tax on undistributed earnings	-	7,652
Effect from items adjusted in accordance with tax regulation	( 536,814)	( 348,967)
Income tax expense	<u>\$ 779,839</u>	<u>\$ 846,229</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and investment tax credits are as follows:

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax liabilities:				
Fair value adjustment of investment property	(\$ 376,272)	\$ 73,725	\$ 5,406	(\$ 297,141)
Unrealised exchange gain	( 156,144)	52,121	-	( 104,023)
	<u>(\$ 532,416)</u>	<u>\$ 125,846</u>	<u>\$ 5,406</u>	<u>(\$ 401,164)</u>

	2020		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
- Deferred tax liabilities:			
Fair value adjustment of investment property	(\$ 503,041)	\$ 126,769	(\$ 376,272)
Unrealised exchange gain	( 97,096)	( 59,048)	( 156,144)
	<u>(\$ 600,137)</u>	<u>\$ 67,721</u>	<u>(\$ 532,416)</u>

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	<u>\$ 971,589</u>	<u>\$ 990,302</u>

E. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(31) Earnings per share

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 6,154,426	706,843	<u>\$ 8.71</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	<u>12,446</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 6,154,426</u>	<u>719,289</u>	<u>\$ 8.56</u>
<u>Year ended December 31, 2020</u>			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 5,466,764	701,161	<u>\$ 7.80</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	<u>10,767</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,466,764</u>	<u>711,928</u>	<u>\$ 7.68</u>

(32) Changes in liabilities from financing activities

	2021		
	<u>Lease liability</u>	<u>Other payables - related parties</u>	<u>Total</u>
At January 1	\$ 99,878	\$ 8,276,526	\$ 8,376,404
Changes in cash flow from financing activities	( 19,249)	408,166	388,917
At December 31	<u>\$ 80,629</u>	<u>\$ 8,684,692</u>	<u>\$ 8,765,321</u>

	2020			
	<u>Short-term borrowings</u>	<u>Lease liability</u>	<u>Other payables - related parties</u>	<u>Total</u>
At January 1	\$ 600,000	\$ 118,936	\$ 729,243	\$ 1,448,179
Changes in cash flow from financing activities	( 600,000)	( 19,058)	7,547,283	6,928,225
At December 31	<u>\$ -</u>	<u>\$ 99,878</u>	<u>\$ 8,276,526</u>	<u>\$ 8,376,404</u>

21. RELATED PARTY TRANSACTIONS

(33) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Chicony Electronics (DongGuan) Co., Ltd.	Subsidiary
Chicony Electronics (Suzhou) Co., Ltd.	Subsidiary
Chicony Electronics (Chong-Qing) Co., Ltd.	Subsidiary
Mao-Ray Electronics (DongGuan) Co., Ltd.	Subsidiary
Unikey Electronics Co., Ltd.	Subsidiary
Hipro Electronics Ltd.	Subsidiary
Quansun Investment Corp. Ltd.	Subsidiary
Chicony Electronics (Thailand) Co., Ltd	Subsidiary
Chicony Global Inc.	Subsidiary
Chicony Overseas Inc.	Subsidiary
Mao-Feng International Inc.	Subsidiary
Real Young Electronics Co., Ltd	Subsidiary
ShunOn Electronic Co.	Other related party
Clevo Co.	Other related party
Hongwell	Other related party

Note: For the rest of the names of and relationship with related parties, please refer to Note 4(3) of consolidated financial statements.

(34) Significant related party transactions

A. Operating revenue:

	Years ended December 31,	
	2021	2020
Sales of goods:		
- Subsidiaries	\$ 41	\$ 4,862
- Other related parties	3,999	2,196
Sales of services:		
- Chicony Global Inc.	1,462,224	1,639,600
- Chicony Electronics (Suzhou) Co., Ltd.	155,772	28,824
- Other subsidiaries	77,952	74,484
	<u>\$ 1,699,988</u>	<u>\$ 1,749,966</u>

The price, terms of the sale and related contracts with related parties were the same with those to third parties, with reasonable rebates. In general, the collection periods ranged from 60 to 90 days. However, extension is given depending on the financial situation of related parties.

B. Purchases:

	Years ended December 31,	
	2021	2020
Purchases of goods:		
- Chicony Electronics (Suzhou) Co., Ltd.	\$ 12,914,490	\$ 10,251,441
- Chicony Electronics (Thailand) Co., Ltd.	9,206,574	6,832,902
- Chicony Electronics (DongGuan) Co., Ltd.	8,749,523	6,539,090
- Mao-Ray Electronics (DongGuan) Co., Ltd.	4,898,968	4,354,564
- Other subsidiaries	329,563	298,240
	<u>\$ 36,099,118</u>	<u>\$ 28,276,237</u>

The terms of the purchases from related parties were the same as those to third parties.

C. Receivables from related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable:		
- Chicony Electronics (Suzhou) Co., Ltd.	\$ 158,284	\$ 26,943
- Chicony Electronics (Chong-Qing) Co., Ltd.	77,065	71,185
- Other subsidiaries	-	7
- Other related parties	-	50
	<u>235,349</u>	<u>98,185</u>
Other receivables		
- Real Young Electronics Co., Ltd	230,873	505,318
- Chicony Global Inc.	186,856	574,219
- Other subsidiaries	21,700	27,042
	<u>439,429</u>	<u>1,106,579</u>
	<u>\$ 674,778</u>	<u>\$ 1,204,764</u>

Other non-operating receivables due from related parties mainly arose from payments on behalf of others, management consulting service income, office rental income (no interest charged) and interest receivables from loans to related parties.

D. Payables to related parties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable:		
- Chicony Electronics (Suzhou) Co., Ltd.	\$ 7,181,968	\$ 6,793,433
- Chicony Electronics (DongGuan) Co., Ltd.	6,520,180	5,025,106
- Chicony Electronics (Thailand) Co., Ltd	1,411,756	1,023,161
- Mao-Ray Electronics (DongGuan) Co., Ltd.	839,662	2,997,522
- Other subsidiaries	87,067	106,502
- Other related parties	-	12
	<u>16,040,633</u>	<u>15,945,736</u>
Other payables:		
- Chicony Electronics (DongGuan) Co., Ltd.	270,280	141,899
- Other subsidiaries	90,466	122,686
	<u>360,746</u>	<u>264,585</u>
	<u>\$ 16,401,379</u>	<u>\$ 16,210,321</u>

(a) The payables from related parties arise mainly from purchase transactions. The credit term is limited from 60 to 180 days after the date of transaction. The payables are unsecured in nature and bear no interest.

(b) Other accounts payable to related parties mainly arose from service expense, collection of payments on behalf of others, payments on behalf of related parties and interest payable on loans.

E. Service purchase – commission, maintenance and repair services and marketing service expense (shown as ‘Selling expenses’)

	Years ended December 31	
	2021	2020
Subsidiaries	\$ 16,920	\$ 35,538

F. Lease transactions - lessor

(a) As of December 31, 2021, the main lease contracts between the Company and related parties are as follows:

Lessee	Leased object	Lease payment	Lease term
Subsidiaries	Buildings and structures	\$ 99~3,917/ month	2020.10.01~2023.12.31
Other related parties	Buildings and structures	\$ 213/ month	Less than one year

(b) The Company’s rental income during the year derived from leasing offices to related parties is as follows:

	Years ended December 31	
	2021	2020
Subsidiaries	\$ 61,936	\$ 62,409
Other related parties	2,573	854
	\$ 64,509	\$ 63,263

G. Management consulting service income (shown as ‘Miscellaneous income - others’)

	Years ended December 31	
	2021	2020
Subsidiaries	\$ 23,634	\$ 22,143

H. Dividend income

	Years ended December 31	
	2021	2020
Subsidiaries (shown as deductions from ‘Investments accounted for using equity method’)	\$ 936,091	\$ 700,696
Other related parties (shown as ‘Other income’)	7,860	5,240
	\$ 943,951	\$ 705,936

I. Dividend expenditure

	Years ended December 31	
	2021	2020
Subsidiaries (shown as ‘Addition to investments accounted for using equity method’)	\$ 205,497	\$ 220,443

J. Financing

(a) Loans to related parties:

i. Outstanding balance:

	December 31, 2021	December 31, 2020
Unikey Electronics Co., Ltd.	\$ 1,008,760	\$ 1,132,000
Quansun Investment Corp. Ltd.	600,000	604,000
Hipro Electronics Ltd.	445,000	435,000
Other subsidiaries	194,000	194,000
	<u>\$ 2,247,760</u>	<u>\$ 2,365,000</u>

ii. Interest income:

	Years ended December 31,	
	2021	2020
Unikey Electronics Co., Ltd.	\$ 7,917	\$ 11,013
Quansun Investment Corp. Ltd.	4,413	5,646
Hipro Electronics Ltd.	3,245	1,163
Other subsidiaries	1,530	5,972
	<u>\$ 17,105</u>	<u>\$ 23,794</u>

The loans to associates are repayable monthly over 2 years and carry interest at 0.8%~1% per annum for the year ended December 31, 2020. However, the loans do not carry interest starting from June 2021.

(b) Loans from related parties:

i. Outstanding balance:

	December 31, 2021	December 31, 2020
Chicony Overseas Inc.	\$ 3,346,461	\$ 3,389,329
Chicony Global Inc.	2,297,025	2,391,505
Mao-Feng International Inc.	1,948,043	1,987,462
Other subsidiaries	1,093,163	508,230
	<u>\$ 8,684,692</u>	<u>\$ 8,276,526</u>

ii. Interest expense:

	Years ended December 31,	
	2021	2020
Chicony Overseas Inc.	\$ 14,449	\$ 18,597
Chicony Global Inc.	9,800	14,407
Mao-Feng International Inc.	7,958	8,792
Other subsidiaries	1,755	1,356
	<u>\$ 33,962</u>	<u>\$ 43,152</u>

The loans from associates are repayable monthly over 2 years and carry interest at 0.8%~1% per annum for the year ended December 31, 2020. However, the loans do not carry interest starting from June 2021.

K. Endorsements and guarantees and commitments

As of December 31, 2021 and 2020, the credit guarantee provided by the Company to subsidiaries' borrowings are as follows:

	Years ended December 31,	
	2021	2020
Subsidiaries	\$ -	\$ 338,820

(35) Key management compensation

	Years ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 108,503	\$ 95,778
Termination benefits	1,562	1,689
Share-based payments	126,138	122,756
	<u>\$ 236,203</u>	<u>\$ 220,223</u>

22. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Refundable deposits (shown as "Other non-current assets")	\$ 6,331	\$ 6,326	Bid bond and margin for operating lease
Property, plant and equipment	515,446	523,726	Long-term borrowings
Investment property	4,314,958	4,320,404	Long-term borrowings
	<u>\$ 4,836,735</u>	<u>\$ 4,850,456</u>	

23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

In addition to the information in Notes 6(10) and 6(12), more information on significant commitments and contingencies is disclosed as follows:

- (1) As of December 31, 2021, for bank loans, financing forward exchange contracts, bill purchased and commercial paper issuance, the Company provided standby promissory notes payable totaling \$18,368,435 as security.
- (2) As of December 31, 2021, the capital expenditures that have not yet been incurred amounted to \$14,258.

24. SIGNIFICANT DISASTER LOSS

None.

25. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 9, 2022, the Board of Directors during its meeting resolved the distribution of 2021 earnings and proposed the distribution of employees' compensation and directors' and supervisors' remuneration. The information is provided in Notes 6(16) and 6(23).

26. OTHERS

(9) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

(10) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss - current	\$ 329,913	\$ 510,732
Financial assets at fair value through other comprehensive income - current	1,116,845	990,796
Financial assets mandatorily measured at fair value through profit or loss - non-current	849,808	714,781
Financial assets at fair value through other comprehensive income - non-current	87,885	70,803
Financial assets at amortised cost		
Cash and cash equivalents	166,234	666,415
Notes receivable	26,748	10,162
Accounts receivable (including related parties)	9,577,352	7,529,248
Other receivables (including related parties)	2,717,617	3,530,692
Guarantee deposits paid	6,331	6,326
	<u>\$ 14,878,733</u>	<u>\$ 14,029,955</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Notes payable	3,546	3,663
Accounts payable (including related parties)	16,361,706	16,218,860
Other payables (including related parties)	12,532,839	11,809,799
Lease liability	80,629	99,878
	<u>\$ 28,978,720</u>	<u>\$ 28,132,200</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency swap contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021			Year ended December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD 353,830	27.6750	\$ 9,792,245	1%	\$ 97,922	\$ -
<u>Non-Monetary items</u>						
USD:NTD	USD 1,116,337	27.6750	\$ 30,894,626	1%	\$ -	\$ 308,946
THB:NTD	USD 1,068,340	0.8292	\$ 855,868	1%	\$ -	\$ 8,859
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD 924,780	27.675	\$ 25,593,287	1%	\$ 255,933	\$ -
	December 31, 2020			Year ended December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	USD 290,397	28.235	\$ 8,199,359	1%	\$ 81,994	\$ -
<u>Non-Monetary items</u>						
USD:NTD	USD 1,038,476	28.235	\$ 29,321,360	1%	\$ -	\$ 293,214
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	USD 883,405	28.235	\$ 24,942,940	1%	\$ 249,429	\$ -

Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to \$310,984 and \$1,035,063, respectively.

#### Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise shares and open-end funds issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$11,797 and \$12,255, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$12,047 and \$10,616, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2021 and 2020, the Company's borrowings at variable rate were denominated in the NTD, USD and JPY.

At December 31, 2021 and 2020, if market interest rates had been 25bp higher with all other variables held constant, there would be no impact on other comprehensive income for the years ended December 31, 2021 and 2020.

#### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and the contract cash flows of debt instruments stated at amortised cost and fair value through profit or loss.

- ii. According to the Company's internal management policy, the Company only trade with the good credit bank. According to the credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company classifies customer's accounts receivable, contract assets and rents receivable in accordance with customer types. The Company applies the simplified approach using the provision matrix to estimate expected credit loss.
- v. According to the Company's internal management policy, the default occurs when the contract payments are past due over 360 days.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. On December 31, 2021 and 2020, the provision matrix is as follows:

	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
<u>December 31, 2021</u>			
Not past due	0%~0.1%	\$ 9,543,081	\$ 43
1 to 30 days past due	0.26%	19,186	50
31 to 120 days past due	0.36%	15,881	828
121 to 215 days past due	8.33%	136	11
Over 360 days past due	100%	<u>35,284</u>	<u>35,284</u>
		<u>\$ 9,613,568</u>	<u>\$ 36,216</u>

	Expected loss rate	Total book value	Loss allowance
<u>December 31, 2020</u>			
Not past due	0%~0.3%	\$ 7,132,955	\$ -
1 to 30 days past due	2%~5%	241,656	243
31 to 120 days past due	3%~10%	147,126	375
121 to 125 days past due	10%~20%	9,032	903
Over 360 days past due	100%	32,354	32,354
		<u>\$ 7,563,123</u>	<u>\$ 33,875</u>

viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
	Accounts receivable	Accounts receivable
At January 1	\$ 33,875	\$ 32,966
Provision for impairment loss	2,341	909
At December 31	<u>\$ 36,216</u>	<u>\$ 33,875</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2021 and 2020, the Company held money market position of \$1,612,638 and \$2,167,595, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Expiring within one year	\$ 13,849,200	\$ 14,203,340
Expiring beyond one year	<u>4,000,000</u>	<u>4,000,000</u>
	<u>\$ 17,849,200</u>	<u>\$ 18,203,340</u>

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021

<u>Non-derivative financial liabilities:</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Accounts payable (including related parties)	\$ 16,361,706	\$ -
Other payables (including related parties)	12,532,839	-
Lease liability	20,160	62,160

December 31, 2020

<u>Non-derivative financial liabilities:</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>
Accounts payable (including related parties)	\$ 16,218,860	\$ -
Other payables (including related parties)	11,809,799	-
Lease liability	20,160	82,320

#### (11) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks (including emerging stocks), beneficiary certificates and convertible bonds, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in certain derivative instruments and investment property is included in Level 3.

B. The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), short-term borrowings, notes payable, accounts payable and other payables (including related parties) are approximate to their fair values.

C. The related information on financial instruments at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 329,913	\$ -	\$ -	\$ 329,913
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	613,396	613,396
Beneficiary certificates	79,959	-	156,453	236,412
Financial assets measured at fair value through other comprehensive income - current				
Equity securities	1,116,845	-	-	1,116,845
Financial assets measured at fair value through other comprehensive income - non-current				
Equity securities	-	23,192	64,693	87,885
Investment property (Note)	-	-	6,252,267	6,252,267
	<u>\$ 1,526,717</u>	<u>\$ 23,192</u>	<u>\$ 7,086,809</u>	<u>\$ 8,636,718</u>

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets mandatorily measured at fair value through profit or loss - current				
Equity securities	\$ 510,732	\$ -	\$ -	\$ 510,732
Financial assets mandatorily measured at fair value through profit or loss - non-current				
Equity securities	-	-	532,624	532,624
Beneficiary certificates	18,090	-	164,067	182,157
Financial assets measured at fair value through other comprehensive income - current				
Equity securities	990,796	-	-	990,796
Financial assets measured at fair value through other comprehensive income - non-current				
Equity securities	-	10,899	59,904	70,803
Investment property (Note)	-	-	6,459,644	6,459,644
	<u>\$ 1,519,618</u>	<u>\$ 10,899</u>	<u>\$ 7,216,239</u>	<u>\$ 8,746,756</u>

Note: Investment property measured at fair value.

(b) The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Emerging shares</u>	<u>Open-end fund</u>	<u>Convertible bond</u>
Market quoted price	Closing price	Average trade price	Net asset value	Closing

D. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021		
	Beneficiary	Equity	Total
	certificates	securities	
At January 1	\$ 164,067	\$ 592,528	\$ 756,595
Sold during the year	-	( 8,266)	( 8,266)
(Losses) gains recognised in profit or loss	( 7,614)	88,907	81,293
Gains recognised in other comprehensive income	-	4,920	4,920
At December 31	<u>\$ 156,453</u>	<u>\$ 678,089</u>	<u>\$ 834,542</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2021 (Recorded under other gains and losses)	<u>(\$ 7,614)</u>	<u>\$ 88,907</u>	<u>\$ 81,293</u>
	2020		
	Beneficiary	Equity	Total
	certificates	securities	
At January 1	\$ 84,060	\$ 598,812	\$ 682,872
Acquired during the year	87,000	-	87,000
Sold during the year	-	( 23,473)	( 23,473)
(Losses) gains recognised in profit or loss	( 6,993)	37,779	30,786
Gains recognised in other comprehensive income	-	( 20,590)	( 20,590)
At December 31	<u>\$ 164,067</u>	<u>\$ 592,528</u>	<u>\$ 756,595</u>
Movement of unrealised gain or loss in profit or loss of assets and liabilities held as at December 31, 2020 (Recorded under other gains and losses)	<u>(\$ 6,993)</u>	<u>\$ 37,779</u>	<u>\$ 30,786</u>

For the information on investment property movement in level 3, please refer to Note 6(9).

F. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 2,646	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	675,443	Net asset value	N/A	-	N/A
Venture capital shares	156,453	Net asset value	N/A	-	N/A
Private equity fund investment					
Investment property	6,252,267	Income approach	Revenue growth rate, discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 6,725	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value
"	585,803	Net asset value	N/A	-	N/A
Venture capital shares	164,067	Net asset value	N/A	-	N/A
Private equity fund investment					
Investment property	6,459,644	Income approach	Revenue growth rate, discount rate	-	The higher the revenue growth rate, the higher the fair value; the higher the discount rate, the lower the fair value

H. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2021			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Market approach,	±1%	\$ 6,134	(\$ 6,134)	\$ 647	(\$ 647)
Beneficiary certificates	Net asset value	±1%	1,565	( 1,565)	-	-
			<u>\$ 7,699</u>	<u>(\$ 7,699)</u>	<u>\$ 647</u>	<u>(\$ 647)</u>
			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Market approach,	±1%	\$ 5,326	(\$ 5,326)	\$ 599	(\$ 599)
Beneficiary certificates	Net asset value	±1%	1,641	( 1,641)	-	-
			<u>\$ 6,967</u>	<u>(\$ 6,967)</u>	<u>\$ 599</u>	<u>(\$ 599)</u>

## 27. SUPPLEMENTARY DISCLOSURES

### (12) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 6.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 8.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(22) in the consolidated financial statements.

J. Significant inter-company transactions during the reporting periods: Please refer to table 9.

(13) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 10.

(14) Information on investments in Mainland China

A. Basic information: Please refer to table 11.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 13(1).

(15) Major shareholders information

Major shareholders information: Please refer to table 12.

28. SEGMENT INFORMATION

Not applicable.

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS – CURRENT  
YEAR ENDED DECEMBER 31, 2021  
(In thousands of New Taiwan dollars)

<u>Name of financial instrument</u>	<u>Summary</u>	<u>No. of shares/sheets/ units (Note)</u>	<u>Face value</u>	<u>Amount</u>	<u>Interest rate</u>	<u>Acquisition Cost</u>	<u>Fair value</u>	
							<u>Unit price</u>	<u>Amount</u>
<u>Listed stocks</u>								
Laster Tech Corporation Ltd.		5,247				\$ 462,326	\$ 44.05	\$ 231,130
MOSA INDUSTRIAL CORPORATION		445				25,741	42.15	18,757
Newmax Technology Co., Ltd.		1,244				82,332	39.45	49,060
Wiwynn Corporation		6				5,530	1,115.00	6,690
Solomon Technology Corporation		694				13,589	23.90	16,587
ASLAN Pharmaceuticals Limited		220				52,241	31.00	6,819
						<u>\$ 641,759</u>		<u>\$ 329,043</u>
<u>Unlisted stocks</u>								
JHL Biotech Inc. Taiwan		290				\$ 20,809	3.00	\$ 870
						<u>\$ 662,568</u>		<u>\$ 329,913</u>

Note: In thousand shares/thousand sheet/thousand units

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – CURRENT  
YEAR ENDED DECEMBER 31, 2021  
(In thousands of New Taiwan dollars)

Name of financial instrument	Summary	No. of shares/sheets/ units (Note)	Face value	Amount	Interest rate	Acquisition	Fair value	
						Cost	Unit price	Amount
<u>Listed stocks</u>								
Clevo Co.		13,101				\$ 564,540	\$ 33.00	\$ 432,320
Genesis Photonics Inc.		304				21,350	8.39	2,554
AcBel Polytech Inc.		3,727				172,043	36.60	136,408
ShunOn Electronic Co.		10,802				233,288	44.60	481,781
Alcor Micro Corp.		1,056				41,554	60.40	63,782
						<u>\$ 1,032,775</u>		<u>\$ 1,116,845</u>

Note: In thousand shares/thousand sheet/thousand units

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF ACCOUNTS RECEIVABLE  
DECEMBER 31, 2021  
(In thousands of New Taiwan dollars)

Client Name	Summary	Amount	Remark
<u>Client</u>			
A Company		\$ 2,063,841	
B Company		1,650,608	
C Company		868,852	
D Company		821,222	
E Company		700,145	
Others		<u>3,273,551</u>	Amount past due over one year is \$35,284
		9,378,219	Each individual customer balance did not exceed 5% of the account balance.
Less: Allowance for doubtful accounts		( <u>36,216</u> )	
		<u>\$ 9,342,003</u>	
<u>Related parties</u>			
Chicony Electronics (Chong-Qing) Co., Ltd.		\$ 77,065	
Chicony Electronics (Suzhou) Co., Ltd.		<u>158,284</u>	
		<u>\$ 235,349</u>	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF OTHER RECEIVABLES – RELATED PARTY  
DECEMBER 31, 2021  
(In thousands of New Taiwan dollars)

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Unikey Electronics Co., Ltd.	\$	1,010,966	
Quansun Investment Corp. Ltd.		601,223	
Hipro Electronics Ltd.		445,933	
Real Young Electronics Co., Ltd.		230,873	
Qun-Jing Power Co., Ltd.		194,395	
Chicony Global Inc.		186,856	
Others		16,943	
	\$	<u>2,687,189</u>	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF INVENTORIES  
DECEMBER 31, 2021  
(In thousands of New Taiwan dollars)

Items	Summary	Amount		Remark
		Costs	Net realisable value	
Raw materials		\$ 255	\$ 306	
Finished goods		1,227,714	1,500,662	
Merchandise inventory		418,535	574,196	
Less: Allowance for valuation loss		( 89,353)	-	
		<u>\$ 1,557,151</u>	<u>\$ 2,075,164</u>	

**CHICONY ELECTRONICS CO., LTD.**  
**DETAILS OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – NON-CURRENT**  
**YEAR ENDED DECEMBER 31, 2021**  
(In thousands of New Taiwan dollars)

Name and type	At January 1		Additions for the year		Decrease for the year		At December 31		
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value	
WK Venture Capital Management Co., Ltd.	Stock	15,380	\$ 271,938	-	\$ 33,047	-	\$ -	15,380	\$ 304,985
Top Taiwan Venture Capital Management Co., Ltd.	"	7,500	72,205	-	23,886	-	-	7,500	96,091
Chen Ding Venture Capital Management Co., Ltd.	"	10,000	111,934	-	26,585	-	-	10,000	138,519
Sheng Da Venture Capital Management Co., Ltd.	"	3,000	33,000	570	9,114	-	-	3,570	42,114
Magi Capital Venture Co., Ltd.	Preferred stock	363	43,547	-	-	( 46)	( 11,860)	317	31,687
Fuh Hwa Smart Energy Securities Investment Trust Fund	Beneficiary certificates	9,000	77,850	-	-	-	( 3,960)	9,000	73,890
Fuh Hwa Securities Investment Trust Fund	"	8,700	86,217	-	-	-	( 3,654)	8,700	82,563
Fuh Hwa New Oriental Securities Investment Trust Fund	"	9,000	18,090	-	-	-	( 1,980)	9,000	16,110
Fuh Hwa Small Capital Fund	"	-	-	402	63,849	-	-	402	63,849
			<u>\$ 714,781</u>		<u>\$ 156,481</u>		<u>(\$ 21,454)</u>		<u>\$ 849,808</u>

Note 1: In thousand shares/thousand sheet/thousand units

Note 2: The reason for additions and decreases in financial assets at fair value through profit or loss - non-current was fair value valuation.



CHICONY ELECTRONICS CO., LTD.  
DETAILS OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
(INCLUDING OTHER NON-CURRENT LIABILITIES – OTHER)  
YEAR ENDED DECEMBER 31, 2021  
(In thousands of New Taiwan dollars)

Name	Balance at January 1		Additions for the year		Reductions for the year		Transfers for the year		Balance at December 31			Fair value or net assets value			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Ownership	Amount	Unit price	Total amount	Collateral	Remark
<u>Shown as investments accounted for using equity method</u>															
Chicony Overseas Inc.	1,000	\$ 23,470,611	-	\$ 1,434,545	-	(\$ 179,219)	-	\$ -	1,000	100%	\$ 24,725,937	-	\$ 24,725,937	None	
Chicony Electronics (Thailand) Co., Ltd.	4,843,384	544,240	3,370,000	427,202	-	( 85,574)	-	-	8,213,384	82.11%	885,868	-	885,868	"	
Hipro Overseas (BVI) Inc.	12,560,000	2,593,190	-	14,021	-	( 51,565)	-	-	12,560,000	100%	2,555,646	-	2,555,646	"	
Chicony Power Technology Co.,	200,467,594	4,015,643	6,239,000	1,949,184	-	( 1,049,952)	-	-	206,706,594	52.71%	4,914,875	-	5,857,905	"	
XAVi Electronics Ltd.	32,428,442	291,398	-	79,792	1,026,000	( 67,392)	-	-	31,402,442	45.15%	303,798	-	404,411	"	
Chicony Global Inc.	1,000,000	3,048,916	-	425,055	-	( 180,616)	-	-	1,000,000	100%	3,293,355	-	3,678,873	"	
Unikey Electronics Co., Ltd.	90,000,000	478,201	-	166,261	-	( 213,071)	-	-	90,000,000	100%	431,391	-	2,174,036	"	
<u>Shown as other non-current liabilities - other</u>															
Hipro Electronics Ltd.	4,660,000	( 443,310)	-	179,200	-	( 100,828)	-	-	4,660,000	100%	( 364,938)	-	967,411	None	
		<u>\$ 33,998,889</u>		<u>\$ 4,675,260</u>		<u>(\$ 1,928,217)</u>		<u>\$ -</u>			<u>\$ 36,745,932</u>				

Note 1: The reason of additions in investment accounted for using equity method was increasing in share of profit of associates and joint ventures accounted for using equity method, financial statements translation differences of foreign operations under equity method, unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income under equity method, and cash dividends paid to the subsidiaries.

Note 2: The reason of decrease in investment accounted for using equity method was disposal of investments, increasing in share of loss of associates and joint ventures accounted for using equity method, financial statements translation differences of foreign operations under equity method, unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income under equity method, adjustments to share of changes in equity of associates and joint ventures, and cash dividends received from the subsidiaries.

Note 3: The reason of differences between the balance at December 31 and the net assets value of investments was unrealised gross profit and subsidiaries holding the Company's stock which treated as treasury stock writing off investments accounted for using equity method.

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF ACCOUNTS PAYABLE  
DECEMBER 31, 2021  
(In thousands of New Taiwan dollars)

Supplier Name	Summary	Amount	Remark
<u>Supplier</u>			
A Company		\$ 58,117	
B Company		50,457	
C Company		32,040	
D Company		30,633	
E Company		25,211	
F Company		19,351	
Others		<u>105,264</u>	Each individual supplier balance did
		<u>\$ 321,073</u>	not exceed 5% of the account balance.
<u>Related parties</u>			
Chicony Electronics (Suzhou) Co., Ltd.		\$ 7,181,968	
Chicony Electronics (DongGuan) Co., Ltd.		6,520,180	
Mao-Ray Electronics (DongGuan) Co., Ltd.		839,662	
Chicony Electronics (Thailand) Co., Ltd		1,411,756	
Others		<u>87,067</u>	
		<u>\$ 16,040,633</u>	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF SALES REVENUE  
YEAR ENDED DECEMBER 31, 2021  
(In thousands of New Taiwan dollars)

<u>Items</u>	<u>Shipments</u>	<u>Amount</u>	<u>Remark</u>
Electronic component products	42,272 pieces	\$ 10,144,088	
Consumer electronic products and other electronic products	55,080 pieces	32,466,587	
Others		<u>1,753,018</u>	
		<u>\$ 44,363,693</u>	

CHICONY ELECTRONICS CO., LTD.  
DETAILS OF OPERATING COSTS  
YEAR ENDED DECEMBER 31, 2021  
(In thousands of New Taiwan dollars)

Items	Amount
Materials at January 1	\$ -
Add: Purchases	42,211
Less: Materials at December 31	( 255)
Cost of materials sold	( 41,956)
Transfer to operating expenses	-
Materials used during the year	-
Direct labor	-
Manufacturing expenses	-
Manufacturing cost	-
Add: Finished goods inventory at January 1	1,229,899
Purchases	9,849,468
Less: Finished goods inventory at December 31	( 1,646,249)
Transfer to operating expenses	( 5,781)
Cost of goods sold of triangular trade	28,397,279
Cost of materials sold	41,956
Loss on decline in market value	18,712
Others	119,595
Operating cost	\$ 38,004,879

Items	Selling expenses	General and administrative expenses	Reserch and development expenses	Total
Wages and salaries	\$ 325,598	\$ 540,346	\$ 1,046,210	\$ 1,912,154
Pension costs	7,817	13,865	25,273	46,955
Rental expenses	994	382	215	1,591
Travelling expenses	2,015	5,849	22,903	30,767
Shipment expenses	143,241	-	-	143,241
Postage and phone expenses	3,307	6,672	1,121	11,100
Repair and maintenance expenses	11,041	41,616	357	53,014
Advertising expenses	40,595	16	-	40,611
Utilities	1,306	6,534	2,846	10,686
Insurance expenses	25,115	37,182	53,577	115,874
Entertainment	3,812	1,219	404	5,435
Food stipend	4,589	6,931	12,668	24,188
Taxes	13,557	42,790	6,207	62,554
Depreciation	21,449	43,763	17,066	82,278
Amortisation	637	5,401	11,813	17,851
Employee benefits	4,437	5,522	12,588	22,547
Commission	386,779	-	-	386,779
Export charge fees	63,617	8,548	38	72,203
Donations	1	6,467	-	6,468
Service fees	4,208	25,779	16,353	46,340
Inspection fees	29,749	2,633	11,941	44,323
Research material expenses	244	136	33,847	34,227
Others	68,953	22,357	51,911	143,221
	\$ 1,163,061	\$ 824,008	\$ 1,327,338	\$ 3,314,407