



FITIPOWER INTEGRATED TECHNOLOGY INC.
STOCK CODE : 4961

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Power your life*

2021 ANNUAL REPORT

Printed on May 6th, 2022

Taiwan Stock Exchange Market Observation Post System
<https://mops.twse.com.tw>

Fitipower annual report is available at
<https://mops.twse.com.tw/>



1. Name, title, phone number and email address of the Company's spokesperson and deputy spokesperson

Spokesperson:

Name: CHEN, CHIH-HAO

Title: Director

Tel: (03)5788-618

Email: ir@fitipower.com

Deputy Spokesperson

Name: TANG, HAO-YUN

Title: Senior Manager

Tel: (03)5788-618

Email: ir@fitipower.com

2. Address and phone number of the head office, branch offices, and factories

Address of the head office: 3F, No. 6-8, Duxing Rd., Hsinchu Science Park, Hsinchu City

Tel: (03)5788-618

3. Name, address, website and phone number of the stock transfer agent

Name: Department of Stock Transfer Agency, Yuanta Securities Co., Ltd.

Address: B1, No. 210, Sec. 3, Chengde Rd., Taipei City

Website: <http://www.yuanta.com>

Tel: (02)2586-5859

4. Name of CPAs, name, address, website and phone number of the accounting firm for the financial statements of the preceding year

Names of CPAs: CHOU, PAO-LIEN, MEI, YUAN-CHEN

Name of Accounting Firm: KPMG in Taiwan

Address: 68F, No. 7, Sec. 5, Xinyi Rd., Taipei City

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

Tel: (02)8101-6666

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

6. Official Website of the Company: <http://www.fitipower.com>

FITIPOWER INTEGRATED TECHNOLOGY INC.

**2021 Annual Report
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I. Letter to Shareholders

Dear Shareholders,

The year 2021 posed a challenge for the global semiconductor industry and was also a year of significant growth and progress for Fitipower Integrated Technology Inc. A year ago, the world was hit hard by a novel coronavirus (COVID-19) outbreak that has struck our world and changed the way people live and do business. Working and studying from home has led to rising demand for a wide range of electronic devices such as PCs, laptops and tablets, and even televisions, and this was closely followed by tight supply pressure on the semiconductor chain from Q4 2020, which had extended into 2021. With the concerted efforts of our staff around the world, we have been able to take advantage of the industry's tight pace, turn challenges into momentum, and satisfy market demand, continuing to break records and achieve new milestones in both business expansion and financial performance.

Amidst the global turmoil and geopolitical tensions brought about by the COVID-19 pandemic, we are working actively with all our customers and are stepping up our technological reinvestment and product line expansion. Benefiting from strong customer demand for both new and existing products and Fitipower's focus on performance and value, Fitipower's revenue had reached a record high for the 10th consecutive year, growing by 110.2% in 2021 compared to 2020, while the global semiconductor industry rose by approximately 25% from the previous year.

In 2021, Fitipower continued to build on its R&D infrastructure, expand its pool of talent, and accelerate its technology differentiation to deliver more comprehensive services to its customers.

Further, on the display front, the high refresh rate and high-resolution specifications, as well as the industry trend of more energy-efficient and power-saving electronic products, had led to an increase in the content of semiconductor chips, which had resulted in an all-time high of NT\$2.169 billion in R&D expenses for the year, an 89% jump from NT\$1.146 billion in the previous year. This would take Fitipower into another wave of higher growth and we will continually invest to capitalize on the opportunities that will come with it.

Financial Performance

For fiscal 2021, Fitipower's consolidated revenue was NT\$22,868.24 million, up 110.2% from NT\$10,879.7 million in the previous year; net income after tax was NT\$6,389.64 million and earnings per share was NT\$33.83, up 773.1% and 731.2% respectively from NT\$731.83 million and NT\$4.07 in the previous year.

Gross margin for 2021 was 46.6%, compared to 21.9% in the previous year, and operating profit margin was 33.7%, compared to 7.3% in the previous year. Net profit margin after tax was 27.9%, an increase of 21.2 percentage points from the previous year's 6.7%.

Technology Development

In 2021, Fitipower kept increasing its R&D spending to NT\$2.169 billion, sustaining its leading position in various types of display screen design IC and power management IC.

On the display side, in addition to developing customized products for high-end display panels from the world's leading brands, we also offered advanced and competitive solutions for the general market. The year also saw breakthroughs and refinements in technology, including total solutions for displays, P2P driver IC for narrow bezel laptops, total solutions for large format products for customers around the world, total solutions for monitor ES9.0, eDP timing control IC for laptops and color eBook driver IC.

In terms of power management IC, Fitipower has been constantly developing updated processes to support the development of new products and to enhance the company's technical capabilities and product competitiveness, such as this year's high-current e-book power management IC, e-book high-sensitivity dimming frontlight IC, 18V/8A step-down IC and other basic power supply IC and 18V/1.5A DC motor driver IC.

Whether you are looking for a wide range of display screen chips, power management chips or other related semiconductor solutions, we offer a complete and smooth platform for our customers to stimulate more innovation and provide unlimited resources for products that are more in line with green and ESG issues.

Environment, Sustainability and Corporate Governance

Fitipower is dedicated to sound corporate governance, which is also our core corporate value. Only by valuing the interests of all stakeholders can we achieve our short-, medium- and long-term goals for sustainable development.

In 2021, considering Fitipower's commitment to sustainable corporate development, a Sustainable Development Committee was established under the Board of Directors, and the Fitipower Environmental Sustainability Foundation was also set up in the same year. Meanwhile, we have joined hands with suppliers and strategic partners to promote ESG-related policies and to respond to related campaigns, such as donating e-books to rural elementary schools. In addition to the Foundation, we also contribute to global energy conservation and environmental protection by creating chips with high efficiency and low energy consumption, while creating a friendly workplace to spread goodwill to every corner through our organization.

Corporate Development

The workforce of Fitipower worldwide surpassed 900 in 2021, up 50% from 600 in the previous year. Our employees are our most important asset, and as a fast-growing, specialist wafer-less semiconductor company, we put a premium on staff training and career development. In the area of expertise, Fitipower constantly responds to the attention of its customers and partners, and will develop and refine its technology for a wide range of applications and solutions, including edge computing, Internet of Things, artificial intelligence, automotive electronIC, e-paper, etc. Fitipower offers better services to its customers and partners, and believes that the foregoing areas will soon become the driving force for future growth.

Future Outlook

Fitipower's human-centric technology is designed to improve lives and enrich experiences. Through chip optimization, we make our products more efficient and less energy intensive. We believe that technology can change lives and further change the world.

The COVID-19 pandemic and various geopolitical and even war-related uncertainties have made Fitipower even more dedicated to realizing innovations to contribute to the well-being of people. Digital technology has helped us to mitigate the impact of the COVID-19 outbreak as well as other challenges. All this shows that as technology plays an increasingly vital role in people's lives, it is also expediting the digital transformation of society.

As we are moving into the 5G and AIOT generations, demand for semiconductors will be strong and ongoing as applications continue to be in demand. Not only does Fitipower have solid development capabilities, but its technology and platform portfolio is in an excellent position to capitalize on the growth of major trends in the coming years. Despite macroeconomic uncertainties lying ahead, Fitipower will continue to enhance shareholder value through its sound financial structure and by working with customers on a wide range of products and services, building on the technological strengths and flexible business strategies it has accumulated over the years.

By fulfilling corporate governance and sustainable operation, it is our duty to earn a continued return for our shareholders. We appreciate the trust and support of our shareholders in Fitipower and look forward to joining hands with you to create a prosperous future.

LIN, YUNG-CHIEH, Chairman



II. Company Profile

I. Date of Incorporation: July 4, 1995

II. Milestones:

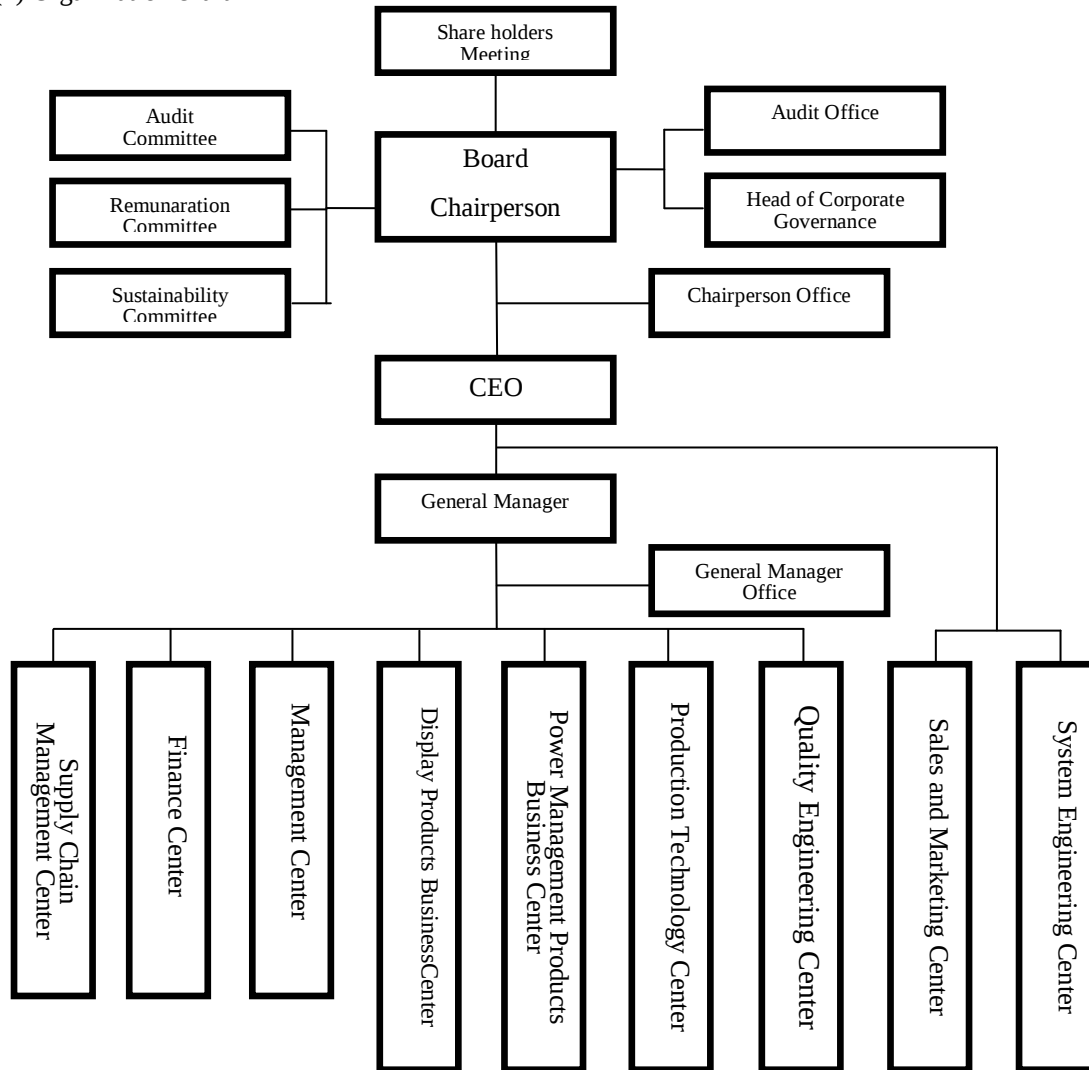
Year	Month	Events
1995	Jul	Company established with a capital of NT\$50,000 K
1998	Aug	10-bit Scanner AFE won the Best 3C Product Star Award
2002	Jun	Elan MicroelectronIC Corp. invested and acquired the right to operate
2005	Jan	Passed ISO 9001:2000 quality certification
2005	Sep	Increased capital by NT\$6,391 K through conversion of earnings and by NT\$24,001 K through conversion of capital surplus, bringing a paid-in capital to NT\$158,742 K
2006	Mar	Increased capital by NT\$58,686 K through conversion of earnings, bringing a paid-in capital to NT\$223,638 K
2006	May	Merged Hongsin Semiconductor Co and increased capital by NT\$450,000 K, bringing an authorized capital to NT\$1,000,000 and paid-in capital to NT\$673,638 K.
2008	Jan	Increased capital by NT\$120,000 in cash, resulting in a paid-in capital of NT\$845,848 K
2009	Jan	Relocated head office to Jhunan Science Park
2009	Jan	Passed ISO 9001:2008 quality certification
2010	Apr	Reduced capital by NT\$260,970 K, resulting in a paid-in capital of NT\$608,928 K
2010	May	Merged TechPower Semiconductor Co. and increased capital by NT\$38,000 K, bringing paid-in capital to NT\$646,928 K.
2010	Jul	Approved by the Securities and Futures Bureau a supplemental public offering of shares
2010	Sep	Registered on the Emerging Stock Market through the Taipei Exchange
2011	Jan	Established Jadard Technology (Shenzhen) Inc. in China through an investee enterprise in a third jurisdiction
2011	Aug	Increased capital by NT\$23,858 K through conversion of earnings, bringing a paid-in capital to NT\$750,786 K
2012	Jan	Hon Hai Technology Group increased capital by \$450,000 K by a private placement, bringing an authorized capital to NT\$1,500,000 K and a paid-in capital to NT\$1,200,786 K
2012	May	Relocated head office to Hsinchu Science Park
2012	Jul	Invested and established Jadard Technology Limited
2013	Jun	Innolux Corp increased capital by \$100,000 K by a private placement, bringing an authorized capital to NT\$2,000,000 K and a paid-in capital to NT\$1,321,794 K
2014	Nov	Issued new restricted shares to employees and increased capital by NT\$15,000 K, resulting in a paid-in capital of NT\$1,336,794 K
2015	Dec	Issued new restricted shares to employees and increased capital by NT\$25,000 K, resulting in a paid-in capital of NT\$1,360,606 K
2016	Nov	Issued new restricted shares to employees and increased capital by NT\$28,790 K, resulting in a paid-in capital of NT\$1,388,759 K
2017	Mar	Established Jadard Technology Ltd in Hong Kong through an investee enterprise in China
2017	Jul	Established Jadard Technology (Hefei) Co in China through an investee enterprise in China

<u>Year</u>	<u>Month</u>	<u>Events</u>
2017	Nov	Issued new restricted shares to employees and increased capital by NT\$27,600 K, resulting in a paid-in capital of NT\$1,415,409 K
2018	Jan	Passed ISO9001:2015 quality certification
2018	Oct	Listed on the Taiwan Stock Exchange
2018	Nov	Increased capital by NT\$189,000 K in cash, and issued new restricted shares to employees and increased capital by NT\$1,240 K, resulting in a paid-in capital of NT\$1,604,260 K
2018	Dec	Issued new restricted shares to employees and increased capital by NT\$24,570 K, resulting in a paid-in capital of NT\$1,628,606 K
2019	Apr	Cancelled new restricted shares issued to employees and reduced capital by NT\$217 K, resulting in a paid-in capital of NT\$1,628,389 K
2019	Aug	Cancelled new restricted shares issued to employees and reduced capital by NT\$1,024 K, resulting in a paid-in capital of NT\$1,627,365 K
2019	Dec	Issued new restricted shares to employees and increased capital by NT\$30,000 K, and cancelled the same and reduced capital by NT\$490 K, resulting in a paid-in capital of NT\$1,656,875 K
2020	Apr	Cancelled new restricted shares issued to employees and reduced capital by NT\$627 K, resulting in a paid-in capital of NT\$1,656,248 K
2020	Aug	Cancelled new restricted shares issued to employees and reduced capital by NT\$756 K, resulting in a paid-in capital of NT\$1,655,492 K
2020	Dec	Issued new restricted shares to employees and increased capital by NT\$10,570 K, and cancelled the same and reduced capital by NT\$182 K, resulting in a paid-in capital of NT\$1,665,880 K
2021	May	Cancelled new restricted shares issued to employees and reduced capital by NT\$301 K, resulting in a paid-in capital of NT\$1,665,579 K
2021	Jun	Subsidiary Jadard Technology Inc submitted application for A-share listing
2021	Aug	Increased capital by NT\$200,000 K in cash, and cancelled new restricted shares issued to employees and reduced capital by NT\$126 K, resulting in a paid-in capital of NT\$1,865,453 K
2021	Nov	Set up the Fitipower Environmental Sustainability Foundation

III. Corporate Governance Report

I. Organization

(1) Organization chart



(2) Operations implemented by major departments

Department	Responsibilities
Audit Office	Develops, plans and carries out internal control and audit systems.
Chairman Office / President Office	Plans and defines the direction, objectives, strategies and development policies of the Company, and supervises the actual implementation of the Company's policies to ensure the achievement of the Company's objectives.
Sales and Marketing Center	1. Performs market surveys and analysis and defines new products. 2. Prepares product specifications and application documents. 3. Takes responsibility for achieving annual sales targets. 4. Takes responsibility for executing orders and shipments. 5. Takes responsibility for collecting and following up on accounts receivable. 6. Handles customer complaints and after-sales service 7. Devises product strategies and produces related promotional materials.
Display Products Business	1. Takes responsibility for designing display driver ICs.

Department	Responsibilities
Center	2. Takes responsibility for circuit layout design and verification. 3. Assists in the manufacture of photomasks.
Power Management Products Business Center	1. Takes responsibility for designing power management ICs. 2. Takes responsibility for circuit layout design and verification. 3. Assists in the manufacture of photomasks.
Supply Chain Management Center	1. Manages the procurement of raw materials, import and export processes and suppliers. 2. Manages outsourced suppliers' delivery schedules. 3. Manages production planning and import and export activities.
Production Technology Center	1. Product test engineering. 2. Analysis and improvement of process irregularities and prevention of recurrence.
Quality Engineering Center	1. Product yield increase and maintenance. 2. Raw material incoming inspection and control. 3. Product quality control. 4. Customer complaints handling and defect analysis.
System Engineering Center	1. Product specification measurement and application verification. 2. Integrated application system architecture and product promotion. 3. Customer design and application technical support. 4. Customer complaints handling.
Finance Center	1. Formulates financial plans according to the Company's business philosophy. 2. Plans and executes financial, accounting, tax, cost and capital related operations. 3. Prepares, executes and controls the annual budget. 4. Handles preparations prior to the board meetings and shareholders' meetings, as well as handles various changes in the Company. 5. Prepares operating statements based on financial information and provides management with suggestions for improvement. 6. Promotes the improvement of financial systems and operating procedures to ensure better performance. 7. Maintains external investor relations.
Management Center	1. Planning and implementation of the Company's organization and administrative system. 2. Recruitment of staff, payroll operations, education and training. 3. Property management, maintenance and disposal operations. 4. General affairs. 5. Planning, evaluation, management and maintenance of computers, networks, peripherals and software packages. 6. System maintenance and management of workstations.

II. Information of Directors and Officials

(1) Directors

1. Directors' information

April 24, 2022; Unit: Share; %

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairperson	ROC	LIN, YUNG-CHIEH	Male 51~60	110.05.18	3	100.06.30	835,282	0.50	1,052,176	0.56	133,397	0.07	-	-	Education and Qualifications PhD in electrical engineering, University of California, Santa Barbara (UCSB) Experience Engineer, ALi Corp Manager, Hon Hai Precision Industry Co	CEO of the Company, Chairman of the Sustainable Development Committee of the Board, Visual-Sensing Technology Corp	-	-	-	-
Director	ROC	Hong Yang Investment INC.	-	110.05.18	3	101.05.25	12,120,045	7.28	13,213,984	7.08	-	-	-	-	-	-	-	-	-	-
	ROC	Rept.: LIU, JIN-HSUN	Male 51~60	110.05.18	3	107.06.21	-	-	-	-	-	-	-	-	Education and Qualifications PhD in electronic engineering, National Chiao Tung University Experience Chief Technology Officer, US-based Cavium Inc. (Taiwan)	Vice President, SDC System Chip Design Center, Hon Hai Precision Industry Co; President, Pollux Electronics Limited Taiwan Branch (Macau); Executive Director, Pollux Electronics Limited; President & Chairman, Acherar Technologies (US) Co; Chairman, Nxvi Microelectronics Technology (Jinan) Co; President & Chairman of the Board, Hongfuxin Electronic Technology (Jinan) Co	-	-	-	-
Director	ROC	Hong Yang Investment	-	110.05.18	3	104.05.28	12,120,045	7.28	13,213,984	7.08	-	-	-	-	-	-	-	-	-	-

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		t INC.																		
	ROC	Rept.: LUO, WEN-WEI	Male 51~60	110.05.18	3	109.02.25	-	-	-	-	-	-	-	-	Education and Qualifications MSc in nuclear engineering, National Tsing Hua University Experience Senior Assistant Manager of R&D Technology, ProMOS Technologies Inc	President of Socle Technology Corp	-	-	-	-
Director	ROC	CHIU, SHU-HUI	Female 51~60	110.05.18	3	95.06.02	987,733	0.59	1,124,218	0.60	-	-	-	-	Education and Qualifications Institute of Electronics, National Chiao Tung University Experience Hualon Microelectronics Corp Director, Elan Microelectronics Corp	President of the Company, Vice Chairman of the Sustainable Development Committee Corporate Director Representative, Visual-Sensing Technology Corp	-	-	-	-
Independent Director	ROC	CHEN, BI-FENG	Female 61~70	110.05.18	3	101.05.25	-	-	-	-	-	-	-	-	Education and Qualifications MBA, Royal Roads University, Canada Experience Cost Accounting Officer, Integrated Circuit Solution Inc Accounting Officer, RiTdisplay Corp Finance Officer, Startek Engineering Inc Finance Officer, Art Analog, Inc	Members of the Company's Audit Committee, Compensation Committee and Sustainable Development Committee	-	-	-	-
Independent Director	ROC	YAO, DE-CHANG	Male 51~60	110.05.18	3	103.06.26	-	-	-	-	-	-	-	-	Education and Qualifications M.S. in finance, National Taiwan University MSc in electrical engineering, University of Southern California, USA Experience Vice President, Hsu Pang Investment	(Note 2)	-	-	-	-

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Consulting, Inc. President, Ta Ya Venture Capital Co					
Indepen dent Director	ROC	LIU, HSUEH- YU	Male 61~70	110.05.18	3	110.05.18	-	-	-	-	-	-	-	-	Education and Qualifications Department of Electronic Engineering, Fu Jen Catholic University Experience Chief Engineer & Business Manager, HP Taiwan Information Technology Ltd Automation Engineer, Nan Ya Plastics Corp Vice President, WK Technology Fund	Members of the Company's Audit Committee, Compensation Committee and Sustainable Development Committee President of NTU Innovation Incubation Co; Independent Director and Compensation Committee Member of Wieson Technologies Co; Independent Director Compensation Committee Member of Professional Computer Technology Ltd; Independent Director Compensation Committee Member of U.D. Electronic Corp; Corporate Director Representative of P-Duke Technology Co; Corporate Director Representative of FineArt Technology Co; Corporate Director Representative of Portal International IPRs Service Co; Supervisor of ELTA Technology Co	-	-	-	-
Indepen dent Director (Note 3)	ROC	ZHONG, RON-HU I	Male 41~50	107.06.21	3	104.05.28	-	-	-	-	-	-	-	-	Education and Qualifications MA in international business, National Chengchi	Members of the Company's Audit Committee, Compensation Committee;	-	-	-	-

Title	Nationality / Country of Origin	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Other officers, directors or supervisors who are spouses or within two degrees of kinship.			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															University MA, University of Reading, UK Experience Deputy Director of Administration, Silicon Optronics, Inc Director of Management Office, Solid State System Co Senior Director of Finance Division, United BioPharma Inc	Independent Director and Compensation Committee Member of Shian Yih Electronic Industry Co; Corporate Supervisor Representative of Vichip Corp; Senior Manager, Finance Division, Alpha Networks Inc				

Note 1: If the chairman of the board of directors and the general manager or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity and measures (such as increasing the number of independent directors and having a majority of directors who are not also employees or managers, etc.) should be explained:
Due to operational needs, the chairman of the board of directors is also the chief executive officer and only 29% of the company's directors are also employees, so the board of directors still retains objectivity and supervisory power.

Note2:Members of the Audit Committee, Remuneration Committee and the Sustainable Development Committee of the Company, Hua Chen Investment INC. Chairperson, Yong Fu Investment INC.Chairperson, Yong Chuan Investment INC.Chairperson, Cheng Gong Management INC. Chairperson, Feng Huang Management INC. Chairperson, Feng Huang Er Innovation INC.Chairperson, Feng Huang San Innovation INC.Chairperson Chairperson, YOUNGTEK ELECTRONICS CORP. Director, JENTECH PRECISION INDUSTRIAL CO., LTD. Independent Director, ASIX ELECTRONICS CORPORATION Director, Ledlink Optics, Inc. rept. of corporate director, TAITIEN ELECTRONICS CO., LTD. Director 、 U.D.ELECTRONIC CORP. rept. of corporate director, NCKU Venture Capital Co .,Ltd. Director °

Note 3: Independent Director ZHONG, RON-HUI was re-elected on 2021/5/18.

2. Major shareholders of the corporate shareholders

April 24, 2022

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding
HONG YANG INVESTMENT INC.	HON HAI PRECISION INDUSTRY CO., LTD.	98%

3. Majority shareholder of a corporation whose principal shareholder is a corporation

April 2, 2022

Name of corporate shareholder	Major shareholders of the corporate shareholder
HON HAI PRECISION INDUSTRY CO., LTD.	Gou, Tai-ming (Terry Gou) (12.57%) 、 Citibank Hosting Government of Singapore Investment Account (2.37%) Citibank Hosting Hon Hai Precision Industry Co., Ltd. Depositary Receipts Account (1.28%) New Labor Pension Fund (1.26%) JPMorgan Chase Hosting Vanguard Developing Markets Index Fund (1.20%) JPMorgan Chase Bank Hosting Vanguard STAR Developed Markets Index Fund (1.11%) Citibank Hosting Norges Bank Investment Account (1.02%) Standard Chartered Bank Hosting the Fidelity Puritan Trust: Fidelity LowPriced Stocks Fund (0.96%) LGT Bank AG (0.82%) SAUDI CENTRAL BANK - State Street Global Advisors as external fund manager (0.79%)

4. Professional qualifications and independence analysis of directors and supervisors:

Criteria Name /Title	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
LIN, YUNG-CHIEH Chairperson	Please refer to the Annual Report - Directors' Information (pages 8 to 12) for the professional qualifications and experience of the Directors. None of the Directors are subject to the provisions of Article 30 of the Companies Act (Note 1).	NA	-
LIU, JIN-HSUN Director			-
LUO, WEN-WEI Director			-
CHIU, SHU-HUI Director			-
CHEN, BI-FENG Independent Director		All independent directors meet the following criteria. 1. Comply with the relevant provisions of Article 14 of the Securities Transaction Act and the "Regulations on the Establishment of and Matters to be Followed by Independent Directors of Public Development Companies" (Note 2) promulgated by the Financial Supervisory Commission	-
YAO, DE-CHANG Independent Director			1

Criteria Name /Title	Professional Qualifications and Experiences	Status of Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
LIU, HSUEH-YU Independent Director		2. No shares of the Company are held by the director (or in the name of others), his spouse and minor children. 3. Have not received any remuneration for business, legal, financial or accounting services provided by the Company or its affiliates in the last two years.	3

Note 1: A person shall not be appointed as a manager if one of the following applies, and if he/she has been appointed as a manager, he/she shall be dismissed as a matter of course.

1. Has been convicted of an offence under the Prevention of Organized Crime Ordinance and has not yet been executed, has not yet been executed, or has been executed, suspended or pardoned for less than five years.
2. Has been convicted of fraud, breach of trust or embezzlement and has been sentenced to imprisonment for a term of more than one year and has not been executed, has not been served, or has served, been suspended or pardoned for a period of not more than two years.
3. Has been convicted of a crime under the Corruption Ordinance, and having been convicted of such a crime, and having not been executed, not yet executed, or not more than two years after the completion of the execution, the expiration of the suspended sentence or the pardon.
4. Has been declared bankrupt or has commenced liquidation proceedings by court order and has not yet regained his or her rights
5. With dishonor record.
6. A person who is incapacitated or has restricted capacity
7. Has not been revoked by an ancillary declaration.

Note 2: 1. Not a government or legal entity or its representative as provided in Article 27 of the Companies Act.

2. An independent director of no more than three other publicly traded companies.
3. Has not been one of the following two years prior to his or her election and during his or her term of office.
 - (1) An employee of the Company or its affiliates.
 - (2) A director or supervisor of the Company or its affiliates.
 - (3) A shareholder who holds more than 1% of the total issued shares of the Company or is the top ten shareholder whose shares are hold in the name of himself/herself, his/her spouse, minor children or others.
 - (4) A manager listed in (1) or a spouse, a relative within the second degree of consanguinity or a relative within the third degree of consanguinity of a person listed in (2) or (3).
 - (5) A director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company, is the top five holders of shares, or is a person designated as a representative to act as a director of the Company in accordance with Article 27 of the Company Act.
 - (6) A director, supervisor or employee of another company who is controlled by the same person as the directorship or more than half of the voting shares of the company.
 - (7) A director (director), supervisor (supervisor) or employee of another company or organization who is the same person or the spouse of the chairman, president or equivalent of the chairman, president or equivalent of the company.
 - (8) A director, supervisor, manager or shareholder holding more than 5% of the shares of a particular company or organisation with which the company has financial or business dealings.
 - (9) Professionals, sole proprietors, partners, directors (directors), supervisors (supervisors), managers and their spouses who provide audit or remuneration to the Company or its affiliates in the amount of less than NT\$500,000 in the last two years for business, legal, financial or accounting related services, except for members of the Company's Remuneration Committee.

5. Board Diversity and Independence:

The Company's Code of Corporate Governance Practices was approved by the Board of Directors on March 10, 2015 and the diversity policy is set out in Chapter 3, "Strengthening the Functions of the Board".

The nomination and selection of members of the Company's Board of Directors is based on a candidate nomination system in accordance with the Company's Articles of Incorporation and in compliance with the "Procedures for Election of Directors" and the "Code of Corporate Governance Practices". The Company has set a target of 25% female directors to ensure diversity in the Board of Directors, taking into account the operational and development needs of the Company.

All seven directors of the Company's current Board of Directors have diverse backgrounds, including different industries and financial accounting. The Company's board of directors is independent as 29% of the directors are employees and 43% are independent directors, and there are no spouses or

relatives within the second degree of kinship among the directors. The Company also places emphasis on gender equality in the composition of its Board of Directors, of which two are female directors, representing 29%.

The diversity, complementarity and implementation of the Company's directorship policy comply with the standards set out in Rule 20 of the Code of Corporate Governance Practices. In the future, the diversity policy will be revised in accordance with the operation, business model and development needs of the Board, including but not limited to the two major orientations of basic requirements and values, and professional knowledge and skills, to ensure that Board members should generally possess the knowledge, skills and qualities necessary to perform their duties. The policy is implemented as follows. The implementation of the diversity policy for Board members is set out in the table below.

Implementation status of the diversification policy for Board members:

Title	Chairperson	Director	Director	Director	Independent Director	Independent Director	Independent Director
Name	LIN, YUNG-CHIEH	LIU, JIN-HSUN	LUO, WEN-WEI	CHIU, SHU-HUI	CHEN, BI-FENG	YAO, DE-CHANG	LIU, HSUEH-YU
Gender	M	M	M	F	F	M	M
Nationality	ROC	ROC	ROC	ROC	ROC	ROC	ROC
Age	51-60	51-60	51-60	51-60	61-70	51-60	61-70
Length of Service of Independent Directors					Over 9 years	3-9 years	Less than 3 years
Employee of the Company	V			V			
Professional knowledge and talent							
Commerce	V	V	V	V	V	V	V
Technology	V	V	V	V		V	V
Finance/Accounting					V		
Ability and experience							
Ability to make operational judgments	V	V	V	V	V	V	V
Ability to perform accounting and financial analysis					V	V	
Ability to conduct management administration	V	V	V	V	V	V	V
Ability to conduct crisis management	V	V	V	V	V	V	V
Knowledge of the industry	V	V	V	V	V	V	V
International market perspective	V	V	V	V	V	V	V
Ability to lead	V	V	V	V		V	V
Ability to make policy decisions	V	V	V	V		V	V
Sustainability/social participation	V			V	V	V	V

(2) President, Vice President, Associate Managers, Heads of Departments and Branches

April 24, 2022 Unit: Share; %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 1)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	ROC	LIN, YUNG-CHIEH	M	2015.06.16	1,052,176	0.56	133,397	0.07	-	-	PhD in electrical engineering, University of California, Santa Barbara (UCSB) Engineer, ALi Corp Manager, Hon Hai Precision Industry Co	VST Chairperson	-	-	-	-
General Manager	ROC	CHIU, SHU-HUI	F	2009.01.01	1,124,218	0.60	-	-	-	-	MS of Electronics, National Chiao Tung University Experience Hualon Microelectronics Corp Director, Elan Microelectronics Corp	VST Rept. of corporate director	-	-	-	-
Vice General Manager	ROC	TSAI, KUN-HSIEN	M	2014.07.01	640,874	0.34	16,338	0.01	-	-	NSYSU Dept. of Electrical Engineering UMC Engineer Novatek Manager	-	-	-	-	-
Vice General Manager	ROC	CHANG, KUEI-KAI	M	2017.05.01	20,000	0.01	1,184	-	-	-	NSYSU Dept. of Electrical Engineering MS SUNSHINE SPORTS TECH CO., LTD. Manager SUNPLUS TECHNOLOGY CO., LTD. Manager	-	-	-	-	-
Associate Managers	ROC	HSU, CHONG-MING	M	2021.06.01	127,800	0.07	30,000	0.02	-	-	Chung Hua University Dept. of Foreign Language BA C SUN Manager DenMOS Technology Inc. Manager RECHI PRECISION CO., LTD. Manager	-	-	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 1)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 2)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Associate Managers	ROC	LIN, XIN-JIE	M	2021.08.23	-	-	-	-	-	-	NTU MS NCCU MS Nuvoton Technology Director NewEdge Technology VP CSMC TECHNOLOGIES CORPORATION Department Chief	-	-	-	-	-
Associate Managers (Note 3)	ROC	KUO, CHUN-YEN	M	2017.05.01	NA	NA	NA	NA	NA	NA	NCTU PhD Rafael Microelectronics, Inc. Department Chief Ruei Ming INC. R&D Department Chief Richtek R&D Department Chief TrendChip R&D Associate Manager	-	-	-	-	-
Accounting Manager	ROC	CHEN, PO-CHANG	M	2002.10.07	-	-	-	-	-	-	NSYSU Finance MA YUANTA Assistant Manager	VST Supervisor, JADARD (Shengzhen) Supervisor	-	-	-	-
Head of Corporate Governance	ROC	CHEN, YI-HUI	F	2021.11.08	-	-	-	-	-	-	SCU Dept. of Law MA MingYe Law Firm Lawyer SINICA Law Institute Assistant Fellow	-	-	-	-	-

Note 1: For experience in relation to the current position, if have worked for a firm of certified public accountants or a related company during the previous reporting period, you should state the title of the position and the duties for which one were responsible: none.

Note 2: If the general manager or equivalent (top manager) and the chairman of the board of directors are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity and measures (such as increasing the number of independent directors and having a majority of directors who are not also employees or managers) should be disclosed: The chairman of the board of directors is also the chief executive officer due to operational needs, and the percentage of directors who are also employees is only 29%. Therefore, the Board of Directors retains its objectivity and supervisory power.

Note 3: The manager, Mr. Guo Junyan, was relieved of his duties in 2021.

III. Remuneration of Directors, President and Vice Presidents

(1) Compensation of Directors and Independent Directors (2021)

Unit: NT\$ thousands

Title	Name	Compensation to Directors								Ratio of Total Compensation (A+B+C+D) to Net Income (%)		Relevant Compensation Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation from ventures other than subsidiaries or from the parent company
		Compensation (A)		Severance Pay (B)		Directors Compensation (C)		Professional Practice (D)				Salary, Bonus, and Special Allowance (E)		Severance Pay (F)		Employee Compensation (G) (Note 1)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
Chairperson	LIN, YUNG-CHIEH	-	-	-	-	-	-	-	-	-	-	7,699	7,699	108	108	20,327	-	20,327	-	28,134 0.48%	28,134 0.48%	None
Director	Hong Yang Investment INC. Rept.: LIU, JIN-HSUN																					
Director	Hong Yang Investment INC. Rept.: LUO, WEN-WEI																					
Director	CHIU, SHU-HUI																					
Independent Director	CHEN, BI-FENG	858	858	-	-	-	-	-	-	0.01	0.01	-	-	-	-	-	-	-	-	-	-	None
Independent Director	YAO, DE-CHANG																					
Independent Director	LIU, HSUEH-YU																					
Independent Director (Note 2)	ZHONG, RON-HUI																					

1. Please describe the policy, system, criteria and structure for the payment of remuneration to independent directors, and the relevance of the amount of remuneration to the responsibilities, risks and time commitment: The Company's independent directors receive fixed compensation and board attendance fees, while the remaining directors receive no compensation other than board attendance fees.

2. Other than as disclosed in the table above, remuneration received by the Company's directors for services rendered in the most recent year (e.g. as consultants to non-employees of the parent company/financial reporting company/reinvestment business): None.

Note 1: This refers to the employee compensation received by part-time employees in 2021. Based on the proposed 2021 employee compensation amount approved by the Board of Directors, the proposed allotment amount for this year is estimated based on historical experience.

Note 2: ZHONG, RON-HUI independent director was re-elected on 2021/5/18.

Compensation Scale

Range of Compensation	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the financial statements	The Company	Companies in the financial statements
Less than NT\$1,000,000	CHEN, BI-FENG YAO, DE-CHANG LIU, HSUEH-YU ZHONG, RON-HUI (note)	CHEN, BI-FENG YAO, DE-CHANG LIU, HSUEH-YU ZHONG, RON-HUI (note)	CHEN, BI-FENG YAO, DE-CHANG LIU, HSUEH-YU ZHONG, RON-HUI (note)	CHEN, BI-FENG YAO, DE-CHANG LIU, HSUEH-YU ZHONG, RON-HUI (note)
NT\$1,000,000~NT\$1,999,999	-	-	-	-
NT\$2,000,000~NT\$3,499,999	-	-	-	-
NT\$3,500,000~NT\$4,999,999	-	-	-	-
NT\$5,000,000~NT\$9,999,999	-	-	-	-
NT\$10,000,000~NT\$14,999,999	-	-	CHIU, SHU-HUI	CHIU, SHU-HUI
NT\$15,000,000~NT\$29,999,999	-	-	LIN, YUNG-CHIEH	LIN, YUNG-CHIEH
NT\$30,000,000~NT\$49,999,999	-	-	-	-
NT\$50,000,000~NT\$99,999,999	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	4	4	6	6

Note: Independent Director ZHONG, RON-HUI was re-elected on 2021/5/18.

(2) Compensation to Presidents and Vice Presidents (2021)

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay (B)		Bonus and Special Allowance (C)		Employee Compensation (D) (Note)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation from ventures other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash	Stock	Cash	Stock			
CEO	LIN, YUNG-CHIEH	13,669	13,669	324	324	2,000	2,000	31,270	-	31,270	-	47,263 0.81%	47,263 0.81%	None
President	CHIU, SHU-HUI													
Vice President	CHANG, KUEI-KAI													
Vice President	TSAI, KUN-HSIEN													

Note: The proposed allotment for this year is estimated on the basis of historical experience based on the proposed allotment of 2021s' staff remuneration approved by the Board of Directors.

Compensation Scale

Range of Compensation	Names of Presidents and Vice Presidents	
	The Company	Companies in the financial statements
Less than NT\$1,000,000	-	-
NT\$1,000,000~NT\$1,999,999	-	-
NT\$2,000,000~NT\$3,499,999	-	-
NT\$3,500,000~NT\$4,999,999	-	-
NT\$5,000,000~NT\$9,999,999	TSAI, KUN-HSIEN	TSAI, KUN-HSIEN
NT\$10,000,000~NT\$14,999,999	CHIU, SHU-HUI, CHANG, KUEI-KAI	CHIU, SHU-HUI, CHANG, KUEI-KAI
NT\$15,000,000~NT\$29,999,999	LIN, YUNG-CHIEH	LIN, YUNG-CHIEH
NT\$30,000,000~NT\$49,999,999	-	-
NT\$50,000,000~NT\$99,999,999	-	-
More than NT\$100,000,000	-	-
Total	4	4

Name of the manager who distributes the employee's compensation and the distribution status:

Unit: NT\$ thousands

	Title	Title	Stock	Cash (Note 1)	Total	Ratio of Total Amount to Net Income (%)
Manager	CEO	LIN, YUNG-CHIEH	-	40,383	40,383	0.69
	General Manager	CHIU, SHU-HUI				
	Vice General Manager	TSAI, KUN-HSIEN				
	Vice General Manager	CHANG, KUEI-KAI				
	Associate Manager	HSU, CHONG-MING				
	Associate Manager	LIN, XIN-JIE				
	Accounting Manager	CHEN, PO-CHANG				
	Head of Corporate Governance	CHEN, YI-HUI				
	Associate Manager(註 2)	KUO, CHUN-YEN				

Note 1: The proposed distribution for this year is estimated based on historical experience, based on the proposed 2021 employee compensation amount approved by the Board of Directors.

Note 2: The manager, KUO, CHUN-YEN, was relieved of his duties in 2021.

- (3) Comparison and explanation of the analysis of total remuneration paid to the Company's directors, general manager and deputy general manager as a percentage of net income after tax for the most recent two years for the Company and all companies in the consolidated financial statements and the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and future risks

1. Analysis of total remuneration paid to the Company's directors, general manager and deputy general manager as a percentage of net income after tax for the most recent two years for the Company and all companies in the consolidated financial statements

Unit: NT\$ thousands

Item \ Year	2020		2021	
	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements
Total directors' remuneration	549	549	858	858
Directors' total remuneration as a percentage of net profit after tax	0.08%	0.08%	0.01%	0.01%
Total remuneration of General Manager and Deputy General Manager	18,928	18,928	47,263	47,263
Total remuneration of General Manager and Deputy General Manager as a percentage of net profit after tax	2.84%	2.84%	0.81%	0.81%

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and future risks

The Company's independent directors receive a fixed compensation and board of directors' attendance fees, while the remaining directors receive no compensation other than board of directors' attendance fees.

The remuneration of the Company's employees is determined by the Board of Directors and reported to the shareholders in accordance with the profitability of the Company in the year in which it is allocated and the percentages set forth in the Articles. The manager's remuneration, including salaries and bonuses, is determined in accordance with the Company's personnel regulations and is based on the position held, education, professional ability and responsibilities, and is determined by reference to the standards of similar positions in the industry and approved by the Remuneration Committee. The performance evaluation of our managers includes financial indicators (such as the achievement of the Company's revenue, net profit before tax and net profit after tax) and non-financial indicators (such as significant deficiencies in compliance with laws and regulations and operational risks of the departments under their supervision).

IV. Implementation of Corporate Governance

(1) Operation of the Board of Directors

The Board meeting in 2021 were held nine times (A) and the attendance of the directors was as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note)	Remarks
Chairperson	LIN, YUNG-CHIEH	9	-	100%	
Director	Hong Yang Investment INC.Rept.:LIU, JIN-HSUN	7	2	78%	
Director	Hong Yang Investment INC.Rept.:LUO, WEN-WEI	9	-	100%	
Director	CHIU, SHU-HUI	9	-	100%	
Independent Director	CHEN, BI-FENG	9	-	100%	
Independent Director	YAO, DE-CHANG	9	-	100%	
Independent Director	ZHONG, RON-HUI	3	-	100%	Re-elected on 2021/5/18
Independent Director	LIU, HSUEH-YU	6	-	100%	Re-elected on 2021/5/18

Other mentionable items:

- The operation of the Board of Directors' Meeting shall state the date and period of the Board of Directors' Meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors, if any of the following circumstances apply.
 - Matters listed in Article 14-3 of the Securities Transaction Act: The Company has established an Audit Committee, please refer to page 20 for the operation of the Audit Committee.
 - Other than the matters listed above, other matters resolved by the Board of Directors at meetings of the Board of Directors at which the independent directors objected to or reserved their opinions and for which records or written statements are available: None.
- Enforcement of Directors' disqualification from interest motions.
 - In the 17th meeting of the 7th Board of Directors of the Company, the Board of Directors reviewed the

distribution of employees' and directors' remuneration for 2020, except for directors LIN, YUNG-CHIEH and CHIU, SHU-HUI, who are also employees, who did not participate in the discussion and vote due to recusal, and the rest of the directors present passed the resolution without any objection.

2. In the 18th meeting of the 7th Board of Directors of the Company, the proposal to review the policy, system, standard and structure of managerial performance evaluation and salary compensation was approved without objection by all Directors present, except for Directors LIN, YUNG-CHIEH and CHIU, SHU-HUI, who are also employees, who did not participate in the discussion and vote due to recusal.

3. In the 3rd meeting of the 8th Board of Directors of the Company, the proposal on the remuneration of the Company's directors was reviewed and approved without objection by the remaining directors present, except for CHEN, BI-FENG, YAO, DE-CHANG and LIU, Xue-yu, who were recused from the discussion and vote due to their status as independent directors.

4. In the 3rd meeting of the 8th Board of Directors of the Company, the proposal on the performance bonus for the Company's managers was reviewed and approved without objection by the Directors present, except for LIN, YUNG-CHIEH and CHIU, SHU-HUI, who are also employees, who were recused from the discussion and voting due to their interests.

5. In the 4th meeting of the 8th Board of Directors of the Company, the proposal for a performance-based bonus for the Company's managers was reviewed and approved without objection by the Directors present, except for LIN, YUNG-CHIEH, who is also an employee, who did not participate in the discussion and voted due to his recusal.

3. Implementation of the Board of Directors' evaluation:

1. Assessment result: The performance of the Board of Directors, individual Board members, the Audit Committee and the Remuneration Committee of the Company was assessed as "Excellent", indicating that the Board of Directors, the Audit Committee and the Remuneration Committee of the Company are operating well and in line with corporate governance.

2. The results of the above assessment will be reported to the Board of Directors in the near future.

Evaluation Frequency	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation
Once per year	2021/01/01 to 2021/12/31	Board of Directors, individual Board members, Audit Committee and Remuneration Committee	Internal Self-Assessment by the Board and Board Members	(1) Evaluation of the performance of the Board of Directors: including the degree of participation in the Company's operations, the quality of decisions made by the Board of Directors, the composition and structure of the Board of Directors, the selection and continuing education of directors, and internal control. (2) Performance evaluation of individual board members: Including mastery of corporate objectives and tasks, awareness of directors' duties, participation in corporate operations, internal relations and communication, professional and continuing education of directors, internal control, etc. (3) Evaluation of the performance of the Audit Committee and the Remuneration Committee: Including the degree of participation in the Company's operations, awareness of duties and responsibilities, quality of decision making, composition and selection of members, and internal control, etc.

4. Assessment of the objectives and implementation of the enhanced functions of the Board of Directors for the current and most recent years.

1. Since 2015, the Company has established an Audit Committee to replace the Supervisors' duties and responsibilities, and its members are all independent directors.

2. The Company has posted important resolutions on the Market Observation Post System immediately after the Board of Directors' meetings to protect shareholders' rights and interests, and has designated a person responsible for the collection and disclosure of corporate information and established a spokesperson system to ensure that all material information and information is properly disclosed for the reference of shareholders and interested parties.

Note: The actual attendance rate (%) is calculated on the basis of the number of Board meetings held and the actual attendance during the term of his employment.

(2) Operations of Audit Committee:

The Audit Committee held 8 meetings (A) in 2021 and the attendance of committee members is shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note)	Remarks
Independent Director	CHEN, BI-FENG	8	-	100%	-
Independent Director	YAO, DE-CHANG	8	-	100%	-
Independent Director	LIU, HSUEH-YU	5	-	100%	Re-elected on 2021/5/18
Independent Director	ZHONG, RON-HUI	3	-	100%	Re-elected on 2021/5/18
Other mentionable items:					
1. Annual Work Focus: The Audit Committee operates in accordance with the Company's Audit Committee Organizational Procedures and its annual review focuses on:					
1.Financial statements.					
2.Selection (dismissal) and assessment of independence of CPAs.					
3.Revision of the internal control system and implementation of internal audit.					
4.Significant assets, derivatives, loans of funds and endorsement and guarantee transactions.					
5.Matters involving the directors' own interests.					
6.Significant matters required by the competent authorities.					
2. If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Audit Committee meeting, the content of the motion, the content of the objections, reservations or significant recommendations of the independent directors, the results of the Audit Committee resolution and the Company's handling of the Audit Committee's opinion.					
1. Matters referred to in Article 14-5 of the Securities Transaction Act:					
Audit Committee Term/Date	Motion Content			Audit Committee Resolution Result	The Company's handling of the Audit Committee's opinion
2021/02/25 2-16	● Statement of Internal Control System for 2020. ● 2020 Annual Report on Operations and Financial Statements.			The motion was passed with no objection from all audit committee members.	Submitted to the Board and approved by all the attending directors.
2021/04/07 2-17	● 2021 Annual CPA Independence Assessment. ● Application by JADARD (Shengzhen), a subsidiary, for listing on an overseas stock exchange in connection with its initial public offering of RMB ordinary shares (A shares).				
2021/05/06 2-18	● Appointment and remuneration of CPA. ● The Company's financial report for 2021 Q1.				
2021/05/31 3-1	● Proposed purchase of the Company's head office building. ● Proposed issuance of new shares for the Company's 2021 cash capital increase. ● Proposed review of the Company's commitment to list its subsidiary, JADARD (Shengzhen), on an overseas stock market.				
2021/08/10 3-2	● The Company's financial report for 2021 Q2.				
2021/11/08 3-3	● The Company's financial report for 2021 Q3. ● Proposed audit plan for 2022. ● Proposed application for foreign currency swap transaction for the Company's foreign currency fund site.				
2021/11/19 3-4	● Proposed issuance of a supplemental undertaking by the Company for the listing of its subsidiary JADARD (Shengzhen) on an overseas stock market.				
2021/12/23 3-5	● Proposed increase in investment in subsidiaries. ● Proposed to establish new subsidiary.				
2. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all the directors: None.					

3. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
4. Communications between the independent directors, the Company's chief internal auditor and CPAs (including the material matters, manner and results of communication regarding the financial and business position of the Company):
 1. The Head of Internal Audit of the Company provides audit reports to the independent directors on a regular basis, and the Audit Committee and the Board of Directors put forward proposals for internal audit reports, annual audit plans and amendments to the internal control system to enable the independent directors to have a full understanding of the implementation of internal control of the Company's business. The independent directors had no objection or reservation to the motions this year and their communication with the audit business was good.
 2. Before the issuance of the Company's financial statements, the independent directors and the CPA had a pre-conference meeting and reached a unanimous conclusion. The most recent communication was with the CPA to explain the key audit issues of 2021 annual financial statements. The communication between the Company's independent directors and the CPA is normal.

Note: The actual attendance rate (%) is calculated on the basis of the number of Audit Committee meetings held and the actual attendance during his employment.

(3) Corporate Governance Implementation Status and Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Code of Corporate Governance Practices was approved by the Board of Directors on March 10, 2015 and the exercise of powers and duties by the directors and the internal control system are governed by the Code of Corporate Governance Practices.	None
2. Shareholding structure & shareholders' rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company has established a spokesperson system, with dedicated personnel responsible for handling shareholders' proposals, doubtful disputes and litigation matters, and coordinating with relevant units of the Company for settlement.	None
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The Company discloses the names of its major shareholders and the ultimate controllers of its major shareholders in accordance with the law, while maintaining communication channels with its major shareholders, and making disclosures in accordance with the law.	None
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The Company has established supervision system over its subsidiaries and clearly delineated the authority and responsibility for the management of personnel, assets and finances between the Company and its affiliates, and each affiliate has established its own independent financial and business systems.	None
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		(4) The Company has established a management system to prevent insider trading, to establish a internal mechanism for handling and disclosing material information, to avoid improper disclosure of information, and to ensure consistency and accuracy of information released by the Company to	None

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			the outside world.	
3. Composition and responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy and specific objectives of management for the composition of its members?	✓		(1) Please refer to pages 14~15 of this annual report for more information.	None
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) In order to achieve the vision of sustainable corporate management, the Company has established a Sustainability Committee in accordance with the Company's Code of Practice on Sustainable Development to oversee and manage the environmental, social and governance aspects of the Company's sustainable development and promotion. The Committee is a functional committee under the Board of Directors. The Chairman is the Chairman of the Board of Directors, the Deputy Chairman is the President, and the three independent directors are members of the Committee, which meets at least twice a year and submits the implementation of sustainable development to the Board of Directors for review.	None
(3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the compensation of individual directors and nominations for reelection?	✓		(3) In order to implement corporate governance and enhance the functions of the Board of Directors, and to establish performance targets to enhance the efficiency of the Board's operation, the Company has established the "Board Performance Evaluation Method" and conducts performance evaluation by means of questionnaires on a regular basis every year. The scope of the evaluation includes the performance evaluation of the Board as a whole, individual Board member, the Audit Committee and the Remuneration Committee. The Company's 2021 overall Board and Functional Committee self-assessment and self-assessment of Board members were completed by March 31, 2022. The result of the assessment was "Excellent" and the results of the performance evaluation were reported to the 8th Seventh Board Meeting and reported to the MOPS.	None
(4) Does the Company regularly evaluate the independence of CPAs?	✓		(4) The Company evaluates the independence and suitability of the CPA at least once a year. Based on the CPA's independence statement and the CPA's independence evaluation form provided by the Company (please refer to page 29 of this annual report), the	None

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
			evaluation has been completed for 2022 and has been submitted to the Sixth meeting of the third Audit Committee and the Eighth meeting of the Seventh Board.	
4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders’ meetings, and producing minutes of board meetings and shareholders’ meetings)?	✓		The Company established the Head of Corporate Governance in 2020 and on November 8 2021, the Board appointed Ms. Chen Yi-hui as the Head of Corporate Governance of the Company with a corporate governance officer whose main duties include conducting meetings of the Board, the Audit Committee, the Remuneration Committee and the Shareholders' Meeting in accordance with the law; preparing minutes of the aforementioned meetings; assisting directors in their appointment and continuing education; providing information necessary for directors to carry out their business and assisting directors in complying with the law. She also provides information necessary for directors to carry out their business and assists directors in complying with the law. Ms. Chan is qualified to practise as a solicitor and has completed professional development as required by law.	None
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established a spokesperson system as a channel for external communication. In addition, the Company announces important information on the Market Observation Post System for the reference of stakeholders in accordance with relevant laws and regulations, and sets up a stakeholder area on the Company's website to respect and protect their legitimate rights and interests.	None
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company appointed the Department of Stock Transfer Agency, Yuanta Securities Co. to handle the Company's stock affairs.	None
7. Information disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the Company announce and report annual	✓ ✓		(1)The Company has established a website, which is maintained by a dedicated person and updated with important financial, business and corporate governance information from time to time for the reference of shareholders and stakeholders. (2)The Company's finance department has designated a person responsible for the collection and disclosure of financial and business and corporate governance information, and has established an investment relations department according to the spokesperson system. (3)The annual financial report of the Company was not announced and	None None Evaluated in accordance with relevant laws and

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Y	N	Abstract Explanation	
financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			reported within two months after the end of the accounting year due to the large amount of information and the fact that the annual financial report was prepared during the Chinese New Year holidays. The financial reports for the first, second and third quarters, as well as the operating results for each month, were announced and reported before the reporting deadlines on MOPS.	regulations and the actual operations of the Company.
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(1) The directors of the Company pay close attention to the relevant legal and regulatory information and comply with the requirements of the Act. (2) All directors of the Company have relevant professional backgrounds and practical experience in management, and are well trained. (3) The Company upholds the concept of "Labour integration", emphasizes humane and rational management, and establishes smooth communication channels to maintain relations between employers and employees. For more details, please refer to the section of this report titled "Introduction to Operations - V. Labour Relations". (4) Rights of Stakeholders: Please refer to the Company's website - Sustainability Report https://www.fitipower.com/investment.asp?id=14. (5) Implementation of risk management policies and risk measurement standards: Please refer to page 67 of the Company's Annual Report - Risk Management. (6) Implementation of customer policy: The Company maintains a smooth communication channel with customers in order to maintain a good relationship with them. (7) Liability insurance for directors: The Company continues to take out liability insurance (D&O) for its directors to enhance the protection of shareholders' interests.	None
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures. To strengthen corporate governance, the Company has continued to make progressive improvements based on the results of the Corporate Governance Review and has significantly improved its corporate governance rating to the top 36% to 50% in the 7th year. Since 2021, the Company has also established a dedicated Corporate Governance Officer to be responsible for corporate governance-related matters. In addition, in order to realise the vision of sustainable corporate management, the Company has set up a Sustainable Development Committee to promote ESG-related issues, and a dedicated unit to compile a sustainability report. The Company published its first Corporate Sustainability Report in 2021, compiled using the core options of the GRI Standards, and obtained a third party assurance statement (SGS) based on the AA1000 medium assurance level.				

2021 CPA Independence Standards:

Evaluation Items	Evaluation Results	Independence Compliance
1.The CPA has a direct or material indirect financial interest in the Company.	No	Yes
2.The CPA has financing or assurance relationship with the Company or the Company's directors.	No	Yes
3.The CPA has a close business relationship and potential employment relationship with the Company.	No	Yes
4.The CPA and the members of his audit team are currently or have been in the last two years a director, manager or officer of the Company or have exercised significant influence over the audit	No	Yes
5.The CPA has provided any non-audit services to the Company that may directly affect the audit.	No	Yes
6.The CPA has acted as an intermediary in relation to any shares or other securities issued by the Company.	No	Yes
7.The CPA has acted as the Company's advocate or has acted on behalf of the Company in coordinating conflicts with third parties.	No	Yes
8. The CPA is related to a director, manager or person with significant influence over the audit.	No	Yes
9.The CPA has provided audit services to the Company for a continuous period of seven years.	No	Yes
10.The Company obtains an annual declaration of independence from the CPA.	Yes	Yes

Continuing education for corporate governance directors in 2021:

Name	Date	Hold by	Course	Hrs	Total Hrs
CHEN, YI-HUI	2021/11/15	IIA	Points to Note and Practical Explanation of "Shareholders' Meeting" and "Company Act"	6	18
	2021/11/23		War and Protection of Invisible Assets - Trade Secrets and Prohibition of Competition	6	
	2021/11/25		1.Evolution of the Materiality Basis for Financial Misrepresentation and Identification of Directors' and Supervisors' Liability (3H) 2. Liability for Corporate Fraud and Practical Procedures for Investigation and Judgment (3H)	6	

(4) Operation of the Remuneration Committee
1. Committee Member Information

Position	Criteria Name	Professional Qualifications and Experiences	Independence	Number of members of other public companies' Remuneration Committees
Independent Director (Convenor)	CHEN, BI-FENG	Please refer to the Annual Report - Directors' Information (pages 8 to 12) for the professional qualifications and experience of the Directors.	All members of the Remuneration Committee meet the following qualifications. 1. Complying with the relevant provisions of Article 14-6 of the Securities and Exchange Act and the "Regulations on the Establishment and Exercise of Powers and Functions of the Remuneration Committee of Companies whose Stocks are Listed or Traded on the Business Premises of Securities Firms"(Note) promulgated by the Financial Supervisory Commission. 2. He/she (or by another person's name), his/her spouse and minor children do not hold any shares of the Company. 3. No remuneration for business, legal, financial or accounting services provided by the Company or its affiliates in the last two years	-
Independent Director	YAO, DE-CHANG			-
Independent Director	LIU, HSUEH-YU			3

Note: Two years prior to and during the term of office, none of the following occurs.

- (1) A person employed by the Company or its affiliates.
- (2) A director or supervisor of the Company or its affiliates.
- (3) The candidate, spouse, minor children or natural shareholders who hold more than 1% of the total number of issued shares of the Company in the name of others or who are among the top ten holders of shares.
- (4) A manager listed in (1) or a spouse, a relative within the second degree of consanguinity or a relative within the third degree of consanguinity of a person listed in (2) or (3).
- (5) A director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company, holds the top five shares or designates a representative as a director of the Company in accordance with Article 27 of the Company Act.
- (6) A director, supervisor or employee of another company who is controlled by the same person as more than half of the directorships or voting shares of the company.
- (7) A director (director), supervisor (supervisor) or employee of another company or organization who is the same person or spouse of the chairman, president or equivalent of the company.
- (8) Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of a particular company or organization with which the Company has financial or business dealings.
- (9) Professionals, sole proprietors, partners, directors (directors), supervisors (supervisors), managers and their spouses, who provide audit or remuneration for the Company or its affiliates in the amount of less than NT\$500,000 in the last two years, including business, legal, financial, accounting and other related services, except where one is a member of the Company's Remuneration Committee

2. Duties of the Remuneration Committee.

Regular review of remuneration:

The function of the Company's Remuneration Committee is to evaluate, in a professional and objective manner, the remuneration policies and systems applicable for the Company's directors and managers, to meet at least three times a year, and to meet as often as necessary to make recommendations to the Board of Directors for its reference in making decisions.

(1) The responsibilities of the Remuneration Committee of the Company:

- A. To establish and regularly review the policies, systems, standards and structure of annual and long-term performance targets and remuneration for the Directors and managers of the Company.
- B. To regularly evaluate the achievement of the performance objectives of the Company's directors and managers and to determine the amount of their remuneration.

(2) In carrying out its duties, the Remuneration Committee is governed by the following criteria.

- A. To ensure that the remuneration arrangements of the Company are in accordance with the relevant laws and regulations and are sufficient to attract talented people.
- B. The performance and remuneration of directors, supervisors and managers shall be evaluated with reference to the usual level of remuneration in the industry, taking into account the time devoted by the individual, his or her responsibilities, the achievement of personal objectives, the performance of other positions held, the remuneration offered by the Company in recent years to persons in equivalent positions, and the achievement of the Company's short-term and long-term business objectives and the Company's financial position, etc., to assess the reasonableness of the relationship between the individual's performance and the Company's operating performance and future risks.

C.Directors and managers should not be induced to engage in conduct that exceeds the Company's tolerance for risk in the pursuit of remuneration.

D.The proportion of bonuses paid to directors and senior managers for short-term performance and the timing of payment of some variable remuneration shall be determined by taking into account the characteristic of the industry and the nature of the Company's business.

E.Members of the Committee shall not be allowed to participate in the discussion and vote on decisions regarding their personal remuneration.

3. Information on the operation of the Remuneration Committee

(1) There are three (3) members of the Remuneration Committee of the Company.

(2) The term of office of the current members: from May 18, 2021 to May 17, 2024 (or until the 2024 Annual General Meeting for re-election), the 2021 Remuneration Committee met 5 times (A) with the following members present.

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance (B/A)	Remark
Convener	CHEN, BI-FENG	5	-	100%	
Member	YAO, DE-CHANG	5	-	100%	
Member	LIU, HSUEH-YU	3	-	100%	Re-elected on 2021/5/18
Member	ZHONG, RON-HUI	2	-	100%	Re-elected on 2021/5/18

Date of the most recent annual meeting of the Remuneration Committee, content of the motion, outcome of the resolution and the Company's response to the views of the Remuneration Committee.

Remuneration Committee	Proposal	Result	The Company's Handling
2021/02/25	● 2020 annual employee and director compensation distribution.	All members agreed to approve	Submitted to the Board and approved by all the attending directors.
2021/04/07	● Review of policies, systems, standards and structures for the evaluation of managerial performance and compensation.	All members agreed to approve	Submitted to the Board and approved by all the attending directors.
2021/05/31	● Discussion of the remuneration of the directors of the Company. ● Discussion of the remuneration of the Company's new managers. ● The Company's managers' remuneration and performance bonuses for the first half of 2021.	All members agreed to approve	Submitted to the Board and approved by all the attending directors.
2021/08/10	● Discussion of the remuneration of the Company's new managers.	All members agreed to approve	Submitted to the Board and approved by all the attending directors.
2021/11/08	● Discussion of the remuneration of the Company's new managers. ● The Company's managers' remuneration and performance bonuses for the second half of 2021.	All members agreed to approve	Submitted to the Board and approved by all the attending directors.

Other mentionable items:

1. If the Board does not adopt or resolve to amend the recommendation of the Remuneration Committee, it shall state the date of the Board meeting, the session of the meeting, the content of the motion, the Board resolution and the Company's handling of the recommendation of the Committee (if the compensation approved by the Board is higher than the recommendation of the Committee, it shall state the difference and the reasons for the difference): None.
2. If the members of the Remuneration Committee have any objections or reservations to a resolution, and such objections or reservations are recorded or stated in writing, the date and date of the resolution, the content of the resolution, the opinions of all members of the Remuneration Committee and the treatment of the opinions of the members of the Remuneration Committee shall be stated: None.

Note: The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and their actual attendance during their employment.

(5) Operation of the Sustainability Committee

1. In order to realise our vision of sustainable corporate management, the Company has established a Sustainability Committee in accordance with the Company's Code of Practice on Sustainable Development to oversee and manage the environmental, social and governance aspects of the Company's sustainable development and promotion. The Committee is a functional committee of the Board of Directors, chaired by the Chairman, with the Deputy Chairman being the General Manager and three independent directors as members, and meets at least twice a year to review the implementation of sustainable development.

Title	Name	Expertise
Chairperson(Director)	LIN, YUNG-CHIEH	Please refer to the information on Directors in this Annual Report (pages 8 to 12) and the implementation of the Diversity Policy for Board Members (pages 14 to 15).
General Manager(Vice Director)	CHIU, SHU-HUI	
Independent Director(Member)	CHEN, BI-FENG	
Independent Director(Member)	YAO, DE-CHANG	
Independent Director(Member)	LIU, HSUEH-YU	

2. The responsibilities of the Committee shall include the followings for the purpose of sustainable management:

- (1) To oversee the Group's vision, policies and objectives for sustainable development, as well as the preparation and amendment of the charter, code of conduct, code of conduct and other rules and regulations relating to sustainability.
- (2) To identify risks and opportunities in relation to the Group's sustainable development and deciding on strategies and investments in response.
- (3) To oversee the planning and implementation of the Group's sustainable development strategy.
- (4) To oversee the performance and disclosure of information on the Group's sustainable development.
- (5) To report to the Board on the Group's sustainable development work plans and performance of implementation.
- (6) Other matters resolved by the Board of Directors and handled by the Committee.

3. Information on the operation of the Sustainability Committee.

The term of office of the current members is from May 18, 2021 to May 17, 2024 (or until the re-election at the 2024 Annual General Meeting). 2 meetings (A) were held in 2021 to approve the amendments to the Code of Practice on Corporate Social Responsibility, the proposed Sustainable Development Policy and the Organizational Regulations of the Sustainable Development Committee, the establishment of the Company's corporate entity and to report on the results of the Company's ESG initiatives and the operation of its integrity. Members attended the meeting as follows.

Title	Name	Actual attendance (B)	By Proxy	Actual attendance Rate (B/A)
Chairperson (Director)	LIN, YUNG-CHIEH	2	-	100%
General Manager (Vice Director)	CHIU, SHU-HUI	2	-	100%
Independent Director	CHEN, BI-FENG	2	-	100%
Independent Director	YAO, DE-CHANG	2	-	100%
Independent Director	LIU, HSUEH-YU	2	-	100%

(6) Implementation of Sustainable Development and Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
1. Does the Company establish exclusively (or concurrently) dedicated first-line managers	✓		The Company has established a Sustainability Committee, with the Chairman of the Board of Directors as the Chairman, and established	None

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?			a Sustainable Development Task Force, with senior executives in each area responsible for the implementation of the task force. The Company has a short-, medium- and long-term sustainable development plan and reports annually to the Board on its implementation during the year. The Board oversees the formulation of management policies, strategies and objectives for the sustainable development of the Company and the review of measures. Please refer to page 31 of this annual report for the operation of the Sustainability Committee in 2021.	
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		Please refer to page 75 of the Company's Annual Report - Risk Management section.	None
3. Environmental issues (1) Does the Company establish proper environmental management systems based on the characteristic of its industry?	✓		(1)The Company's business is focused on IC design and is not engaged in manufacturing, which is a low-pollution industry. The Company has established an environmental and energy policy to ensure that its operations are conducted in a manner that enhances the use of resources and mitigates negative impacts on the environment, and has initiated various management plans through the Sustainability Committee. To further implement the management of a green office environment, an internal target was set for 2021: ISO 14001 is expected to be introduced in 2022.	None
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2)The Company is committed to promoting environmental management. In terms of green office, such as the policy of e-documents, electronic signature system, use of recycled paper, use of environmentally friendly tableware, LED lighting, improvement of energy efficiency of equipment, implementation of centralized waste management and separate disposal, etc. For green products, the materials of the Company's products are 100% compliant with EU RoHS, REACH and HF requirements. The Company actively promotes green products and procurement, and reducing the use of hazardous substances.	None
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate	✓		(3)The Company conducts annual assessments of the risks and opportunities of climate change on its current and future operations, and currently meets the expectations of its customers and stakeholders. The Company is still	None

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons															
	Y	N	Abstract Explanation																
action to counter climate change issues? (4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		promoting its own measures, such as replacing energy-inefficient equipment, adopting LED energy-saving lighting, monitoring air-conditioning systems to improve energy efficiency, turning off lights when idle for long periods of time, implementing centralised waste management, recycling and sorting, paperless operations, and promoting related carbon reduction initiatives. In 2022 and 2023, we expect to introduce ISO 14001 and ISO 14064 respectively to build up a database of our greenhouse gas emissions, which will serve as a basis for future action and risk assessment. (4)The Company has established environmental, safety and health and energy policies, and regularly tracks water, electricity and waste production. Targets are set for each environmental indicator and the results are reviewed regularly. StatistIC on greenhouse gas emissions, water consumption and total weight of waste for the last two years are as follows. ●Taiwan Plant <table><tr><th>Item</th><th>2020</th><th>2021</th></tr><tr><td>Water consumption (m3)</td><td>6,757</td><td>5,354</td></tr><tr><td>Use of electricity (kwh)</td><td>1,444</td><td>1,400</td></tr><tr><td>Amount of waste (tonnes)</td><td>34</td><td>44</td></tr><tr><td>Greenhouse gas emissions (tonnes of CO2) (Note)</td><td>2,234</td><td>2,069</td></tr></table> Note: The company has no production capacity and related emission are indirect.	Item	2020	2021	Water consumption (m3)	6,757	5,354	Use of electricity (kwh)	1,444	1,400	Amount of waste (tonnes)	34	44	Greenhouse gas emissions (tonnes of CO2) (Note)	2,234	2,069	None
Item	2020	2021																	
Water consumption (m3)	6,757	5,354																	
Use of electricity (kwh)	1,444	1,400																	
Amount of waste (tonnes)	34	44																	
Greenhouse gas emissions (tonnes of CO2) (Note)	2,234	2,069																	
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1)The Company has established a Human Rights and Diversity Policy that recognises and supports internationally recognised human rights norms and principles, including the Universal Declaration of Human Rights, the United Nations Global Compact and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, etc. The Company has established a human rights policy that applies to the Company and its affiliated companies. In addition to providing a reasonable and safe workplace, the Company will provide reasonable and dignified treatment to its current employees. In addition, a grievance mechanism is in place so that	None															

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		employees can express their rights and opinions through the grievance channel at any time. Details are available on the Company's website. (2)The Company has established a reasonable salary and remuneration policy in accordance with relevant laws and regulations, and has set out clearly the relevant employee welfare measures in the "Working Rules". Please also refer to the Annual Report - Operation Overview - V. Labour Relations – 1-Employee Benefits.	None
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3)The company has established safety and health related policies and work rules to provide a safe and healthy working environment for its employees. These include annual safety checks on plant and fire-fighting equipment, semi-annual monitoring of the working environment (e.g. carbon dioxide, lead, lighting, noise), daily cleaning of the environment, weekly visits by a full-time nurse, quarterly consultations with a doctor, annual health checks for employees, twice weekly stress relief massage and other health promotion activities. In 2021, in response to the outbreak of the epidemic, the company immediately set up a team to respond to the epidemic and implement various epidemic prevention measures (epidemic prevention supplies, environmental cleaning, body temperature monitoring, access and travel control, remote office planning, etc.), and regularly disinfected the office environment on a weekly basis. In 2021, 113 people were trained in health and safety related education and training courses, with a total of 388 hours.	None
(4) Does the Company provide its employees with career development and training sessions?	✓		(4)The Company provides a comprehensive career development training program and arranges relevant training courses according to employees' need, rank and function.	None
(5) Do the Company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		(5)The Company's marketing and labelling of products and services are in accordance with relevant laws and regulations and international standards.	None
(6) Does the Company implement	✓		(6)The Company has a supplier management	None

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.			policy. Prior to purchasing from suppliers, corporate sustainability issues are assessed and suppliers are required to comply with social responsibility related policies and regulations. In addition, we have a green product sourcing policy to ensure that raw materials used in the production of our products are in compliance with RoHS, REACH and HF requirements. In addition, a conflict minerals policy is in place to ensure that the raw materials supplied by our suppliers do not contain conflict minerals. We work together to build a sustainable supply chain for coexistence and mutual prosperity.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	✓		The Company's fulfillment of social responsibility is disclosed in the annual report and on the Company's website and uploaded to the Public Information Observatory in accordance with the requirements of the competent authorities. The first Corporate Sustainability Report was published in 110 years and was compiled using the core options of the GRI Standards and obtained a third party assurance statement (SGS) based on the AA1000 medium assurance level.	None
6. Describe the difference, if any, between actual practice and the sustainable development principles, if the Company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The Company's Board of Directors approved a revised Code of Practice on Sustainable Development on May 31 2021. There are no significant differences between the Code of Practice on Sustainable Development and the Code of Practice on Sustainable Development for Listed Companies, please refer to the Company's website - Sustainability Report https://www.fitipower.com/investment.asp?id=14 .				
7. Other significant information for explaining the implementation status of sustainable development practices: (Please refer to the CSR Section on website of the Company. Website: https://www.fitipower.com/investment.asp?lv=0&id=14				

(7) Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(1)On April 16, 2015, the Board of Directors of the Company approved the establishment of the Code of Conduct with Integrity to ensure that the conduct of the Company's directors and managers meets ethical standards and to enhance stakeholders' understanding of the Company's code of ethical conduct.	None
2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		(2)For business activities with a higher risk of dishonest conduct within the scope of Article 7(2) of the "Code of Conduct for Listed Companies with Integrity" or other business activities, the Company has formulated relevant rules and regulations in the "Code of Conduct for Integrity in Listed Companies" to facilitate compliance by relevant personnel, and to enforce the Company's disciplinary system in the event of non-compliance.	None
3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(3)The Board of Directors' Meeting on March 10, 2015 approved the "Procedures and Guidelines for Integrity Management", which specify the operating procedures, guidelines for conduct, disciplinary actions and complaint system for non-compliance, and are implemented and regularly reviewed and revised in accordance with the law.	None
2. Fulfill operations integrity policy				
1) Does the company evaluate business partners' ethical records and include ethIC-related clauses in business contracts?	✓		(1)Before entering into a business relationship with a counterparty, the Company evaluates the legitimacy of the counterparty and whether there is any record of dishonest behavior, and specifies the terms of honest behavior in the contract.	None
2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the	✓		(2)To improve the management of honest management, the Company established the "Working Group for Promoting Honest Management" by the Management Center in 2021, which is	None

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations? 3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? 4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? 5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓ ✓ ✓		responsible for the policy of honest management and preventive measures, and reports the implementation status to the Board of Directors once a year. In 2021, the Company implemented the following plans to implement its policy of honest management. 1. All staff (including new recruits) are required to complete a training course and pass a test (including the "Code of Conduct for Integrity" and the "Procedures and Behavioural Guidelines for Integrity"). 2. The Management Centre will regularly promote compliance with the law to all staff. 3. Regular audits by internal auditors and annual internal control audits by accountants. 4. Complaints are handled and no breach of integrity has been received in 2021. (3)The Company has established the "Operating Procedures and Conduct Guidelines for Integrity" as a guide for employees to follow when conducting business, and has set up a whistleblowing mailbox on the Company's website as a reporting channel. (4)The Company has established an effective accounting system and internal control system, which is reviewed from time to time to ensure that the system is designed and implemented in an effective manner. Internal auditors regularly review the compliance of the former system and prepare audit reports to the Board of Directors. (5)In order to establish an ethical corporate culture and strengthen the promotion of management, the Company has been conducting regular ethical management education and training since 2021. The course includes the Company's "Code of Conduct for Ethical Management" and "Ethical Management Procedures and Conduct Guidelines".	None None None
3. Operation of the integrity channel				

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		(1)The Company has established a specific whistleblowing and reward system in the "Integrity Procedures and Practices Guide", a whistleblowing mailbox (wb@fitipower.com), and assigned appropriate staff to receive reports against the subject of the report.	None
2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		(2)The Company has established standard operating procedures for the investigation of whistleblowing matters and the related confidentiality mechanism in the "Procedures and Practices for Integrity Management".	None
3) Does the company provide proper whistleblower protection?	✓		(3)The Company's staff handling the report shall declare in writing that the identity of the whistleblower and the content of the report shall be kept confidential, and the Company shall undertake to protect the whistleblower from being improperly dealt with as a result of the report.	None
4. Strengthening information disclosure 1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		(1) The Company has disclosed the contents of the Code of Conduct and the effectiveness of its promotion through the Company's website.	None
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: On April 16, 2015, the Board of Directors of the Company established the "Code of Conduct with Integrity" and has been implemented the regulation since then.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies: The Company will keep abreast of the development of domestic and international ethical practices and encourage its directors, managers and employees to make suggestions to review and improve the Company's ethical policies and measures to enhance the effectiveness of the implementation of the Company's ethical practices.				

(8)Where a company has a code of corporate governance and related regulations, it should disclose how to make enquiries about them.

The Company has established a Code of Corporate Governance Practices and relevant information is disclosed on the Market Observation Post System.

(9) Other important information regarding corporate governance: None.

(10) Implementation Status of Internal Control System

1. Statement of Internal Control System:

Fitipower Integrated Technology Inc.
Statement of Internal Control System

Date: March 17, 2022

Based on the findings of a self-check, the Company states the following with regard to its internal control system during the year of 2021:

- I. The Company acknowledges that the Company's Board of Directors and the managerial officers are responsible for establishing, implementing, and maintaining an adequate internal control system, and the Company has established such system. The objectives of internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of security for assets), ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting, and providing reasonable assurance.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component comprises a few different items. For more information concerning the items, please refer to the Regulations.
- IV. The Company has already adopted the aforementioned Regulations to evaluate the effectiveness of its internal control system design and operating effectiveness.
- V. Based on the findings of the aforementioned evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities Transaction Act.
- VII. This statement was passed by the Board of Directors in the meeting held on March 17, 2022, with none of the seven attending Directors expressing dissenting opinions. The remainder all affirmed the content of this statement.

Fitipower Integrated Technology Inc.

Chairperson: LIN, YUNG-CHIEH

President: CHIU, SHU-HUI



2. If an accountant is appointed to review the internal control system, the accountant's review report shall be disclosed: None.

(11) For the most recent year and as of the date of the annual report, the Company and its internal personnel have been punished by law, or the Company has imposed penalties on its internal personnel for violating the provisions of the internal control system, and the results of such penalties may have a significant impact on shareholders' equity or securities prices, the contents of the penalties, major deficiencies and improvements should be listed: None.

(12) For the most recent year and as of the date of the annual report, major resolutions of shareholders' meeting and board meetings:

On May 18, 2021, matters resolved by all shareholders present at ordinary general meetings and subsequent implementation.

Resolutions	Implementation
1. Approved the 2020 Annual Report on Business and Financial Statements	The resolution was passed.
2. Approved the distribution of surplus for 2020	A cash dividend of \$2.5 per share was allotted to shareholders and paid on 14 July 14, 2021.
3. Approved the amendment to the "Procedures for Election of Directors".	In accordance with the revised procedures.
4. Approved the amendment to the "Rules of Procedure of the Shareholders' Meeting	In accordance with the amended Articles of Association.
5. Approved amendments to certain provisions of the Articles of Association	In accordance with the amended Articles of Association.
6. Approved the initial public offering of RMB ordinary shares (A shares) by JADARD (Shengzhen) and its application for listing on overseas stock exchanges	Implement in accordance with the resolution.
7. The general re-election of the eighth directors	Seven directors, including three independent directors, were elected, namely LIN,, YUNG-CHIEH, Hong Yang Investment INC.Rept.:LIU, JIN-HSUN, LUO, WEN-WEI, CHIU, SHU-HUI 、CHEN, BI-FENG, YAO, DE-CHANG, LIU, HSUEH-YU for a 3-year term commencing on May 18, 2021 and ending on May 17, 2024 (or until re-election at the 2024 General Meeting).
8. Approved the release of new directors and their representatives from the prohibition of competing for business	The resolution was passed.

Date	Type of Meeting	Major Resolutions
2021/02/25	Board Meeting	1. Approved the Statement of Internal Control System for 2020. 2. Approved the 2020 Annual Report on Operations and Financial Statements. 3. Approved the amendments to the Code of Ethical Conduct, the Procedures for the Election of Directors and the Rules of Procedure of the Shareholders' Meeting. 4. Approved the convening of the 2021 Annual General Meeting of Shareholders.

Date	Type of Meeting	Major Resolutions
2021/04/07	Board Meeting	1. Approved the distribution of earnings for 2020. 2. Approved the amendment of some articles of the Company's Articles of Incorporation. 3. Approved the initial public offering of RMB ordinary shares (A shares) by JADARD (Shengzhen), a subsidiary of the Company, and its application for listing on overseas stock exchanges. 4. Approved the supplemental agenda of the 2021 Annual General Meeting of Shareholders.
2021/05/06	Board Meeting	1. Approved the financial report for 2021 Q1. 2. Cancellation of capital reduction by conducting repurchase and acquisition of new shares issued with restricted employee rights. 3. Appointment and remuneration of the CPA.
2021/05/18	Board Meeting	1. Approved the election of the Chairman of the Board. 2. Approved the appointment of the remuneration committee.
2021/05/31	Board Meeting	1. Approved the issuance of new shares by cash capital increase in 2021 2. Approved the motion for the Company to issue a pledge for the listing of its subsidiary, JADARD, on an overseas stock market.
2021/08/10	Board Meeting	1. Approved the financial report for 2021 Q1. 2. Approved the cancellation of capital reduction by the Company in connection with the repurchase and acquisition of new shares issued with restricted employee rights.
2021/11/08	Board Meeting	1. Approved the financial report for 2021 Q3. 2. Information Security Risk Management Report. 3. Annual Report on ESG Promotion Achievements and Integrity Operations. 4. Annual Risk Management Report. 5. Approved the establishment of the consortium. 6. Approval of the 2022 annual audit plan. 7. Approved the appointment of the Head of Corporate Governance.
2021/11/19	Board Meeting	1. Approves the issue of a supplemental undertaking by the Company for the listing of its subsidiary, JADARD (Shengzhen), on an overseas stock market.
2021/12/23	Board Meeting	1. Approved the establishment of a new subsidiary.
2022/03/17	Board Meeting	1. Approved the 2022 Operating Plan and Budget proposal. 2. Approved the 2021 Annual Employee and Director Compensation Plan 3. Approved the 2021 annual report of operations and financial statements 4. Approved the change of use plan for 2021 annual cash capital increase. 5. Approved the release of directors from the prohibition of competing for business. 6. Approved the convening of the 2022 Annual General Meeting of Shareholders. 7. Approved the assessment of the effectiveness of the internal control system and the statement of internal control system for 2021. 8. Approved the evaluation of the independence of CPA for the year 2022. 9. Approved the appointment of CPA. 10. Approved the results of the internal performance evaluation of the Board of Directors and the Functional Committee for the year 2021.

(13) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

(14) Resignation or Dismissal of the Company's Key Individuals, Including the Chairperson, President, and Heads of Accounting, Finance, Internal Audit and R&D:

Title	Name	Date of arrival	Date of termination	Reasons for resignation or dismissal
Head of Corporate Governance	CHEN, PO-CHANG	2020/05/12	2021/11/08	Adjustment

V. Information Regarding the Company's Audit Fee For Independent Auditors

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA	Period Covered by CPAs' Audit	Audit Fee	Non-audit Fee	Total	Note
KPMG in Taiwan	CHOU, PAO-LIEN	2021/01/01 - 2021/12/31	3,240	434	3,674	(Note)
	MEI, YUAN-CHE N					

Note: Non-audit fees are mainly for income tax and transfer pricing tax services for profit-making businesses.

- (1) If the non-audit fees paid to the certifying accountant, the certifying accountant's firm and its affiliates amount to more than one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services should be disclosed: None.
- (2) If the audit fee paid in the year of change of accounting firm is less than the audit fee paid in the year before the change, the amount of audit fee before and after the change and the reasons for the change should be disclosed: None.
- (3) If the audit fee has decreased by 15% or more from the previous year, the amount, percentage and reason for the decrease should be disclosed: None.

VI. Information on Replacement of CPA: None.

VII. Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the preceding year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm: None.

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

- (1) Changes in the shareholding status of directors, managers and major shareholders

Unit: shares

Title	Name	2021		By March 31, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairperson and CEO	LIN, YUNG-CHIEH	(33,106)	-	-	-
Director	Hong Yang Investment INC.	1,093,939	-	-	-
	Rept.: LIU, JIN-XUN	-	-	-	-
Director	Hong Yang Investment INC.	1,093,939	-	-	-
	Rept.: LUO, WEN-WEI	-	-	-	-
Director and General Manager	CHIU, SHU-HUI	136,485	-	-	-
Independent Director	YAO, DE-CHANG	-	-	-	-
Independent Director	CHEN, BI-FENG	-	-	-	-
Independent Director	LIU, HSUEH-YU	-	-	-	-
Vice General Manager	TSAI, KUN-HSIEN	(568)	-	-	-
Vice General Manager	CHANG, KUEI-KAI	(37,200)	-	(32,900)	-
Associate Manager	SHU, CHONG-MING	50,400	-	2,000	-
Associate Manager	LIN, XIN-JIE	-	-	-	-
Accounting Manager	CHEN, PO-CHANG	(452,617)	-	(43,400)	-
Head of Corporate Governance	CHEN, YI-HUI	-	-	-	-
Independent Director (note)	ZHONG, RON-HUI	-	-	Not applicable	Not applicable
Associate Manager (note)	KUO, CHUN-YEN	(26,925)	-	Not applicable	Not applicable

Note: The changes in shareholdings of ZHONG, RON-HUI and KUO, CHUN-YEN were reported up to the date of termination.

(2) Information on transfer of shareholdings: None.

(3) Information on pledge of equity interest: None.

IX. Relationship among the Top Ten Shareholders

April 24, 2022 Unit: shares; %

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
BAO XIN International Investment INC.	14,140,052	7.58	-	-	-	-	Hong Yang Investment INC. Hong Chi International Investment INC. HONGYUAN INTERNATIONAL INVESTMENT CO.	Subsidiary of HON HAI PRECISION INDUSTRY CO., LTD.	

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Rept.: HUANG, DE-TSAI	-	-	-	-	-	-	Hong Yang Investment INC. Hong Chi International Investment INC. HONGYUAN INTERNATIONAL INVESTMENT CO.	Chairman of the company listed on the left Chairman of the company listed on the left Chairman of the company listed on the left	
Hong Yang Investment INC.	13,213,984	7.08	-	-	-	-	BAO XIN International Investment INC. Hong Chi International Investment INC. HONGYUAN INTERNATIONAL INVESTMENT CO.	Subsidiary of HON HAI PRECISION INDUSTRY CO., LTD.	
Rept.: HUANG, DE-TSAI	-	-	-	-	-	-	BAO XIN International Investment INC. Hong Chi International Investment INC. HONGYUAN INTERNATIONAL INVESTMENT CO.	Chairman of the company listed on the left Chairman of the company listed on the left Chairman of the company listed on the left	
Hong Chi International Investment INC.	10,100,037	5.41	-	-	-	-	BAO XIN International Investment INC. Hong Yang Investment INC. HONGYUAN INTERNATIONAL INVESTMENT CO.	Subsidiary of HON HAI PRECISION INDUSTRY CO., LTD.	
Rept.: HUANG, DE-TSAI	-	-	-	-	-	-	BAO XIN International Investment INC. Hong Yang Investment INC. HONGYUAN INTERNATIONAL INVESTMENT CO.	Chairman of the company listed on the left Chairman of the company listed on the left Chairman of the company listed on the left	
HONGYUAN INTERNATIONAL INVESTMENT CO.	9,090,033	4.87	-	-	-	-	BAO XIN International Investment INC. Hong Yang Investment INC. Hong Chi International Investment INC.	Subsidiary of HON HAI PRECISION INDUSTRY CO., LTD.	
Rept.: HUANG, DE-TSAI	-	-	-	-	-	-	BAO XIN International Investment INC. Hong Yang Investment INC. Hong Chi International Investment INC.	Chairman of the company listed on the left Chairman of the company listed on the left Chairman of the company listed on the left	
Qun Yi Investment INC.	9,000,000	4.82	-	-	-	-	-	-	
Rept.: HUNG, JIN-YANG	-	-	-	-	-	-	-	-	
Hsien Jin Investment INC.	3,416,008	1.83	-	-	-	-	-	-	

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Rept.: YEH, CHAO-DON	-	-	-	-	-	-	-	-	
China Life Insurance Co., Ltd.	2,217,000	1.19	-	-	-	-	-	-	
Rept.: TAN, SHUO-LUN	-	-	-	-	-	-	-	-	
Dedicated investment account of Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody by JPMorgan Chase, N.A., Taipei Branch	2,107,375	1.13	-	-	-	-	-	-	
Dedicated investment account of Advanced Total International Stock Index Fund managed by Advanced Starlight Fund Corporation in custody by JPMorgan Chase, N.A., Taipei Branch	1,956,648	1.05	-	-	-	-	-	-	
Yuanhan Materials Co.	1,490,626	0.80	-	-	-	-	-	-	
Rept.: CHEN, YONG-HEN	-	-	-	-	-	-	-	-	

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company:

Dec. 31, 2021 Unit: 1,000 shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Trade Logic Limited	30	100.00	-	-	30	100.00
VST	11,500	83.35	-	-	11,500	83.35
Ever Harvest Limited	-	-	10,000	100.00	10,000	100.00
JADARD (Shengzhen)	-	-	223,216	61.15	223,216	61.15
Hefei JADARD Microelectronics Co.	-	-	(Note)	61.15	(Note)	61.15
JADARD Technology Inc.	-	-	9,200	61.15	9,200	61.15
JADARD (Xiamen)	-	-	(Note)	61.15	(Note)	61.15

Note: Not in the form of a company limited by shares, therefore no shares.

IV. Capital Overview

I. Capital and Shares

(1) Source of Capital

1. Share Type

April 24, 2022 ; Unit: shares

Share Type	Authorized Capital			Remark
	Outstanding Shares (Note)	Unissued Shares	Total	
Ordinary shares	186,545,312	113,454,688	300,000,000	Belonging to the stock of a listed company

Note: Including 369,000 shares of treasury stock

2. Share capital formation (financial)

Unit: 1,000 shares; NT\$ thousands

Month/Year	Par-Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Date of Approval and Number of Approval
2018.04	10	150,000	1,500,000	141,497	1,414,968	Cancellation of Restricted Staff New Shares \$441,000	None	2018.04.10Chu-sha n-tzu-20180010638
2018.08	10	150,000	1,500,000	141,402	1,414,020	Cancellation of Restricted Staff New Shares \$948,000	None	2018.08.21Chu-sha n-tzu-20180024240
2018.11	10	200,000	2,000,000	160,426	1,604,260	Cash capital increase of NT\$189,000,000 and new shares with no compensation restriction on employee rights of NT\$1,240,000	None	2018.11.13Chu-sha n-tzu-20180033451
2018.11	10	200,000	2,000,000	160,404	1,604,036	Cancellation of Restricted Staff New Shares \$224,000	None	2018.11.27Chu-sha n-tzu-20180034309
2018.12	10	200,000	2,000,000	162,861	1,628,606	Issue of new shares with restricted staff rights of \$24,570,000	None	2018.12.18Chu-sha n-tzu-20180036692
2019.04	10	200,000	2,000,000	162,839	1,628,389	Cancellation of Restricted Staff New Shares \$217,000	None	2019.04.08Chu-sha n-tzu-20190009645
2019.08	10	200,000	2,000,000	162,736	1,627,365	Cancellation of Restricted Staff New Shares \$1,024,000	None	2019.08.21Chu-sha n-tzu-20190024299
2019.12	10	200,000	2,000,000	165,687	1,656,875	Issue of new shares with restricted employee rights to increase capital by \$30,000,000 and cancellation of new shares with restricted employee rights to reduce capital by \$490,000	None	2019.12.17Chu-sha n-tzu-20190036185
2020.04	10	200,000	2,000,000	165,625	1,656,248	Cancellation of new shares with restricted staff rights reduces capital by \$627,000	None	2020.04.10Chu-sha n-tzu-20200009456
2020.08	10	200,000	2,000,000	165,549	1,655,492	Cancellation of Restricted Employee Rights New Shares Capital Reduction of \$756,000	None	2020.08.18Chu-sha n-tzu-20200023627
2020.12	10	200,000	2,000,000	166,588	1,665,880	Issue of new shares with restricted employee rights to increase capital by	None	2020.12.17Chu-sha n-tzu-20200035500

Month/Year	Par-Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Date of Approval and Number of Approval
						\$10,570,000 and cancellation of new shares with restricted employee rights to reduce capital by \$182,000		
2021.05	10	300,000	3,000,000	166,558	1,665,579	Cancellation of Restricted Employee Rights New Shares Reduction of \$301,000	None	2021.05.26Chu-shan-tzu-20210014797
2021.08	10	300,000	3,000,000	186,545	1,865,453	Capital increase of \$200,000,000 in cash and capital reduction of \$126,000 by cancelling new shares with restricted employee rights	None	2021.08.20Chu-shan-tzu-20210023728

(2) Structure of Shareholders

April 24, 2022

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	2	5	146	40,651	149	40,953
Shareholding	293,000	2,770,293	65,050,341	106,251,153	12,180,525	186,545,312
Percentage	0.16	1.49	34.87	56.95	6.53	100.00

Note: The shares held include 369,000 shares of treasury stock.

(3) Shareholding Distribution Status

April 24, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding	Percentage
1 - 999	9,959	1,755,710	0.94
1,000 - 5,000	27,440	48,083,105	25.78
5,001 - 10,000	2,076	15,583,089	8.35
10,001 - 15,000	547	6,914,283	3.71
15,001 - 20,000	305	5,590,746	3.00
20,001 - 30,000	271	6,709,993	3.60
30,001 - 40,000	113	4,008,217	2.15
40,001 - 50,000	69	3,163,890	1.70
50,001 - 100,000	90	6,411,461	3.44
100,001 - 200,000	37	5,113,699	2.74
200,001 - 400,000	21	5,957,087	3.19
400,001 - 600,000	6	3,171,302	1.70
600,001 - 800,000	5	3,389,172	1.82
800,001 - 1,000,000	2	1,785,401	0.96
1,000,001 or over	12	68,908,157	36.92
Total	40,953	186,545,312	100.00

Note: The shares held include 369,000 shares of treasury stock.

(4) List of Major Shareholders

April 24, 2022

Shareholder's Name	Shareholding	Percentage
Bao Xin Investment INC.	14,140,052	7.58
Hong Yang Investment INC.	13,213,984	7.08
Hong Chi Investment INC.	10,100,037	5.41
Hong Yuan Investment INC.	9,090,033	4.87
Chun Yi Investment INC.	9,000,000	4.82
Hsien Jin Investment INC.	3,416,008	1.83
China Life Insurance Co., Ltd.	2,217,000	1.19
Dedicated investment account of Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody by JPMorgan Chase, N.A., Taipei Branch	2,107,375	1.13
Dedicated investment account of Advanced Total International Stock Index Fund managed by Advanced Starlight Fund Corporation in custody by JPMorgan Chase, N.A., Taipei Branch	1,956,648	1.05
Yuanhan Materials Co., Ltd.	1,490,626	0.80

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$ thousands; 1,000 shares

Item	Year	2020	2021	By March 31, 2022 (Note 3)
Market Price per Share (Note 1)	Highest Market Price	123.00	395.00	289.00
	Lowest Market Price	19.30	117.50	198.00
	Average Market Price	36.87	250.61	227.28
Net Worth per Share	Before Distribution	31.91	84.94	-
	After Distribution	29.42	(Note 2)	-
Earnings per Share	Weighted Average Shares	163,423	172,974	186,176
	Earnings per Share	4.07	33.83	8.11
Dividends per Share	Cash Dividends	2.50	(Note 2)	-
	Stock Dividends	Dividends from Retained Earnings	-	-
		Dividends from Capital Surplus	-	-
	Accumulated Undistributed Dividends		-	-
Return on Investment	Price / Earnings Ratio	9.06	7.41	28.02
	Price / Dividend Ratio	14.75	(Note 2)	-
	Cash Dividend Yield Rate	6.78%	(Note 2)	-

Note 1: The information is from the website of the Taiwan Stock Exchange.

Note 2: The 2021 annual earnings distribution has been approved by the board of directors and has not yet been approved by the shareholders at the annual general meeting.

Note 3: Current year information as of the publication of the annual report.

(6) Dividend Policy and Implementation Status:

1. Dividend Policy in the Articles of Incorporation

In accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, and taking into account the interests of shareholders, the Company will distribute no less than 20% of the distributable earnings to shareholders each year, including cash dividends of no less than 10% of the total dividends.

2. Proposed Distribution of Dividends

The Board of Directors' Meeting on May 5, 2022 has proposed to distribute cash dividends of NT\$X per share, and the proposed distribution is up to NT\$415,521 thousand. The proposed distribution will be made in accordance with the relevant regulations upon the approval of the shareholders' meeting on June 22, 2022.

3. Expected material change in dividend policy to be specified: None.

(7) The effect of the proposed gratis allotment of shares at the shareholders' meeting on the Company's operating results and earnings per share

There is no proposed nil-paid allotment of shares at the AGM and is therefore not applicable.

(8) Remuneration of Employees, Directors and Supervisors

1. Information Relating to Employee Bonus and Directors' Remuneration in the Articles of Incorporation:

Subject to the provisions of the Articles of Association of the Company, a sum not less than five percent. shall be paid to the employees and not more than one percent. shall be paid to the Directors in respect of any profit made in the year. Provided that in the event of accumulated losses the Company shall retain in advance an

amount to cover such losses.

Such remuneration may be in the form of shares or cash and may be paid to employees of subordinate companies who satisfy certain conditions. The foregoing remuneration of directors shall be payable in cash only.

2. The basis for estimating the amount of compensation to employees and directors, the basis for calculating the number of shares distributed as compensation to employees, and the accounting treatment if the actual amount of distribution differs from the estimated amount
 - (1) The amount of remuneration to employees and directors is estimated on the basis of net profit after taxation, after taking into account factors such as legal reserve, and in accordance with the percentage set out in the Articles.
 - (2) The number of bonus shares allotted to employees is calculated based on the fair value per share as of the date of the shareholders' meeting in accordance with International Financial Reporting Standard No. 2 (IFRS 2), "Share-based Payment", using valuation techniques and other methods, in accordance with Jin-Guan-Zheng-Zheng-Zi No. 1010059296 on December 28, 2012. Staff bonus less than one share is paid in cash.
 - (3) If, after the end of a year, there is a material change in the amount approved by the Board of Directors, the change is adjusted against the amount originally provided for in the year. If there is still a change in the amount at the date of the shareholders' meeting, the change is treated as a change in accounting estimate and is adjusted in the year in which the shareholders' meeting resolves.
3. Profit Distribution for Employee Bonus and Directors' Remuneration Approved in Board of Directors Meeting
 - (1) Employees' and directors' remuneration distributed in cash or stock;
If the amount differs from the amount estimated in the year in which the expense is recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed.
At the Board of Directors' meeting on March 17, 2022, the Company resolved to distribute \$369,675 thousand in employees' remuneration and not to distribute directors' remuneration, which will be done in accordance with the relevant regulations after the shareholders' meeting on June 22, 2022.
The total amount of directors' and employees' emoluments shown above is consistent with the original estimate of fees for 2021 and there is no difference yet.
 - (2) The amount of employee compensation distributed in stock and its proportion to the aggregate amount of net income after tax and total employee compensation in the individual or individual financial statements for the period:
No resolution has been made to distribute employees' remuneration in shares and is therefore not applicable.
4. The actual allotment of employees' and directors' remuneration for the previous year (including the number, amount and price of shares distributed), the number of differences between them and the recognition of employees' and directors' remuneration, together with a description of the differences, the reasons for them and the circumstances in which they were dealt with:

Unit: NT\$ thousands

Item	2021 actual distribution	Recognized in 2020	Difference
Employee Cash Remuneration	369,675	369,675	-
Directors' remuneration	-	-	-

(9) Buyback of Treasury Stock: None.

II. Status of Corporate Bonds: None.

III. Status of Preferred Stocks: None.

IV. Status of Global Depository Receipts: None.

V. Status of Employee Stock Options: None.

VI. Status of Employee Restricted Stocks:

(1) New shares with restricted staff rights for which the vesting conditions have not been fully met should disclose the status and impact on shareholders' equity as at the date of printing of the annual report

Restricted Employee Rights Type of New Shares	2020 new shares with restricted rights
Effective Date of Declaration	Nov. 3, 2020
Issue Date	Dec.2, 2020
No. of new shares issued with restricted staff rights	1,057,000 shares
Issue Price	Issued at NT\$35 per share
Ratio of the number of new shares issued with restricted staff rights to the total number of shares in issue at the date of issue	0.64%
Vesting conditions of new shares with restricted rights for employees	An employee who remains in employment from the date of allotment of the new shares with restricted staff rights and who has not breached the contract of employment and the rules of work shall be entitled to shares in the following times and proportions. 30% From the date of allotment to the end of the year: 30% 70% From the date of grant to the end of the following year: 70%
Restricted Rights of Employee Restricted Rights New Shares	(1) For new shares issued under this Procedure with restricted employee rights, the rights of the employees shall be restricted until the new shares are allotted to them in accordance with the following conditions: 1. The new shares with restricted employee rights may not be sold, pledged, transferred, given to others, encumbered or otherwise disposed of. 2. Voting rights at general meetings: the same as for other ordinary shares of the Company. 3. Shareholders' rights to allot (subscribe) shares and to distribute dividends: the same as other ordinary shares of the Company. (2) For new shares issued under this Act with restricted employee rights, the shares shall be held in a stock trust until the vested conditions are fulfilled, and upon the allotment of new shares, the employees shall authorize the Company or the person designated by the Company to act as their agent to sign and amend the relevant trust agreement on behalf of the allotted employees and to act as their sole agent in handling the relevant trust matters.
Custody of New Shares with Restricted Rights	In trust for safekeeping
Treatment of employees not meeting vesting conditions after allotment or subscription of new shares	: In the event that an employee does not meet the vesting conditions or in the event of succession, the following shall apply. 1. If a staff leaves his or her employment, or if he or she is unable to perform his or her duties, or if he or she is dismissed or retired, he or she shall be deemed to have failed to meet the conditions of employment on the date of his or her departure or retirement, and the Company shall take back his or her shares at the original issue price and cancel them in accordance with the law. 2. Retention without pay and parental leave. For employees on leave of absence without pay or parental leave approved by the Company, the Company shall take back the shares at the original issue price and cancel them if they do not meet the vested conditions on the date of leave of absence without pay or parental leave, except for those approved by the Board of Directors, whose disposal of the new shares not meeting the vested conditions is authorized by the Board of Directors. 3. Death Deaths other than those caused by occupational disasters as described in paragraph 4 of Article 5(3) herein shall be considered ordinary deaths. New shares with restricted employee rights that do not meet the vesting conditions shall be deemed to be disqualified from meeting the vesting conditions on the date of death, and the Company shall take back the shares at the original issue price and cancel them in accordance with the law. 4. Disability or death due to occupational disaster. New shares with restricted rights for employees who do not meet the vesting conditions shall be deemed to be disqualified from meeting the vesting conditions on the date of death or disability due to an occupational disaster and the Company shall take back the shares at the original issue price and cancel them in accordance with the law. The Company shall take back the shares and cancel them at the original issue price in accordance with the law. However, except for special circumstances such as the employee's outstanding contribution to the Company and loyalty to his or her duties, and subject to the approval of the Board of Directors, the Board of Directors shall be authorized to decide on the disposal of new shares that do not meet the vesting conditions. 5. Transfer. If an employee is transferred at the request of the Company, the Chairman of the Board of Directors or the General Manager may approve the relevant rights and the calculation of the vesting period. 6. New shares with restricted rights (including new shares with restricted rights which do not meet the vesting conditions for the reasons set out in the preceding paragraph) shall be withdrawn and cancelled by the Company at the original issue price in accordance with the law,

Restricted Employee Rights Type of New Shares	2020 new shares with restricted rights
	except that the employee shall not be required to return or pay back the allotment of shares and dividends derived therefrom. 7. In the event that the Company's proxy mandate is terminated or terminated by the Employee in breach of Article 6(2) before the fulfilment of the Vesting Conditions, the Company shall be entitled to recover from the Employee the New Shares with Restricted Employee Rights that do not meet the Vesting Conditions at the original issue price and to cancel them.
Number of new shares of restricted employee rights repossessed or acquired	42,700 shares
Number of shares in respect of which restrictions have been lifted	1,014,300 shares
Number of shares with unrestricted rights	0 share
Number of shares with unresolved restrictions percentage	0.0%
Effect on shareholders' equity	Revenue and profitability are expected to continue to grow in the coming years. Overall, the assessment is that the dilution of the Company's earnings per share is still limited and has no significant impact on shareholders' equity.

(2) Names of managers and the top ten employees who acquired new shares with restricted employee rights cumulatively up to the date of publication of the Annual Report and the circumstances of their acquisition

May 6, 2022

	Title	Name	Number of new shares with restricted employee rights acquired	Number of new shares with restricted employee rights acquired as a percentage of the total number of shares in issue	Restricted rights have been lifted				Restricted rights have not been lifted			
					Number of shares released from restrictions	Issuance Price (Note)	Amount	Number of shares released from restrictions as a percentage of the total number of shares in issue	Number of shares not released from restrictions	Issuance Price	Amount	Number of shares not released from restrictions as a percentage of the total number of shares in issue
M a n a g e r s	CEO	LIN, YUNG-CHIEH	1,323,000	0.71%	1,323,000	0/20/35	18,435	0.71%	0	-	-	-
	General Manager	CHIU, SHU-HUI										
	Vice General Manager	CHANG, KUEI-KAI										
	Vice General Manager	TSAI, KUN-HSIEN										
	Associate Manager	HSU, CHONG-MIN										
	Associate Manager	LIN, XIN-JIE										
	Accounting Manager	CHEN, PO-CHANG										
E m p l o y e e s	Senior Department Chief	CHANG, DA-PENG	1,622,000	0.87%	1,622,000	0/20/35	15,535	0.87%	0	-	-	-
	Senior Department Chief	HO, YU-XI										
	Senior Department Chief	LIAO, GUAN-BIN										
	Senior Department Chief	DONG, MU-LIN										
	Department Chief	CHENG, JIN-YUAN										
	Department Chief	JIANG, HSUEH-LI										
	Department Chief	LIN, LI-CHIU										
	Department Chief	LIN, MAO-HSIUNG										
	Vice Department Chief	CHEN, REN-JIE										
	Vice Department Chief	ZHONG, JING-LIN										

Note: The issuance price of new shares with restricted employee rights was NT\$35 per share in 2020, NT\$20 per share in 2019, and NT\$0 per share in 2018.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VIII. Status of Implementation for Fund Utilization Plan

(I) Plan Contents:

(A) Fundraising plan, expected progress, and expected benefits before change

1. The total amount of funds needed for this plan: NT\$5,100,000 K.
2. Source of funds : Cash capital increase by issuing 20,000 K ordinary shares of NT\$10 each at a premium of NT\$255 each, raising a total of NT\$5,100,000 K.

3. Use of Capital Funds:

In NTD K

Plan items	Scheduled completion date	Total funds required	Schedule for the use of funds		
			2021		2022
			Q3	Q4	Q1
Purchase of office building	Q1 2022	3,015,105	291,402	2,642,835	80,868
Replenishment of working capital	Q3 2021	2,084,895	2,084,895	—	—
Total		5,100,000	2,376,297	2,642,835	80,868

4. Expected benefits:

- (1) Of the total amount of NT\$5,100,000 K raised from the issuance of new shares for cash capital increase, NT\$3,015,105 K was earmarked for the purchase of an office building to serve as the corporate headquarters to meet the increasing scale of operations and R&D needs, as well as to provide a better workplace for employees, boost management efficiency, save rental costs, and better utilize and manage overall resources. The purchase of an office building was slated for completion of the ownership transfer in the fourth quarter of 2021, completion of the fit-out in the first quarter of 2022 and the official move-in in the second quarter of 2022. According to the total floor area of 6,739 ping of a new office building and parking spaces, assuming that the monthly rent of the office building near the Hsinchu Science Park was about NT\$1,400 per ping and the monthly rent of each parking space was about NT\$3,000, if we leased 6,739 ping and 320 parking spaces respectively, it was estimated that we were able to save at least NT\$124,735 K in rent per year. In addition, savings in rental expenses net of estimated annual depreciation expense of NT\$85,474 K for the acquisition of an office building would result in annual rental savings of NT\$39,261 K in 2023 and thereafter, contributing to employee stability and a sense of belonging to the Company.
- (2) Of the proceeds of NT\$5,100,000 K from the issuance of new shares for cash capital increase, NT\$2,084,895 K was earmarked for working capital, which was expected to be raised in the third quarter of 2021 and would be invested as soon as the funds were available to support the Company's operational needs. This would strengthen the Company's long-term competitiveness, improve its own capital ratio and financial structure, and enhance the flexibility of capital deployment to meet the capital requirements arising from the Company's future expansion and business growth, thereby mitigating the Company's operational risks, raising long-term capital stability and increasing its medium- and long-term competitiveness.

5. The Date of the Entry of the Market Observation Post System: The Company shall enter the use of capital funds in the specified MOPS information reporting website within 10 days after the end of each quarter pursuant to regulations.

(B) Reasons for changes

The Company originally planned to purchase an office building near the Hsinchu Science Park, but the buyer and the seller failed to reach an agreement on the originally planned purchase, and other real estate properties found by the real estate agency did not meet the Company's requirements for usable floor area and transport accessibility. In consideration of the Company's current office needs, coupled with the recent rapid changes in the international political and economic situation, the threat of the war between Russia and Ukraine that might affect the semiconductor supply chain, and the future market demand and business environment, the Company is scheduled to convert the unspent funds of NT\$3,015,105 K originally earmarked for the purchase of an office building into working capital.

(C) Plan after change

1. The total amount of funds needed for this plan after change: NT\$5,100,000 K.

2. Source of funds

Cash capital increase by issuing 20,000 K ordinary shares of NT\$10 each at a premium of NT\$255 each, raising a total of NT\$5,100,000 K.

3. Intended project items and progress:

In NTD K

Plan item	Scheduled completion date	Total funds required	Schedule for the use of funds
			2022
			Q1
Replenishment of working capital	Q1, 2022	3,015,105	3,015,105
Total		3,015,105	3,015,105

4. Expected Benefits

After the change in the plan, the Company transferred the unspent funds of NT\$3,015,105 K from the original plan to purchase an office building to the replenishment of its working capital, so as to strengthen the Company's long-term competitiveness, improve its own capital ratio and financial structure, and enhance the flexibility of capital deployment to meet the capital needs arising from the Company's future expansion and business growth, thereby reducing its operating risks, raising long-term capital stability and increasing its medium- to long-term competitiveness. This move would enable the Company to have more of its own capital, which would have a positive impact on the overall development of the Company's operations and strengthen its financial structure.

5. Feasibility of this project item

The Company originally planned to purchase its own office building for a total of NT\$3,015,105 K, but was unable to find a suitable property after considering factors such as capital, available floor area and surrounding transport accessibility. Due to the recent rapid changes in the international political and economic situation, the semiconductor industry has to be cautious in the face of the international political and economic uncertainties and after evaluating the Company's operational strategy needs and business environment, it is necessary to retain its own capital to increase the scope for future capital utilization and therefore it has changed the use of the capital for the purchase of an office building to enrich its working capital. It is necessary and reasonable for the Company to adjust the use of funds in consideration of the flexibility in the use of funds, changes in the international situation and the assessment of the Company's business strategy.

6. Difference from original projected benefits:

After the change in the plan, the Company transferred the unspent funds of NT\$3,015,105 K from the original plan to purchase an office building to the replenishment of its working capital, so as to strengthen the Company's long-term competitiveness, improve its own capital ratio and financial structure, and enhance the flexibility of capital deployment to meet the capital needs arising from the Company's future expansion and business growth, thereby lowering its operating risks, raising long-term capital stability and increasing its medium- to long-term competitiveness.

7. Impact of such change on shareholder equity:

The Company originally planned to purchase an office building near the Hsinchu Science Park, but the buyer and the seller failed to reach an agreement on the originally planned purchase, and other real estate properties found by the real estate agency did not meet the Company's requirements for usable floor area and transport accessibility. In consideration of the Company's current office needs, coupled with the recent rapid changes in the international political and economic situation, the threat of the war between Russia and Ukraine that might affect the semiconductor supply chain, and the changes in the Company's operations, capital position and international political and economic environment, the Company is scheduled to convert the unspent funds of NT\$3,015,105 K originally earmarked for the purchase of an office building into working capital. The change of plan is expected to increase the flexibility in the use and deployment of capital and improve the financial structure to cope with the capital requirements arising from the future expansion of the Company's operations and business growth, thereby mitigating the Company's operational risks, increasing long-term capital stability and enhancing the Company's medium- and long-term competitiveness, which will have a positive impact on shareholders' equity.

8. The date of the shareholders' meeting for the change of plan: expected to be reported on June 22, 2022.

9. The Date of the Entry of the Market Observation Post System: The Company's Board of Directors resolved on Mar. 17, 2022 and released significant information on that date; in addition, the Company shall enter the use of capital funds in the specified MOPS information reporting website within 10 days after the end of each quarter pursuant to regulations.

(II) Status of Implementation

In NTD K

Plan item	Implementation Status		Q1 2022	Accumulated Projection of Expenditure Amount	Early Progress or Lagging Behind, Causes, and Improvement Plans
Replenishment of working capital	Amount of Expenditure	Forecast	3,015,105	5,100,000	Being completed in Q1 2022, no early progress or lagging behind
		Actual	3,015,105	5,100,000	
	Target Hit Rate(%)	Forecast	100%	100%	
		Actual	100%	100%	

V. Operations HighlightS

I. Business Activities

1) Scope of business

1. The principal elements of the Company's business

CC01080 Electronic Parts and Components Manufacturing

F401010 International Trade

Research, development, production, manufacture and sale of the following products:

- (1) Integrated circuits for total service digital network systems.
- (2) Memory ICs for communications.
- (3) Analog/digital hybrid ICs.
- (4) Customer-commissioned designs, consumer ICs, microcomputer peripheral ICs.
- (5) Import and export business related to the Company's business.

2. Business percentage

In NT\$ K; %

Item \ Year	2021	
	Revenue	Revenue proportion
Display Driver ICs	19,419,688	84.92
Power Management ICs	2,911,372	12.73
Other	537,178	2.35
Total	22,868,238	100.00

3. Current products (services) of the Company

- (1) Display driver ICs: Mainly include large-size source driver ICs, large-size gate driver ICs and small-size integrated driver ICs.
- (2) Power management ICs: Mainly include switching regulator ICs, linear regulator ICs, power management integrated components and various motor driver ICs.
- (3) Others: Mainly include voice coil motor driver ICs and fast charging protocol ICs.

4. New products (services) to be developed

(1) Display driver ICs

- A. Large-size high refresh rate TV screen compensation display driver ICs.
- B. Highly integrated Mini LED backlight display driver ICs.
- C. Low power consumption variable refresh rate display driver ICs.
- D. High-end gaming display timing control ICs.
- E. eDP 1.4 high refresh rate gaming laptop timing control ICs.
- F. 8 BIT P2P 1452CH for low temperature LCD silicon display laptop display driver ICs.
- G. 8 BIT 1.8G 2Pair for high refresh rate gaming display driver ICs.
- H. 8 BIT LVDS interface 1920CH for 2K4K on-board display driver ICs.

(2) Power management ICs

- A. Brushless DC motor driver and control ICs based on M0+ MCU.
- B. DDR5 modules, power management ICs.
- C. High voltage LDO and step-down ICs for industrial and automotive applications.
- D. High voltage DC motor driver ICs.
- E. 40V high current DC step-down ICs.
- F. Wearable devices, integrated power management ICs.
- G. Color e-book power management ICs.

2) Industry overview

1. Current industry status and development

(1) Display driver ICs

With the pandemic subsiding in 2022, the industry will return to its previous seasonal cycle. The current assessment is that the panel market will remain stable in 2022, with fluctuations moderating. Throughout the year, TV and IT panels will grow or adjust to varying degrees depending on end-user supply and demand. Also in the supply chain, the tight material supply in early 2022 appears to have eased somewhat from last year on both the panel and OEM sides. As a result, the focus in 2022 will be on macroeconomic disruptions that will have a greater impact on the demand side than on the supply of capacity. In view of the IT brand factory landscape, although the consumer and education PC market is seeing a decline in demand for entry-level PCs in TN and HD

formats, the PC market will continue to demand more IPS and FHD panels, with FHD resolution demand for laptops growing from 52.5% in 2021 to 66.4% in 2022; FHD resolution in desktop displays stood at 74.5% in 2021, with resolutions below FHD to drop further to below 5% in 2022. Increasingly, Gen 6 LTPS and Gen 8.5/8.6 production capacity is being shifted to IT panel production with a focus on FHD resolution.

In the post-pandemic era, panel makers are aggressively seeking to manufacture high-margin products and emerging technologies are flourishing as never seen before. Free-form displays are seen as the primary development focus for next-generation display products, including foldable, rollable, slidable, stretchable and tiled elements. As a result, panel makers are actively switching to OLED technology and investing in the development of mini/micro-LED displays, with the application of mini-LED backlighting expected to make a splash in 2022 ahead of schedule. Emerging display technologies such as transparency, printing, soft electronics, stereoscopic light fields, holographic technology and floating projection are also becoming the focus of attention.

(2) Power management ICs

The most significant change in the network communications market in recent years has been the increased penetration of WIFI6 and the gradual recovery of the market as the supply of master chips becomes more normal. In the security market, orders are also picking up after a wave of shortages. Power management IC shipments are on the rise as some competitors continue to run out of stock.

In the coming years, the development of new products will center on two priorities, one being power supply ICs for lithium battery applications, and the other being high voltage and high current power supply ICs for automotive and industrial applications.

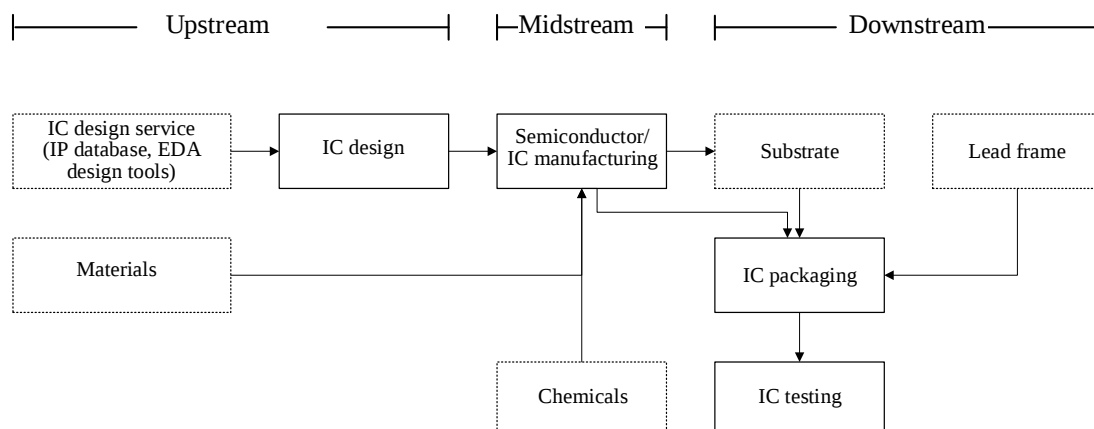
In recent years, due to the wide range of applications for batteries, standby power consumption is a direct determinant of battery life. Therefore, low standby power consumption and high efficiency are the central focus of new product development.

Automation and intelligence are becoming the world trend of the future. Not only will the application of power supply products become more widespread, but also the application of various motor drives will be expanded. As such, these products will be our priority after power supply products.

Electric vehicles represent a trend towards the future. As part of Hon Hai Technology Group's efforts to promote MIH, Fitipower is committed to developing power management ICs and DC motor driver ICs for electric vehicles, and will move towards high voltage and high current products.

2. The link between upstream, midstream and downstream industries

Since Taiwan has been vigorously pushing forward the semiconductor industry, the government, industry, academia and research institutes have worked together to establish, grow and strengthen the semiconductor sector in Taiwan, and now, through the professional division of labor, the IC industry in Taiwan has been able to build a complete division of work and cooperative system, and has successfully countered the previous dominance of the European, American and Japanese powers in the semiconductor IDM industry. The following diagram illustrates the links between the upstream, midstream and downstream of the IC industry.



We are a fabless IC design company and an upstream company in the industry. The importance of IC design in the overall IC industry is extremely high. Compared to IC manufacturing and IC testing, fabless IC design companies are characterized by higher added value and lower capital investment, primarily responsible for specification development, layout design, sales and after-sales services, while

photomask manufacturing, wafer fabrication, wafer dicing, IC packaging and final testing are outsourced to specialist manufacturers, such as photomask manufacturers, specialist wafer foundries and packaging and testing houses.

3. Product development trends

(1) Display driver ICs

In 2022, the annual growth rate of Mini LED TVs is expected to double, with 2.1 million units shipped in 2021. In 2022, many brands join the ranks, in addition to Samsung Electronics and TCL, which continue to operate Mini LEDs, with the overall shipment to reach 4.5 million units.

IC manufacturers are also actively developing Mini LED backlight display driver ICs, which not only emphasize highly integrated features, but also feature technologies such as dynamic power saving mode, low luminance uniformity and support for variable refresh rate, which can help TV brand manufacturers create slim, low power consumption and high-definition products and accelerate the market penetration of Mini LED backlight related products.

In the PC display market, the rise of high resolution and high refresh rate products has resulted in higher temperature driver ICs and an increasing demand for heat sink COFs, while driver IC manufacturers are also developing low temperature driver ICs for TV products. In addition, as systems are moving towards integration and cost reduction, enhanced IC ESD capability and low EMI specifications are required to improve product reliability and yields.

For NB products, while continuing with the low-power focus of the past few years and working hard to develop various solution power-saving ICs, driver IC manufacturers are also keen to exploit their IC design advantages in GSM specifications in the face of the trend of thin and light NB designs with narrow bezels and the higher requirements for GSM authentication. Further, in the post-pandemic era, as demand for high-end QHD NB and high refresh rate gaming products is gradually on the rise, IC manufacturers are also developing Tcon and low-power variable refresh rate display driver ICs for high frequency applications to help customers boost panel efficiency and lower overall costs.

(2) Power management ICs

A. Trend towards small size, high efficiency, low standby power and high integration

With the trend towards energy saving, there is a growing demand from end-users for slimmer, lighter products with longer standby times and higher functional integration. For this purpose, the power management IC must be upgraded in terms of overall efficiency, with low power consumption during standby to extend battery life. In order to be thin and light, thin packages with good heat dissipation coefficients are also being adopted. The use of highly integrated ICs not only brings down the number of components to reduce the size of the printed circuit board used, but also decreases system power consumption and raises system reliability and quality, further increasing production yields and slashing production time and costs.

B. Green energy trends

The rapid changes in the Earth's climate have made the mitigation of the greenhouse effect and the reduction of carbon emissions a priority for all countries. Energy saving technology is now an important issue, and power management plays a crucial role in this regard. Apart from the pursuit of high efficiency, intelligent management is also a major trend in energy saving. Not only are low power consumption and extremely low static power consumption required in design, but the use of lead-free and green materials for packaging is also a key requirement for green concepts such as environmental protection and low energy usage in various countries.

C. A new trend led by electric vehicles

With the popularity of electric vehicles, demand for power management ICs and motor driver ICs is bound to soar, with high voltages, high currents and high reliability being an inevitable new trend in the years to come.

4. Competition

(1) Display driver ICs

Demand for driver ICs has remained strong in recent years, ranging from small to large sizes, with large sizes mostly applied to laptops, monitors and televisions, and small sizes to cell phones and tablets. To ensure wafer and packaging and testing capacity, the industry continues to deepen partnerships with suppliers and refine each other's technological capabilities, ploughing back profits into R&D and new applications.

In the past one or two years, the cross-strait technology industries have maintained a delicate

relationship of "competition yet cooperation. With the onset of the US-China trade dispute, China has stepped up its independent semiconductor development and increased the proportion of home-made driver ICs introduced by Chinese panel makers, resulting in fierce competition for general products. Moreover, with so many new technologies in demand, it is an ongoing issue for competing companies to decide how to invest their resources. Given the evolution of the industry, the ability of IC design houses to respond to the challenges of optimizing supply chain management and product line diversification to raise product competitiveness and reduce operating costs is also being put to the test.

(2) Power management ICs

While some products are still out of stock, some product lines have already reached a balance between supply and demand, and prudent allocation of resources on hand to maximize benefits is a priority at present.

Expediting the development of new products and the subsequent launch of different generations is also a priority. Smaller, more efficient designs and higher levels of integration will be the order of the day to meet the needs of customers.

Working more closely with key customers will open up more and great opportunities for growth in the future, whether it be supply and demand guaranteed contracts or ASICs designed specifically for key customers.

3) Technology and R&D overview

1. R&D expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

Item	In NT\$ K	
	2021	Up to 2022 Q1
R&D expenses	2,168,797	558,995
Net revenue	22,868,238	5,961,667
Percentage of net revenue	9.48%	9.38%

2. Technologies and/or products successfully developed

We maintain a good partnership with our customers and render excellent service. We are always aware of our customers' needs and are able to offer a total solution to them immediately or to develop new technologies together to meet market demands. We are committed to serving our customers with innovative and leading-edge technologies and the following is a summary of our recent developments:

Year	R&D Results	Application Fields
2021	6/8 BIT P2P 1440CH RX 2 Side for NB Driver IC development	Laptop panels
	ES9.0 Low Power MNT Driver IC and Timing Control IC development	Desktop panels
	eDP 1.2 HD Low Power NB timing control IC development	Laptop panels
	New Gen Color eBook Source & Gate driver ICs	E-books
	QHD Gaming MNT Timing Control IC ASIC development	Desktop panels
	PMIC+P-GMA 2-in-1 Power Management IC development	TV panels
	UT TV Highly Integrated ASIC PMIC development	TV panels
	40V/5A High Current CC/CV Step-Down ICs	TVs, chargers
	New Gen COT Series, 5V-18V, 1A-8A Step-Down Power Management ICs	Network communication, TV
	Low Standby High Power PSRR Linear Voltage Regulator ICs	All types of electrical appliances

4) Long- and short-term business development plans

1. Short-term development plan

(1) Marketing strategy

- A. Focus on meeting the needs of customers, developing oligopolistic and niche products and entering the supply chain of international manufacturers to establish a win-win situation in terms of product reputation and rapid growth.

- B. Seek experienced agents and establish a comprehensive agent management system to stabilize the Company's revenue and increase product visibility in the market.

(2) Production strategy

- A. Strengthen strategic partnerships with existing major foundries, packaging houses, testing houses and other outsourcing companies to obtain stable and adequate production capacity and technical services.
- B. Enhance the development of new domestic and overseas foundry capacity and sign cooperation contracts to increase the source of wafer supply and flexibility, and provide customers with more choices of production locations.
- C. Establish information networks with our supply chain partners to enable timely control of production progress and volumes.

(3) Product development strategy

- A. Focus on and understand the needs of our customers and develop products that suit their needs and market trends.
- B. Build up core product lines and a comprehensive database.
- C. Leverage the Company's accumulated technology and production capacity to rapidly develop and deliver quality and cost-competitive products.

2. Long-term development plan

(1) Marketing strategy

- A. Consolidate and grow the business of our customers and agents to steadily increase our revenue and market share, and consistently roll out niche products to increase profits.
- B. Expand overseas markets and become a partner of major international manufacturers.
- C. Strengthen customer service and develop sustainable business by aiming for the highest customer satisfaction.

(2) Production strategy

- A. Share the risk with suppliers to develop new processes and technologies.
- B. Expand economic scale and reduce production costs.
- C. Respond early to the industry's low and high season cycles to mitigate their impact.

(3) Product development strategy

- A. Tailor our products to suit the needs of our customers' applications.
- B. Develop niche and entry-level products with continuity and integrity of product lines.
- C. Strengthen process development capabilities to raise product thresholds, quality and optimize costs.
- D. Increase product core competitiveness.

II. Market and Sales Overview

1) Market analysis

1. Major product sales regions

In NT\$ K; %

Region	2021	
	Sales amount	Percentage of sales
Domestic Sales	2,559,732	11.19
Export Sales	20,308,506	88.81
Total	22,868,238	100.00

2. Market share

The Company's consolidated net revenue from 2019 to 2021 was NT\$9,166 million, NT\$10,880 million and NT\$22,868 million, respectively. According to IEK data issued by the Industrial Technology Research Institute (ITRI), the IC design industry's output value was NT\$692.8 billion, NT\$852.9 billion and NT\$1,214.7 billion from 2019 to 2021 respectively, translating into the Company's market shares of 1.32%, 1.30% and 1.88% for the last three years respectively. The Company has laid a solid foundation in display driver ICs, power management ICs and other related semiconductor products. New product development and future strategic investments in areas such as Mini LED, WIFI 6, DDR5, automotive electronics, color eBooks and HCI were also making good progress, which we believe would translate into future growth momentum.

3. Future market supply and demand and growth

(1) Display driver ICs

In the post-pandemic era of 2022, demand for high-end, high performance 3C products is on the rise, with brand owners launching new products in the hope that this will stimulate demand for laptops, tablets and TVs. According to TrendForce's survey, with an overall abundant supply of panels in 2022, there will be no more ups and downs in TV panel prices, but instead a steady and moderate state. With TV shipments expected to reach 217 million units by 2022, competition in the high-end market is intensifying.

In the laptop market, shipments reached 246 million units in 2021 and TrendForce forecasts a 3.3% annual decline to 238 million units in 2022. In a time of declining total sales, shipments of laptops with OLED screens will rise in 2022, putting further pressure on the size of the LCD segment in the laptop market. In addition, the use of LTPS technology has been rising due to demand for low-power laptops from brands HP, Lenovo and Huawei.

Since the Windows 11 operating system supports dynamic ranges at both low and high frame rates, some top brands plan to use 120Hz panels for their high-end business laptops, 144Hz+ panels for gaming models, with high-end gaming laptops to be upgraded from 165Hz to 240Hz or 360Hz.

The PC terminal market may need to wait for a new product update cycle in 2022 to spur consumer demand for PC replacement, such as high refresh rates, high resolutions, 16:10 aspect ratios, etc. The IC design houses are also optimistic that the trend of feature upgrades for PC applications will drive more demand for premium IC products. IC manufacturers will also launch total solutions for the market, including DDIC, Tcon and PMIC, to increase their product market penetration.

(2) Power management ICs

The power supply is a key component of all electronic products. It is an analog circuit technology that is used to provide a stable power supply with the right voltage for electronic products, and the quality of the power supply will directly affect the life of the electronics. In recent years, power supplies have been developing towards being slim, compact, energy efficient and durable. The key to achieving these goals is to maintain high efficiency (high performance), high voltage regulation, low power consumption (low power consumption) and low noise interference in the power supply, of which all the ICs involved in the control function are known as "power control and management analog ICs." Looking ahead, demand for high-voltage and high-current products brought about by electric vehicles will sustain the growth momentum of power management ICs.

4. Competitive niche

(1) Excellent and experienced professional team

Since our incorporation, we have been recruiting and training outstanding talents in the R&D and marketing of display driver ICs and power management ICs, based on the principles of in-depth technology research and in-house development. In addition to display driver ICs that have successfully entered the oversized panel and timing control IC markets, power management ICs have also been developed with excellent performance and various functions, such as PMUs for LCD TVs, LCD monitors and laptops, as well as high power DC motor driver ICs and high voltage DC/DC power conversion ICs for network communication products. Going forward, the Company will build on its existing foundation and integrate relevant technologies to advance towards market leadership.

(2) Maintaining a good partnership with customers

Our R&D and marketing teams offer immediate product needs and services to our customers, and work closely with them to help them achieve their goals of shortening development time, stabilizing supply and keeping costs down. Our R&D team can provide customers with a total solution for display driver ICs and power management ICs. We are dedicated to customer satisfaction and

continual improvement in terms of quality, yield, delivery and technical services, and look forward to growing together with our customers to maintain a good relationship and achieve sustainable management and development.

(3) Stable and efficient engineering and production management

We are constantly refining our engineering and production management in order to shorten the development time and improve quality, cost and delivery. We have our own R&D, testing and validation capabilities, and conduct complete and stringent environmental and service life reliability verification during the engineering stage to filter out potential instability factors and effectively provide engineering samples within the shortest possible time to shorten the time-to-market, so as to ensure the provision of quality IC products that meet product specifications.

Aiming to boost the overall operational performance, the Company has consolidated a comprehensive production and supply chain, maintained good cooperation with various vertically integrated manufacturers, and embraced the notion of strategic partnership to explore opportunities for joint development in the long term. To keep our manufacturing edge, we introduced an ERP system for electronic commerce at the early stage of our inception to keep track of our production schedule and to arrange the best delivery time for our customers. To comply with international standards and sustainable management, our Company has obtained the ISO9001:2015 international quality management system certification. In the use of raw materials for our products, we have fully demonstrated our determination to protect the environment by using green materials that conform to international requirements.

5. Positive and negative factors for future development and measures to address them

(1) Positive factors

A. Continued expansion of market size and steady increase in demand

As the world economy gradually picks up, global demand for LCD TVs, LCD monitors and laptops is gradually climbing, and demand for TFT-LCD panels for various end-use applications is also on the rise.

Power management ICs are indispensable components for electronic products and their market growth trend is closely associated with the boom cycle of the electronics industry, with a wide range of applications and a long life-cycle, and the industry growth is still strong.

While Taiwan's power management IC design output still accounts for a low percentage of the global market and there is room for growth, Asia is still a manufacturing base for electronic products and the market for power management IC-related applications is expected to be growing. In addition, the price disadvantage of international manufacturers' ICs is not favorable to their customers, and the replacement wave is forming, which all constitute positive factors for the development of power management ICs in the coming years.

B. Strong and experienced R&D team

The Company's display driver IC and power management IC design and development team has extensive R&D experience and strong R&D capabilities, and is highly competitive in terms of technological innovation, responsiveness and satisfying customers' needs.

C. Well-established vertical integration

As a specialist IC design company, we have formed good partnerships with professional foundries and packaging and testing houses over the years, and have a strong industrial chain connection, enabling us to obtain stable and sufficient production capacity and technical services. On top of this, the performance of specialized foundries, testing and packaging in Taiwan has reached world standards, making us competitive for long-term development.

(2) Negative factors and measures to address them

A. Increasing complexity of the functions required by the product

The future of smart lifestyle trends will emphasize interaction and connectivity, personalization and ease of access to information, thus requiring displays that are thin, light, robust, portable, easy to read and integrated with multiple functions. With green energy conservation becoming a major issue in human life, IC product design must evolve along with it.

Response:

We keep abreast of the latest technical information and market demand, and through good interaction and communication with our customers, we stay informed of future development trends and the actual needs of our customers.

B. Longer talent cultivation period and risk of change

It takes more time to nurture the R&D talents for power management ICs since the nation got a late start, and the overall environment is still dominated by the cultivation of digital design R&D personnel. Compared to foreign countries, there are fewer engineers in Taiwan with practical experience in the design and manufacture of power management ICs for mass production.

Response:

We have a robust welfare and reward system in place to attract talented people and to raise staff morale in order to reduce staff turnover. Moreover, the Company has been exchanging information with academic institutions and research institutes at home and abroad to build up a database of product development technologies.

C. Improvements to the semiconductor process

Semiconductor processes such as high voltage, BCD (Bipolar-CMOS-DMOS) and BiCMOS, which are required for high-end power management ICs in Taiwan, are not yet mature enough to be developed by domestic foundries to compete with foreign manufacturers.

Response:

We work closely with leading wafer fabricators to obtain first-hand technology and support. In addition to our excellent process development staff, we also assist our foundries to cooperate with us in new process development and process stability optimization, which will ultimately lead to competitive product specifications, stable production yields and vertically integrated front-end wafer and back-end production outsourcing, ensuring sufficient and stable production capacity to produce price-competitive power management ICs.

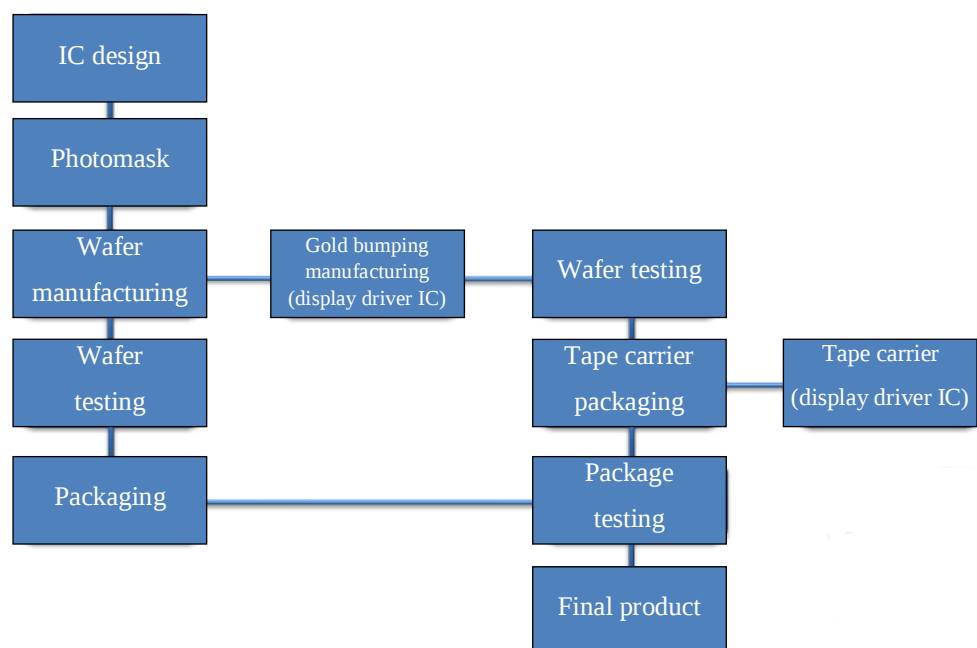
2) Main product applications and manufacturing processes

1. Main product applications

Main product	Type	Applications and Functions
Display Driver IC	Large Size Source Driver IC	Mainly used in TVs, laptops, computer monitors and on-board automotive.
	Large Size Gate Driver IC	
	Small Size Integrated Driver IC	Mainly used in cell phones, tablets, wearable devices and electronic labels, etc.
Power Management IC	Switching Voltage Regulator IC	Mainly used for power supply voltage/current conversion, detection and protection to enhance the efficiency of power supplies. Mainly used in network communication products, industrial and automotive applications.
	Linear Voltage Regulator IC	Mainly for power supply voltage conversion and protection. Used in most electronic products, including network communication products, lighting, industrial and automotive applications.
	Power Management Integrated Component	Mainly for the management and protection of power supply voltage/current conversion. Mainly used in network communication products, meters and industrial applications.
Other	Voice Coil Motor Driver IC and Fast Charge Protocol IC	Mainly used in cellular phone and mobile power applications.

2. Main product manufacturing processes

A professional IC design company, our ICs are primarily manufactured by foundries, tested and delivered to packaging houses for packaging, and then sent to testing houses for complete functional testing of the ICs to produce finished products. The IC manufacturing process includes in order IC circuit design, photomask fabrication, wafer fabrication, IC packaging and IC testing, etc. The IC manufacturing process is as follows:



3) Supply situation for major raw materials

Major Raw Materials	Suppliers	Supply Situation
Wafers	110002, 110054, 110001, 110005	Stable quality and supply, long term cooperation, good supply situation

4) A list of any suppliers and clients accounting for 10 percent or more of the Company's total purchase (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total purchase (sales) accounted for by each, and the reason for increases or decreases in the above figures.

1. A list of any suppliers accounting for 10 percent or more of the Company's total purchase amount in either of the 2 most recent fiscal years

In NT\$ K

No.	2020				2021			
	Name	Amount	Percentage of full year net purchase amount (%)	Relation with issuer	Name	Amount	Percentage of full year net purchase amount (%)	Relation with issuer
1	Socle	1,412,305	24.49	(Note 2)	210058	1,822,779	18.15	Nil
2	110001	924,931	16.03	Nil	110104	1,643,536	16.37	Nil
3	210004	662,560	11.49	Nil				
4	210058	586,792	10.17	Nil				
	Other	2,181,619	37.82		Other	6,574,023	65.48	
	Total	5,768,207	100.00			10,040,338	100.00	

Note 1: The names of suppliers are indicated by codes as the Company has signed confidentiality agreements with them.

Note 2: A subsidiary indirectly invested by Hon Hai Precision Industry Co.

The reason for increases or decreases:

The Company's main raw materials to be imported are wafers and films. The selection of suppliers is based on such factors as access to production capacity, process technology, quality yields, stable delivery times and price advantages for bulk purchases. The change in suppliers accounting for more

than 10% of net purchases in fiscal 2021 was mainly due to the change in the Company's transaction pattern from purchasing wafers from Japanese foundries through Socle Technology Corp. to purchasing through supplier 110104 starting fiscal 2021. Changes in other suppliers, which constituted more than 10% of net purchases for the year, were primarily due to changes in the mix of products sold, resulting in variations in the amount of purchases from suppliers.

2. A list of any customers accounting for 10 percent or more of the Company's total sales amount in either of the most recent 2 fiscal years,

In NT\$ K

No.	2020				2021			
	Name	Amount	Percentage of full year net sales amount (%)	Relation with issuer	Name	Amount	Percentage of full year net sales amount (%)	Relation with issuer
1	D00459	1,242,211	11.42	Nil	100251	2,591,669	11.33	Nil
2					D00459	2,590,953	11.33	Nil
	Other	9,637,489	88.58		Other	17,685,616	77.34	
Total		10,879,700	100.00			22,868,238	100.00	

Note: The name of the customer is indicated by a code as the Company has signed a confidentiality agreement with it.

The reason for increases or decreases:

The Company's revenue growth in fiscal 2021 resulted in a change in the amount and proportion of sales to major customers.

- 5) The production volume for the most recent 2 fiscal years

In K Pc.; NT\$ K

Production Product	Year	2020			2021		
		Capacity	Volume	Value	Capacity	Volume	Value
Display Driver IC		(Note)	715,745	7,130,721	(Note)	850,450	10,444,400
Power Management IC		(Note)	748,686	849,361	(Note)	1,201,643	1,749,613
Other		(Note)	256,258	199,910	(Note)	336,943	320,534
Total		(Note)	1,720,689	8,179,992	(Note)	2,389,036	12,514,547

Note: The products designed and developed by the Company are mainly outsourced to foundries for manufacturing and then outsourced for packaging and testing, therefore, capacity calculation is not applicable.

- 6) The volume of units sold for the most recent 2 fiscal years

In K Pc.; NT\$ K

Sales Product	Year	2020				2021			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Display Driver IC		37,225	607,004	690,260	8,666,336	66,667	1,561,891	768,540	17,857,797
Power Management IC		212,606	357,839	499,759	851,004	386,752	991,716	745,039	1,919,656
Other		19,123	37,507	276,219	360,010	4,807	6,125	300,182	531,053
Total		268,954	1,002,350	1,466,238	9,877,350	458,226	2,559,732	1,813,761	20,308,506

III. Employees

Units: Persons

Year		2020	2021	Up to May 6, 2022
Number of employees	Management staff	9	10	10
	R&D staff	499	607	618
	Other staff	177	291	307
	Total	685	908	935
Average age		36.93	36.53	36.82
Average years of service		3.96	3.27	3.37
Percentage of employees at each education level	PhD	1.31%	1.32%	1.28%
	Master	56.35%	55.29%	55.29%
	Bachelor	41.75%	42.51%	42.46%
	Senior high school	0.44%	0.77%	0.86%
	Below senior high school	0.15%	0.11%	0.11%

IV. Information on Environmental Protection Expenditure

- 1) Describing any losses (including compensation) suffered by the Company in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report as a result of environmental pollution incidents, and the total amount of penalties imposed: None.
- 2) Future responses (including improvement measures) and possible expenses, and disclosing an estimated amount thereof (including losses, penalties and compensation that may be incurred if no response is taken). If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Labor Relations

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

1. Staff benefit measures

To protect the rights and interests of our employees and to boost the Company's morale, we offer a comprehensive welfare system for our full-time employees. In addition to basic rights such as labor and health insurance, annual leave, maternity leave and parental leave as required by law, we also provide a wide range of benefit policies and systems, which are detailed in the table below.

Category	Content
Rewards & Benefits	● 14-month basic salary: Besides 12 months of salary, there are festival bonuses of 0.5 month each for the Dragon Boat Festival and Mid-Autumn Festival and a year-end bonus of 1 month of basic salary. ● Besides the basic annual salary, there is a generous dividend and profit sharing system among employees ● Referral bonus: After the completion of the probationary period by new recruits referred by internal staff, a bonus will be paid to the fellow referrer by their job grade. ● Patent bonus: A bonus will be awarded once an employee's patent application has been given an application number by the competent authority
Health Promotion	● Labor insurance, health insurance, group insurance and travel insurance: We take out labor insurance, national health insurance, group insurance (including life insurance, accident insurance, hospitalization insurance, accident medical insurance, cancer medical insurance, etc.) and travel insurance policies for every employee ● Health consultation service: Registered nurses visit the premises 4 times a month and doctors visit the premises once a quarter to provide one-to-one professional advice to staff ● Free medical check-ups: We provide free annual medical check-ups for our staff to take care of their health conditions ● Complimentary stress relief massage: 2 massage sessions per week to relieve staff from their busy schedules, with 688 massage appointments in 2021 ● Recreational club activities: We encourage staff to form their own sports and recreational clubs to help them to be physically and mentally healthy and to relieve

	stress through moderate exercise and hobby development. ● Special festive gatherings: Fitipower Family Day, Mid-Autumn Festival gala, Christmas dinner and year-end banquets, etc. to promote interaction and create a closer partnership ● <u>Departmental travel benefits, domestic and overseas travel benefits</u>
Complete Care	● Flexible clocking-in system: Flexible clocking-in range from 8:30 to 9:30am, with humane management system ● Advance annual leave: Up to 56 hours of advance annual leave per year ● Midday and evening meal allowances: Staff are provided with meal allowances on working days to encourage them to have a balanced and healthy diet ● Complimentary afternoon snacks: Fortnightly complimentary afternoon snacks are provided to allow staff to relax and enjoy a small treat at work ● Holiday cash gifts ● Wedding, funeral, maternity and hospitalization benefits ● Paid sick leave/menstrual leave for female staff: 5 days per year ● Staff dormitory ● Maternal health protection: Please refer to our Sustainability Report - Occupational Safety and Health Promotion for details

2. Continuing education and training

The Company attaches great importance to career planning for its staff and strives to nurture talents. We encourage our staff to participate in various training courses and furnish them with good training opportunities by conducting internal training courses and allowing them to attend courses or seminars organized by external entities according to the needs of the Company's staff.

We offer face-to-face interactive courses to enable our employees to enrich themselves anytime, anywhere, and to make good use of their fragmented time. We have also set up an e-Learning platform to deliver a wide variety of learning courses, allowing employees to schedule their learning plans more flexibly while at work. The technical courses are designed for self-directed learning by staff and are planned by professionals who are dedicated to developing a comprehensive functional development strategy and promoting a well-rounded education and training program.

Further, we provide our staff with a wide range of internal training resources and encourage them to receive external training, such as subsidizing management training courses for managerial officers to enable them to lead their teams with effective leadership skills to achieve high performance.

(1) Orientation training

To acquaint new recruits with the Company's history and outlook and with its articles of incorporation and their rights and obligations in the shortest possible time, we have developed a standard training program for new arrivals, which includes common training and professional orientation training, and even a high standard orientation training program for special positions, so that new employees can quickly understand the organizational culture and job requirements, which will help ease their uneasiness during the adjustment period and facilitate their smooth integration into the Fitipower family.

(2) Professional skills training

Staff can utilize in-house specialized learning sessions and external professional training programs to enhance their expertise through a variety of learning methods, such as study, continuing education, and increased networking opportunities among peers.

(3) Training in management functions

Staff can build all-round management skills and establish a common management language to boost management performance.

(4) Statutory training

Staff should attend statutory licensing training courses in accordance with regulations and operational requirements to ensure safety in all operations.

3. Employee pension system and its implementation

Since July 1, 2005, all employees voluntarily switched to the new labor pension scheme, under which the Company contributes 6% of their monthly salary to the employees' individual pension accounts. The Company's pension cost under the defined contribution pension plan for fiscal 2021 was NT\$35,156 K.

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

The Company has always attached great importance to the welfare and care of its employees, and to harmonious labor-management relations. The views of employees are taken seriously, and employees can communicate with management through meetings and emails, so that they can fully express their opinions and identify problems, thus ensuring a good relationship.

To foster harmonious and sustainable labor relations and to facilitate smooth communication between employees and management, the Company has established more than one transparent and open communication channel to collect valuable opinions from all employees. Despite the fact that we have not set up a labor union, we still hold regular labor-management meetings under the Labor Standards Act and, when necessary, we may convene ad hoc meetings for two-way communication and consultation on issues such as promoting labor-management cooperation, harmonization of

labor-management relations, improvement of labor conditions and labor welfare planning.

We hold quarterly labor-management meetings, half-yearly managers' meetings, and have an internal management system with an employee grievance box (Whisper to ADM) and a payroll suggestion channel to understand the needs and expectations of our employees and actively respond to their concerns. The Company strives to create an organizational environment with unhindered communication and is devoted to the management of labor relations. In the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, the Company has achieved the objectives of protecting labour rights, including: no incidents of discrimination and related complaints, no violation of freedom of association and collective bargaining rights, no employment of child labor, no incidents of forced or compulsory labor, no major labor disputes, no delays in resolving or no backlog of employee opinions and grievances.

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

VI. Information security management

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

1. Cyber security risk management framework

The Company has a cyber security officer who is responsible for reviewing, formulating and promoting information security policies and reporting regularly to the board of directors on the overview and operation of cyber security management. Additional cyber security staff may be recruited at a later date in accordance with relevant laws and regulations.

2. Cyber security policies

Security Aspects	Security Controls	Related Operations	Verification
External Defense	Network security management	- Set up firewall partitions for internal, external and DMZ networks - Regular review/adjustment of firewall policies - Control internal and external webmaster access behavior and control (IPS, URL filter, sandbox)	Enhance internal and external network access security
	Computer virus protection	- Complete protection from gateway to endpoint - MailSpam for mail filtering/virus scanning - Regular server/computer vulnerability checks and system updates - Virus protection and malware behavior monitoring	Enhance the security of the internal information environment and services
Internal Control	Data protection and system/application access control	- Internal data access control - Internal data transfer/transmission control - Personnel account authority management and audit - Review and adjustment of personnel account privileges	Ensure internal data protection mechanisms
	Information log protection	- The following measures are implemented through the management system - Internal and external system access control/logging - Operation behavior control/tracking records - Irregular event control/record/alarm - Protection and retention of relevant records	Ensure logs are valid and corroborated and comply with regulations
	Information security incident management	Establish procedures for handling cyber security incidents	Strengthen cyber security incident handling procedures to reduce the likelihood of occurrence and operational impact
Cyber Security Literacy	Information security policy and education training	- Regularly review, develop, approve and publish information security policies by management - Foster employee cyber security	Confirm the applicability and effectiveness of cyber security policies and

		literacy through education and training, e-Learning and cyber security awareness	review for improvement; enhance employee cyber security literacy
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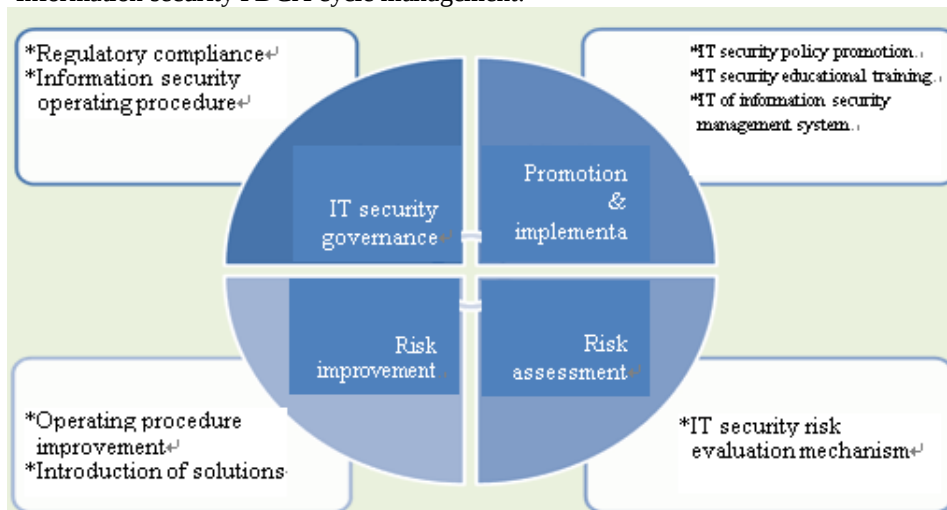
3. Cyber security management

We have entered into a Non-Disclosure Agreement (NDA) with all our customers to protect both parties' confidential information through rigorous information security management practices. To strengthen information security governance, we have consistently invested in and introduced relevant hardware and software facilities, and we built in July 2019 a comprehensive cyber security management system. Throughout the year 2021, Fitipower did not receive any complaints regarding infringement of customer privacy, information theft, leakage or loss.

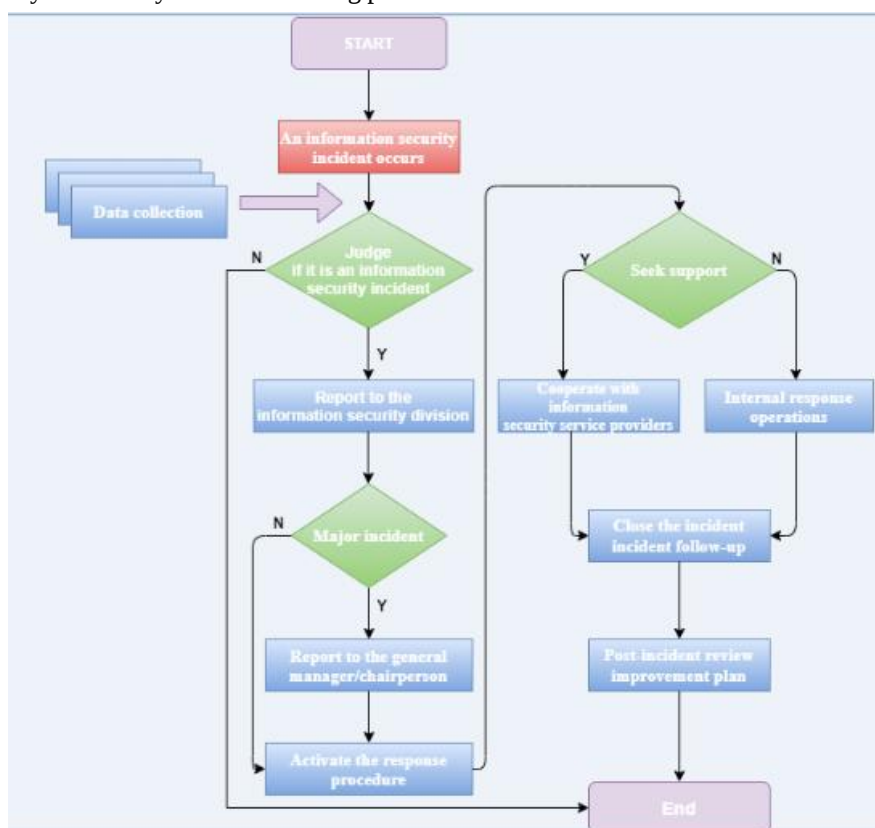
Major Issues	Customer Relationship and Privacy
Policy	Diversified and strengthened information security protection mechanism to protect customer confidentiality and enhance trust and cooperation satisfaction.
Objective	Internal testing was conducted in 2020, and IP address management (IPAM) was scheduled to be formally introduced in the second half of 2021 to step up network security controls, further protecting the Company's sensitive data and maintaining a high level of customer satisfaction.
Evaluation Indicator	Performance was assessed in terms of compliance with relevant international standards, strict implementation of information protection policies, and security of confidential customer information.
Performance	The Company has introduced a cyber security management system in 2019, and through external defense, internal control and the upgrade of all staff's cyber security literacy, we have gained the trust and confidence of our customers and deepened our relationship with them.

With the rapid advancement of technology, mobile devices, Internet of Things, cloud services, telecommuting and other related infrastructures are being widely used, thereby posing an increasing risk to information security in a broader context. Fitipower Technology, by upholding the PDCA (Plan-Do-Check-Act) cyclic management principle, has established an all-inclusive information security risk assessment and a thorough management system accordingly to ensure the achievement of objectives and ongoing improvements, with its management focus centered on the following three major areas: (1) External defense: hacker attack defense, virus threats; (2) Internal control: protection of Company intellectual property, business secrets, and strengthening of internal information security; and (3) cyber security literacy enhancement: information security awareness promotion, education and training, and cyber security drills.

Information security PDCA cycle management:



Cyber security incident handling procedures:



4. Investments in resources for cyber security management

The Company's 2021 information security implementation results:

Item	Results
Introduction of IP Address Management System (IPAM)	Network access control and security integration management.
Public awareness	Announcement of important and immediate cyber security messages to communicate important regulations and precautions for information protection and information security.
Education and training	1. Social engineering - phishing exercises, with 66 staff members trained in social engineering, attack techniques and prevention methods, after which they all passed the post-course test. 2. e-Learning - cyber security awareness training, with 291 employees trained.
ISO27001 (expected to be introduced by 2022)	ISO27001 was introduced to strengthen the management of cyber security control.

- 2) List any losses suffered by the Company due to significant cyber security incidents in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

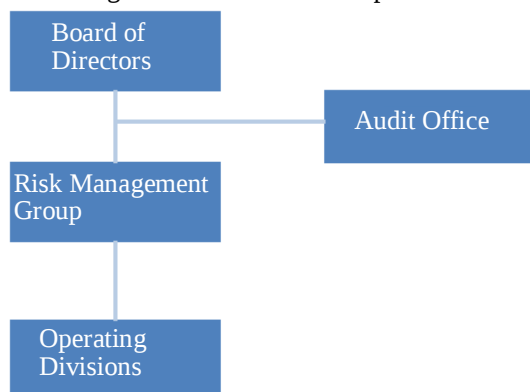
VII. Risk management

1) Risk management policies and procedures

The Company's Risk Management Policy and Procedures were formulated in 2021 and approved by the board of directors as the overarching guiding principle for risk management across all units. Risk management should be based on the Company's business strategies and objectives, taking into account factors such as business growth, risks and rewards, setting risk standards, regularly evaluating and monitoring various risk positions, establishing risk indicators and early warning mechanisms, and modelling future changes as far as possible to provide a basis for management response. In addition, the following principles must be observed:

1. Explicitly consider the uncertainties of risky items and obtain the best information to develop priority action plans.

2. Efficiently allocate and use resources.
 3. Keep an eye on trends and changes to identify potential emerging risks.
 4. Enhance stakeholder communication and trust.
 5. Foster a risk management culture and raise awareness of risk management.
- 2) Risk management framework and operations



Each of the Company's operating divisions is required to identify possible sources of risk in its operations, compile past experience to predict possible future risks, categorize the identified risks and regularly control and report the risk identification results, as well as incorporate internal audit and control functions to ensure that operational risks are under effective control.

The Company's assessment of potential risks in 2021 included corporate governance, environmental and social issues affecting its operations, and it has developed a strategy to address them, which was presented by the risk management group at the 4th meeting of the 8th board of directors.

VIII. Material contracts: None.

VI. Financial Information

I. Condensed Balance Sheet and Comprehensive Income Statement of the Latest Five Fiscal Years

(1) Condensed Balance Sheet

1. Consolidated financial reporting

Unit: NT\$ thousands

Year Item		Financial information for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		4,991,025	5,896,776	5,213,291	8,500,081	21,522,649
Property, plant and equipment		100,311	93,578	245,025	332,385	664,800
Intangible assets		192,816	199,277	211,635	236,358	247,101
Other Assets		233,062	247,944	251,470	200,860	1,857,992
Total assets		5,517,214	6,437,575	5,921,421	9,269,684	24,292,542
Current liabilities	Before distribution	2,801,731	2,680,583	1,907,701	2,827,778	6,704,717
	After distribution	2,731,013	2,468,892	1,742,390	2,412,257	(Note 2)
Non-current liabilities		93,066	108,116	150,164	165,757	203,310
Total liabilities	Before distribution	2,894,797	2,788,699	2,057,865	2,993,535	6,908,027
	After distribution	2,824,079	2,577,008	1,892,554	2,578,014	(Note 2)
Total equity attributable to owners of parent		2,632,935	3,648,876	3,863,556	5,316,161	15,845,595
Share Capital		1,415,408	1,628,606	1,656,875	1,665,880	1,865,453
Capital reserve		514,597	1,073,138	1,148,297	2,064,369	6,986,324
Retain surplus	Before distribution	754,923	1,013,251	1,110,016	1,610,286	7,047,009
	After distribution	684,205	801,560	944,705	1,194,765	(Note 2)
Other Equity		(50,202)	(66,119)	(51,632)	(14,925)	(43,782)
Treasury stock		(1,791)	-	-	(9,449)	(9,449)
Non-controlling interest		(10,518)	-	-	959,988	1,538,920
Total Equity	Before distribution	2,622,417	3,648,876	3,863,556	6,276,149	17,384,515
	After distribution	2,551,699	3,437,185	3,698,245	5,860,628	(Note 2)

Note 1: The financial information for 2017 to 2021 has been audited and certified by the accountants.

Note 2: The proposed distribution of earnings for 2021 has not yet been approved by the shareholders at the Annual General Meeting.

2. Parent Company Only financial reporting

Unit: NT\$ thousands

Year Item		Financial information for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		4,410,169	5,201,840	4,109,231	5,706,168	17,625,379
Investments accounted for using the equity method		365,487	354,162	411,796	1,568,705	2,394,718
Property, plant and equipment		27,423	28,622	131,258	163,252	312,043
Intangible assets		192,388	190,267	207,379	201,997	195,559
Other assets		208,091	187,632	210,186	123,835	1,243,904
Total assets		5,203,558	5,962,523	5,069,850	7,763,957	21,771,603
Current liabilities	Before distribution	2,383,336	2,290,499	1,139,419	2,320,234	5,770,660
	After distribution	2,312,618	2,078,808	974,108	1,904,713	(Note 2)
Non-current liabilities		187,287	23,148	66,875	127,562	155,348
Total liabilities	Before distribution	2,570,623	2,313,647	1,206,294	2,447,796	5,926,008
	After distribution	2,499,905	2,101,956	1,040,983	2,032,275	(Note 2)
Share Capital		1,415,408	1,628,606	1,656,875	1,665,880	1,865,453
Capital reserve		514,597	1,073,138	1,148,297	2,064,369	6,986,364
Retain surplus	Before distribution	754,923	1,013,251	1,110,016	1,610,286	7,047,009
	After distribution	684,205	801,560	944,705	1,194,765	(Note 2)
Other interests		(50,202)	(66,119)	(51,632)	(14,925)	(43,782)
Treasury stock		(1,791)	-	-	(9,449)	(9,449)
Total Equity	Before distribution	2,632,935	3,648,876	3,863,556	5,316,161	15,845,595
	After distribution	2,562,217	3,437,185	3,698,245	4,900,640	(Note 2)

Note 1: The financial information for 2017 to 2021 has been audited and certified by an accountant.

Note 2: The proposed distribution of earnings for 2021 has not yet been approved by the shareholders at the Annual General Meeting.

(2) Condensed Consolidated Profit and Loss Account
1. Consolidated financial reporting

Unit: NT\$ thousands

Item \ Year	Financial information for the last five years (note)				
	2017	2018	2019	2020	2021
Turnover	7,169,758	8,852,376	9,166,293	10,879,700	22,868,238
Gross profit	1,345,836	1,782,213	1,825,732	2,381,176	10,663,977
Operating Profit and Loss	184,785	444,054	353,341	793,248	7,717,117
Non-operating income and expenses	5,185	(14,888)	8,832	43,092	69,433
Net profit before tax	189,970	429,166	362,173	836,340	7,786,550
Continuing business units	146,201	347,605	308,456	731,828	6,389,635
Net profit for the period	-	-	-	-	-
Loss from discontinued operations	146,201	347,605	308,456	731,828	6,389,635
Net profit (loss) for the period	884	(4,375)	(18,649)	22,053	10,950
Other comprehensive income for the period	147,085	343,230	289,807	753,881	6,400,585
(net of tax)	151,322	346,074	308,456	665,581	5,852,244
Total comprehensive profit or loss for the period	(5,121)	1,531	-	66,247	537,391
Net profit attributable to	152,206	351,699	308,456	676,795	5,821,653
Owners of the parent company	(5,121)	1,531	-	77,086	578,932
Net profit attributable to non-controlling interests	1.11	2.43	1.92	4.07	33.83

Note: The financial information for 2017 to 2021 has been audited and certified by the accountants.

2. Condensed parent company only consolidated income statement

Unit: NT\$ thousands

Item \ Year	Financial information for the last five years (note)				
	2017	2018	2019	2020	2021
Turnover	7,109,484	7,624,137	7,658,431	8,466,774	18,032,483
Gross profit	1,313,444	1,530,825	1,472,923	1,709,471	8,193,944
Operating Profit and Loss	226,825	453,020	309,623	579,486	6,162,284
Non-operating income and expenses	(33,739)	(24,615)	36,454	157,466	833,898
Net profit before tax	193,086	428,405	346,077	736,952	6,996,182
Net profit for the period from continuing operations	151,322	346,074	308,456	665,581	5,852,244
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) for the period	151,322	346,074	308,456	665,581	5,852,244
Other comprehensive income (net of tax) for the period	884	(4,375)	(18,649)	11,214	(30,591)
Total comprehensive income for the period	152,206	341,699	289,807	676,795	5,821,653
Earnings per share (NT\$)	1.11	2.43	1.92	4.07	33.83

Note: The financial information for the years 2017 to 2021 has been audited and certified by the accountants.

(3) CPA Audit Status

Year	Firm	CPA	Opinion
2017	KPMG Taiwan	HSIEH, CHIU-HUA 、MEI, YUAN-CHEN	Unqualified opinion
2018	KPMG Taiwan	CHOU, PAO-LIEN 、MEI, YUAN-CHEN	Unqualified opinion
2019	KPMG Taiwan	CHOU, PAO-LIEN 、MEI, YUAN-CHEN	Unqualified opinion
2020	KPMG Taiwan	CHOU, PAO-LIEN 、MEI, YUAN-CHEN	Unqualified opinion
2021	KPMG Taiwan	CHOU, PAO-LIEN 、MEI, YUAN-CHEN	Unqualified opinion

II. Financial Analysis over the Past Five Fiscal Years

(1) Consolidated financial analysis

Item \ Year		Financial information for the last five years				
		2017	2018	2019	2020	2021
Financial Structure (%)	Debt to assets ratio	52.47	43.32	34.75	32.29	28.44
	Long-term capital to property, plant and equipment ratio	2,707.06	4,014.82	1,638.09	1,649.27	2,414.10
Solvency (%)	Mobility Ratio	178.14	219.98	273.28	300.59	321.01
	Quick Ratio	108.67	146.11	195.00	248.80	270.56
	Interest cover multiplier	1,716.11	1,784.39	1,437.57	11,651.66	63,374.42
Operating Capabilities	Receivables turnover rate (times)	4.11	4.05	3.86	5.49	6.81
	Average number of days of receipt	89	90	95	66	54
	Inventory turnover rate (times)	3.25	3.57	4.08	5.42	4.90
	Turnover rate of accounts payable (times)	3.67	4.59	5.65	5.16	4.32
	Average number of sales days	112	102	89	67	74
	Property, plant and equipment turnover rate (times)	100.45	91.31	54.14	37.68	45.87
	Total Asset Turnover (Times)	1.39	1.48	1.48	1.43	1.36
Profitability	Return on Assets (%)	3.02	6.16	5.34	9.71	38.14
	Return on Equity (%)	5.65	11.09	8.21	15.94	60.39
	Net income before income tax to paid-in capital (%)	13.42	26.35	21.86	50.20	417.41
	Net profit rate (%)	2.04	3.93	3.37	6.73	27.94
	Earnings per share (NT\$)	1.11	2.43	1.92	4.07	33.83
Cash Flow	Cash flow ratio (%)	(Note 2)	(Note 2)	38.17	101.02	60.14
	Cash flow fair ratio (%)	23.78	13.93	46.73	160.00	168.39
	Cash reinvestment ratio (%)	(Note 2)	(Note 2)	13.25	41.74	20.42
Leverage	Operating leverage	1.20	1.07	1.29	1.23	1.03
	Financial leverage	1.07	1.06	1.08	1.01	1.00

Reasons for changes in the financial ratios for the last two years (analysis is not required if the change is less than 20%)

1. Long-term capital to property, plant and equipment ratio: The ratio increased mainly due to the strong growth in revenue and profitability as a result of the booming demand for driver ICs and the Company's cash capital increase.
2. Interest coverage ratio: The ratio increased due to the strong growth in revenue and profitability as a result of the booming demand for driver ICs.
3. Receivables turnover ratio: The increase was mainly due to the decrease in the collection period of major customers.
4. Turnover of property, plant and equipment: The ratio increased due to the significant growth in profitability as a result of the booming demand for driver ICs.
5. Financial ratio of profitability: The ratio increased mainly due to the significant growth in revenue and profitability as a result of the booming demand for driver ICs.
6. Cash flow ratio: Mainly due to the increase in imports and the corresponding increase in payables, resulting in a decrease in the ratio.
7. Cash reinvestment ratio: Mainly due to the cash reinvestment in 2021, resulting in a decrease in the ratio.

Note 1: The financial information for 2017 to 2021 was audited and certified by the accountants.

Note 2: Net cash flow from operating activities is negative and is excluded from the calculation.

(2) Parent company only financial analysis

Items for Analysis		Year	Financial information for the last five years				
			2017	2018	2019	2020	2021
Financial Structure (%)	Debt to assets ratio		49.40	38.8	23.79	31.53	27.22
	Long-term capital to property, plant and equipment ratio		10,284.15	12,829.38	2,994.43	3,334.55	5,127.80
Solvency (%)	Mobility Ratio		185.04	227.11	360.64	245.93	305.43
	Quick Ratio		111.19	160.28	256.70	193.58	259.15
	Interest cover multiplier		2,027.20	2,036.64	2,159.12	25,644.26	63,060.60
Operating Capabilities	Receivables turnover rate (times)		4.03	3.44	3.41	4.84	5.76
	Average number of days of receipt		90	106	107	75	63
	Inventory turnover rate (times)		3.36	3.6	4.36	5.20	4.86
	Turnover rate of accounts payable (times)		3.85	4.32	5.51	4.90	3.99
	Average number of sales days		109	101	84	70	75
	Property, plant and equipment turnover rate (times)		299.42	272.07	95.80	57.50	75.88
	Total Asset Turnover (Times)		1.44	1.37	1.39	1.32	1.22
Profitability	Return on Assets (%)		3.22	6.52	5.84	10.41	39.69
	Return on Equity (%)		5.83	11.02	8.21	14.50	55.31
	Net income before income tax to paid-in capital (%)		13.64	26.31	20.89	44.24	375.04
	Net profit rate (%)		2.13	4.54	4.03	7.86	32.45
	Earnings per share (NT\$)		1.11	2.43	1.92	4.07	33.83
Cash Flow	Cash flow ratio (%)	(Note 2)	5.38	61.25	101.93	51.95	
	Cash flow fair ratio (%)		38.50	50.34	85.31	178.43	181.08
	Cash reinvestment ratio (%)	(Note 2)	1.46	12.75	40.56	16.09	
Leverage	Operating leverage		1.10	1.04	1.22	1.21	1.02
	Financial leverage		1.05	1.05	1.06	1.01	1.00

Reasons for changes in the financial ratios for the last two years (analysis is not required if the change is less than 20%)

1. Long-term capital to property, plant and equipment ratio: The ratio increased due to the significant growth in revenue and profitability as a result of the boom in demand for driver IC and the Company's cash capital increase.
2. Current ratio: The Company increased its ratio as a result of cash capital increase.
3. Quick Ratio: The Company increased its ratio as a result of a cash capital increase.
4. Interest cover ratio: The ratio increased due to the significant growth in revenue and profit as a result of the booming demand for driver IC.
5. Property, plant and equipment turnover ratio: The ratio increased mainly due to the significant growth in profitability as a result of the booming demand for driver IC.
6. Financial ratio of profitability: The ratio increased mainly due to the significant growth in revenue and profitability as a result of the booming demand for driver IC.
7. Cash flow ratio: Mainly due to the increase in imports and the corresponding increase in payables, resulting in a decrease in the ratio.
8. Cash reinvestment ratio: Mainly due to the cash reinvestment in 2021, resulting in a decrease in the ratio.

Note 1: The Company's financial information for 2017 to 2021 was audited and certified by the accountants.

Note 2: Net cash flow from operating activities was negative and was excluded from the calculation.

Note 3: The calculation formula is as follows.

1. Financial Structure
 - (1) Debt to asset ratio = Total liabilities / Total assets.
 - (2) Long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / net property, plant and equipment.
 2. Solvency
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
 - (3) Interest coverage = Net income before income tax and interest expense / Interest expense for the period.
 3. Management capability
 - (1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from operations) = net sales / average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.
 - (2) Average collection days = 365/receivable turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold / average inventory amount.
 - (4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = cost of goods sold / average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.
 - (5) Average sales days = 365 / Inventory turnover rate.
 - (6) Turnover rate of property, plant and equipment = net sales / average net property, plant and equipment.
 - (7) Total Asset Turnover = Net Sales / Average Total Assets.
 4. Profitability
 - (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
 - (2) Return on equity = Profit or loss after tax / average total equity.
 - (3) Net profit margin = profit or loss after tax / net sales.
 - (4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted-average number of shares outstanding.
 5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
 - (2) Net cash flow fair ratio = Net cash flow from operating activities for the last five years / (capital expenditures + increase in inventories + cash dividends) for the last five years.
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital).
 6. Leverage.
 - (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating income.
- (2) Financial leverage = Operating income / (Operating income - interest expense).

III. Audit Committee's Report in the Most Recent Year: Please refer to Page 76 of this annual report.

IV. Consolidated Financial Statements in the Most Recent Year, and Independent Auditors' Report: Please refer to Page 85~148 of this annual report.

V. Parent Company Only Financial Statements in the Most Recent Year, and Independent Auditors' Report: Please refer to Page 149~207 of this annual report.

VI. If the Company and its associates have experienced financial difficulties in the most recent year, the impact on the financial position of the Company shall be specified: None.

Fitipower Integrated Technology Inc.

Audit Committee Review Report

The Board of Directors prepared the financial statements for the year ended December 31, 2021, which were audited by CPAs at KPMG Taiwan. The CPAs issued an audit report without qualified opinion. After examining the abovementioned financial statements, business report and proposal for distribution of earnings, the Audit Committee found no discrepancy and issued a report in accordance with the Securities and Exchange Act and the Company Act.

2022 Annual Shareholders' Meeting, Fitipower Integrated Technology Inc.

Audit Committee

Convener: CHEN, BI-FENG



May 6, 2022

VII. Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status

Unit: NT\$ thousands; %

Item \ Year	2021.12.31	2020.12.31	Difference	
			Amount	%
Current assets	21,522,649	8,500,081	13,022,568	153.21
Property, plant and equipment	664,800	332,385	332,415	100.01
Right-of-use assets	81,543	69,017	12,526	18.15
Intangible assets	247,101	236,358	10,743	4.55
Other Assets	1,776,449	131,843	1,644,606	1247.40
Total assets	24,292,542	9,269,684	15,022,858	162.06
Current liabilities	6,704,717	2,827,778	3,876,939	137.10
Non-current liabilities	203,310	165,757	37,553	22.66
Total liabilities	6,908,027	2,993,535	3,914,492	130.76
Share capital	1,865,453	1,665,880	199,573	11.98
Capital surplus	6,986,364	2,064,369	4,921,995	238.43
Retained earnings	7,047,009	1,610,286	5,436,723	337.62
Other equity	(43,782)	(14,925)	(28,857)	193.35
Treasury stock	(9,449)	(9,449)	0	0.00
Non-controlling interests	1,538,920	959,988	578,932	60.31
Total equity	17,384,515	6,276,149	11,108,366	176.99
(1) Analysis of percentage changes (changes of 20% or more in the prior and subsequent periods and changes of \$10 million or more) 1. Increase in current assets: Mainly due to the increase in net cash inflow from operating activities as a result of the growth in revenue, resulting in an increase in current assets. 2. Increase in property, plant and equipment: Mainly due to the increase in equipment. 3. Increase in other assets: Mainly due to the increase in refundable deposits. 4. Increase in current liabilities: Mainly due to the increase in accounts payable, increase in income tax and increase in employee bonuses and bonuses. 5. Increase in non-current liabilities: Mainly due to the increase in deposits. 6. Increase in capital surplus: Mainly due to the increase in cash capital. 7. Increase in retained earnings: Mainly due to the significant increase in profit. 8. Decrease in other equity: Mainly due to the decrease in exchange differences on the translation of financial statements of foreign operations. 9. Increase in non-controlling interests: Mainly due to the significant growth in profitability. (2) If the above changes have a significant impact, the Company should state its future response plan: The above differences are normal operating activities and do not yet have a significant impact on the financial position.				

II. Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2021	2020	Amount of increase or decrease	Variation (%)
Operating Income	22,868,238	10,879,700	11,988,538	110.19
Operating Costs	12,204,261	8,498,524	3,705,737	43.60
Gross profit	10,663,977	2,381,176	8,282,801	347.84
Operating Expenses	2,946,860	1,587,928	1,358,932	85.58
Net profit	7,717,117	793,248	6,923,869	872.85
Non-operating income and expenses	69,433	43,092	26,341	61.13
Net profit before tax	7,786,550	836,340	6,950,210	831.03
Less: Income tax expense	1,396,915	104,512	1,292,403	1,236.61
Net profit for the period	6,389,635	731,828	5,657,807	773.11
Other comprehensive income (net of tax)	10,950	22,053	(11,103)	(50.35)
Total comprehensive income or loss for the period	6,400,585	753,881	5,646,704	749.02
(1) Analysis of percentage changes (changes of 20% or more in the prior and subsequent periods and changes of \$10 million or more) 1. Gross profit, net profit, net profit before tax and net profit for the period: Mainly due to the increase in market demand and significant growth in revenue and profit, resulting in the increase in gross profit and net profit. 2. Non-operating income and expenses: Mainly due to the increase in interest income. 3. Income tax expense: Mainly due to the increase in income tax expense as a result of the significant growth in profit. 4. Other comprehensive income or loss: Mainly due to the decrease in other comprehensive income or loss as a result of the decrease in the translation of financial statements of foreign operating institutions. (2) Expected sales volume and its basis, possible impact on the Company's future financial operations and contingency plans Based on the current customer progress, industry profile and market size growth, the Company expects to maintain a steady growth in sales volume in the coming year compared to the previous year. This will have a positive impact on the Company's future financial operations. In addition, the Company will continue to invest in research and development resources to maintain technological leadership, and continue to improve product quality and technology, satisfy customers and maintain a good relationship with suppliers, so that the products are more forward-looking and have a competitive cost advantage, which will help the Company to increase revenue and profitability in the future. This will help the Company to increase its revenue and profitability in the future.				

III. Cash Flow Analysis

(1) Analysis of recent annual cash flow movements

Item \ Year	2020	2021	Variation(%)
Cash flow ratio (%)	101.02	60.14	(40.47)
Cash flow allowance ratio (%)	160.00	168.39	5.24
Cash reinvestment ratio (%)	41.74	20.42	(51.08)

Analysis of changes in ratios.

1. Cash flow ratio: The decrease was mainly due to the increase in imports and the corresponding increase in accounts payable.

2. Cash reinvestment ratio: Mainly due to the cash increase in 2021, resulting in a decrease in the ratio.

(2) Improvement plan for cash flow shortage in the recent year: No cash shortage.

(3) Cash flow analysis for the coming year

Unit: NT\$ thousands

Initial cash balance at the beginning of the period A	Estimated full year net cash flow from operating activities B	Projected annual cash outflow C	Estimated surplus (shortfall) of cash A + B + C	Remedial measures for cash shortfall	
				Investment Plan	Financial Planning
7,042,205	8,632,741	(11,124,115)	4,550,830	-	-

Analysis of changes in cash flows.

1. Operating activities: The Company expects net cash inflows due to continued growth in operating scale and profitability.

2. Investing activities: The net cash outflow was mainly due to capital expenditures for the acquisition of additional equipment and assets and long-term/short-term investments.

3. Financing activities: Net cash outflow was mainly due to repayment of loans and cash dividends.

IV. Financial and Operational Impact of Major Capital Expenditure: None.

V. Investment Policy in the preceding Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Upcoming Year

The Company's reinvestments is for long-term strategic purposes. The Company's investment income under the equity method amounted to NT\$818,721 thousand in 2021. In the future, the Company will continue to carefully evaluate its investment plans based on the principle of long-term strategic investment.

VI. Risk matters and Assessment

(1) Impact of changes in interest rates, exchange rates and inflation on the Company's profit and the response of the Company

1. Effect of changes in interest rates

The Company's interest expense for 2021 was \$12,306 thousand, accounting for only 0.05% of operating income for the year. The Company maintains interactions with banks to obtain more favorable interest rates and will adjust the use of funds in accordance with changes in financial interest rates in order to reduce the impact of changes in interest rates on the Company's profit and loss.

2. Effect of exchange rate changes

The Company's exchange loss for 2021 was \$18,416 thousand, representing 0.08% of the Company's operating income for the year, and had no significant impact on the Company. In response to the impact of exchange rate fluctuations, the Company took the following measures.

(1) To collect exchange rate related information at all times and strengthen consultation and planning with banks on foreign exchange related hedging strategies to keep abreast of exchange rate trends.

(2) To hedge the impact of exchange rate fluctuations, applying the natural hedging method on receivables and payables by using the same currency as far as possible for customer payments and suppliers' material purchases.

(3) In sales quoting, taking into account the possible impact of exchange rate changes to hedge the risk of exchange rate changes.

(4) The net position of foreign currency assets and liabilities is hedged by foreign exchange transactions in a timely manner in order to reduce the potential exchange rate risk.

3. Effect of Inflation

The Company has not been significantly affected by inflation. The Company monitors the fluctuation of raw material market prices and maintains good interaction with suppliers and customers to reduce the impact of inflation.

(2) Policies on engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profits or losses and the response of the Company

(1) The Company does not engage in high-risk, highly leveraged investments based on a conservative business philosophy.

(2) The Company has established the "Procedures for Lending and Endorsement of Funds" and "Procedures for the Acquisition or Disposal of Assets" as the basis for the Company and its subsidiaries to follow. As of the date of the annual report, the Company has not lent any funds to others except for endorsement of guarantees for operational needs of the Company.

(3) Future Research and Development Plans and Estimated R&D Expenditure

1. Future Research and Development Plans

(1) Display driver IC

- A. Large size high refresh rate TV screen compensation display driver IC.
- B. Highly integrated Mini LED backlight display driver IC.
- C. Low power consumption variable refresh rate display driver IC.
- D. High-end gaming display timing control IC.
- E. eDP 1.4 high refresh rate gaming notebook timing control IC.
- F. 8 BIT P2P 1452CH For Low Temperature LCD Silicon Display Laptop Display Driver IC.
- G. 8 BIT 1.8G 2 Pair For high refresh rate gaming display driver IC.
- H. 8 8 BIT LVDS interface 1920CH For 2K4K car display driver IC.

(2) Power Management IC

- A. DC brushless motor driver and control IC based on M0+ MCU.
- B. DDR5 modules, power management IC.
- C. High voltage LDO and step-down IC for industrial and automotive applications.
- D. High voltage DC motor driver IC.
- E. 40V high current DC step-down IC.
- F. Wearable devices, integrated power management IC.
- G. Colour e-book power management IC.

2. Estimated Investment in Research and Development

As a professional IC design company, the Company adheres to the principles of in-depth technology development and independent development to continuously develop new products to strengthen the Company's competitive edge in the market. The Company expects to continue to invest in R&D manpower and funding in the coming year, which is expected to account for approximately 10% to 15% of revenue. The Company will carefully assess the market risks and investment benefits before investing in any R&D expenditure.

(4) Impact of important domestic and international Law and legal changes on the Company's financial operations and the response of the Company

The Company's operations are conducted in accordance with relevant domestic and overseas laws and regulations, and it keeps a close watch on domestic and overseas policy trends and changes in regulations to keep abreast of changes in the market environment and to propose timely and proactive measures in response. As at the date of this annual report, the Company has not been subject to any significant changes in domestic or overseas policies and laws that would have an impact on its financial operations.

(5) Impact of technological changes (including information and communications security risks) and industry changes on the Company's financial operations and the response of the Company

The Company has accumulated considerable depth and breadth in technology research and development, and the quality of our products is well recognized by customers. The Company's management regularly monitors changes in the market and trends in technological changes and evaluates the risks and impact on product placement, with a view to reducing all risk factors and creating maximum benefits for shareholders. In addition, the Company will continue to invest in the research and development of new product projects, keep track of product development schedules, and maintain a sound financial structure to maintain flexibility in the deployment of funds to meet future market changes. For the most recent year and up to the date of printing of the annual report, technological changes and industry changes have not had a material impact on the Company's financial operations.

The Company has established network and computer security safeguards and continually reviews the appropriateness and effectiveness of its IT security policies and has signed mutual confidentiality agreements with all customers to protect confidential information. As at the date of this annual report, there have been no material breaches of information security requirements.

(6) Impact of the change in corporate image due to corporate crisis management and the response of the Company

Since its establishment, the Company has complied with relevant laws and regulations, actively strengthened internal management and improved management quality and performance, while maintaining harmonious labour relations in order to continuously maintain an excellent corporate image. As at the date of publication of the annual report, there were no matters affecting the corporate image.

(7) Expected benefits, possible risks and responses to mergers and acquisitions.

As at the date of printing of the annual report, the Company did not have any merger and acquisition plans.

(8) Expected benefits, possible risks and contingency measures for plant expansion.

As at the date of the annual report, the Company had no plans to expand its plant.

(9) Risks of concentration of imports or sales and the response of the Company

1. Risk of concentration of imports

The Company actively establishes long-term cooperative relationships with various OEMs, keeps a close contact with them and maintains close contact with them at all times to monitor the production status.

2. Risk of concentration of sales

The Company's products are flat panel display driver IC, and its major sales customers in the last two years are among major domestic and overseas LCD panel manufacturers. The Company will continue to actively explore new markets and new customers to reduce the proportion of shipments from a single customer, and only two customers accounted for more than 10% (11.33%) of total sales in 2021.

(10) Impact, risk and response to the substantial shift or change in shareholding of directors or substantial

shareholders holding more than 10% of the shares of the Company

All transfers or replacements of shareholdings by directors or substantial shareholders holding more than 10% of the shares of the Company in the most recent year and up to the date of printing of the annual report have been reported in accordance with the pre-approval and post-approval requirements, and there has been no significant transfer of shareholdings and no material impact on the Company.

(11) Impact of changes in operating rights on the Company, risks and the response of the Company

There has been no change in the Company's operating rights in the latest year and up to the date of printing of the annual report.

(12) Litigation or non-litigation events

1. Significant litigation, non-litigation or administrative disputes that have been determined or are still pending as at the date of the latest annual report of the Company: None.

2. Significant litigation, non-litigation or administrative proceedings that have been determined or are still pending against the Company's directors, general manager, beneficial owners, substantial shareholders holding more than 10% of the shares and subsidiaries, the outcome of which may have a material impact on shareholders' equity or securities prices: None.

(13) Other significant risks and the response of the Company: None.

VII. Other important matters: None.

VIII. SPECIAL DISCLOSURE

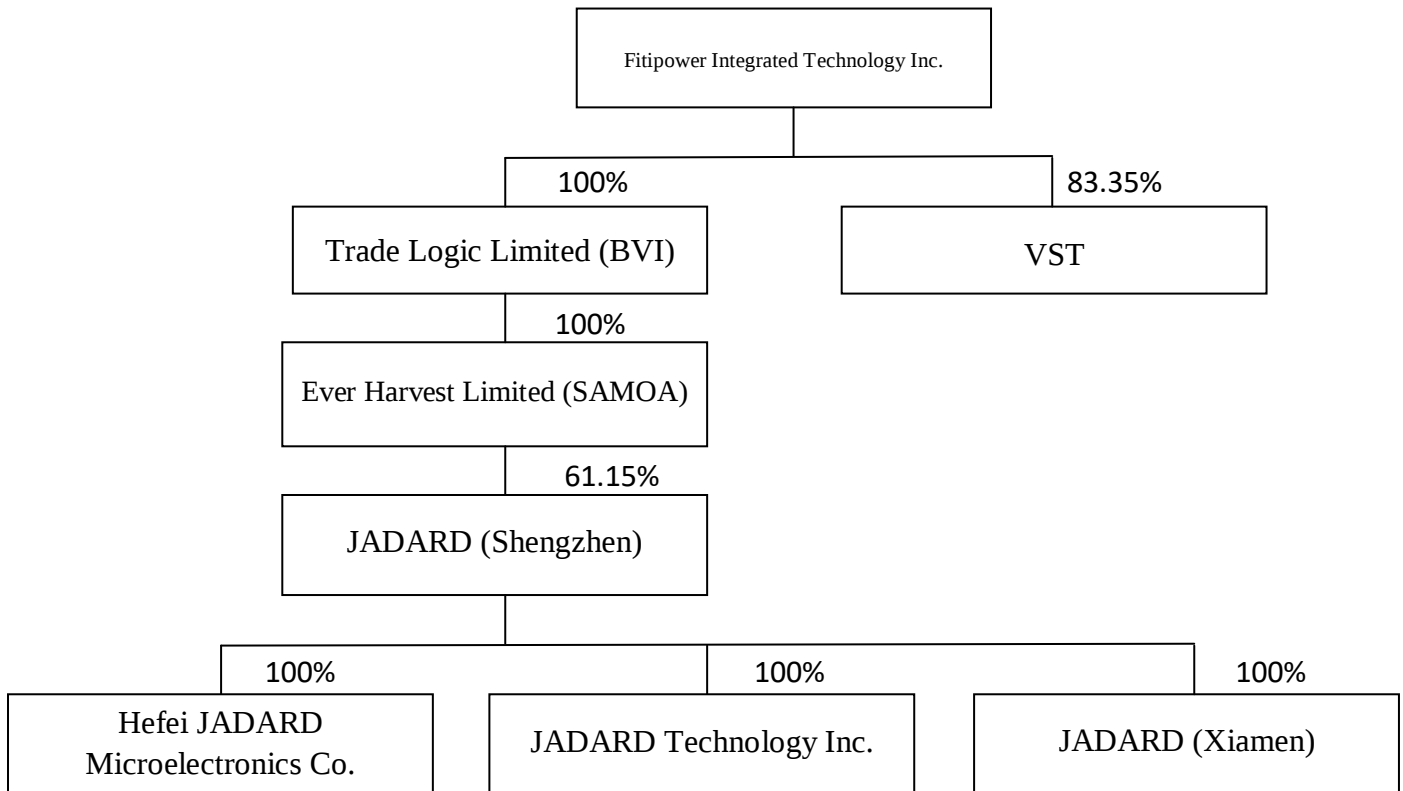
I. Summary of Affiliated Companies

(1) Report on Consolidated Operations of Affiliated Companies:

1. Overview

(1) Organizational Chart:

Dec. 31, 2021



2. Basic Information on Affiliates

Name	Date of establishment	Location	Paid-in capital	Business
Trade Logic Limited	2010.05.28	British Virgin Islands	USD 10,000,000	General Investment
Ever Harvest Limited	2010.05.28	Samoan	USD 10,000,000	General Investment
JADARD (Shengzhen)	2010.11.03	Shenzhen	RMB 365,000,000	IC Design
Hefei JADARD Microelectronics Co.	2017.07.11	Hefei	RMB 50,000,000	Supply Chain Management
JADARD Technology Inc.	2017.03.09	Hong Kong	USD 9,200,000	General Trading
JADARD (Xiamen)	2021.08.05	Xiamen, Mainland China	RMB 50,000,000	Supply Chain Management
VISUAL SENSING TECHNOLOGY CO., LTD.	2017.09.04	Hsinchu	NTD 137,975,000	IC Design

3. If a relationship of control or subordination is presumed under Article 369ter of this Law, the following shall be disclosed: None.

4. The industries covered by the business operations of the affiliated enterprises as a whole. If the businesses of the affiliated enterprises are related to each other, the division of labour between them shall be described as follows.

Name	Business	Details
Trade Logic Limited	General Investment	NA
Ever Harvest Limited	General Investment	NA
JADARD (Shengzhen)	IC Design	R&D and sales of small size panel driver IC
Hefei JADARD Microelectronics Co.	Supply Chain Management	Small Size Panel Driver IC Outsourcing Centre
JADARD Technology Inc.	General Trading	Sales of small size panel driver ICs
JADARD (Xiamen)	Supply Chain Management	Small Size Panel Driver IC Outsourcing Centre
VISUAL SENSING TECHNOLOGY CO., LTD.	IC Design	IC R&D and Sales

5. The names of the directors, supervisors and general managers of each related company and their shareholdings or capital contributions to the company

Dec. 31, 2021

Name	Title	Rept.	Shareholding	
			Shares(thousand)	Ratio
Trade Logic Limited	Director	Fitipower Integrated Technology Inc.	30	100%
Ever Harvest Limited	Director	Fitipower Integrated Technology Inc.	10,000	100%
JADARD (Shengzhen)	Chairperson/General Manager	KUO, YING-LIN	-	-
	Director	MEI, TSON-YANG	-	-
	Director	HSIEH, RUI-CHANG	-	-
	Director	SHI, CHIN	-	-
	Independent Director	CHENG, KUAN-TING	-	-
	Independent Director	HAN, JIEN-CHUN	-	-
	Independent Director	LEE, CHANG-XIA	-	-
	Supervisor	CHEN, PO-CHANG	-	-
	Supervisor	CHENG, JING	-	-
	Supervisor	CHU, CHANG	-	-
Hefei JADARD Microelectronics Co.	Chairperson	KUO, YING-LIN	-	-
	General Manager	HSIEH, RUI-CHANG	-	-
	Supervisor	DENG, LING-LING	-	-
JADARD Technology Inc.	Responsible person	KUO, YING-LIN	-	-
JADARD (Xiamen)	Chairperson/General Manager	HSIEH, RUI-CHANG	-	-

Name	Title	Rept.	Shareholding	
			Shares(thousand)	Ratio
	Supervisor	DENG, LING-LING	-	-
VISUAL SENSING TECHNOLOGY CO., LTD.	Chairperson	Fitipower Integrated Technology Inc. Rept.:LIN, YUNG-CHIEH	11,500	83.35%
	Director	Fitipower Integrated Technology Inc. Rept.:CHIU, SHU-HUI	11,500	83.35%
	Director	Fitipower Integrated Technology Inc. Rept.:WU, CHI-YEN	11,500	83.35%
	Supervisor	CHEN, PO-CHANG	-	-

(2) Overview of the operations of our affiliates

Dec. 31, 2021; Unit: NT\$ thousands

Name	Amount of capital	Total Assets	Total liabilities	Net value	Operating income	Business Benefits	Profit or loss for the period (After tax)	Earnings per share (\$)
Trade Logic Limited	302,296	2,310,488	-	2,310,488	-	-	861,810	NA
Ever Harvest Limited	302,296	2,310,488	-	2,310,488	-	-	861,810	NA
JADARD (Shengzhen) (note)	1,595,055	4,433,771	596,508	3,837,263	3,099,646	1,479,919	1,411,144	3.87
Hefei JADARD Microelectronics Co. (note)	224,523	962,536	614,354	348,182	1,293,141	(12,693)	12,468	NA
JADARD Technology Inc. (Note)	270,264	1,382,615	900,624	481,991	2,542,120	149,463	125,657	NA
JADARD (Xiamen)	4,344	5,935	2,488	3,447	-	(861)	(900)	NA
VISUAL SENSING TECHNOLOGY CO., LTD.	137,975	86,390	13,454	72,936	1,661	(45,252)	(46,139)	(5.43)

Note: For the balance sheet accounts, the foreign exchange rate of Dec. 31, 2021 was NTD 4.344 and NTD 27.68; for the profit and loss account, the average exchange rate for 2021 was NTD 4.3605 and NTD 28.08.

II. Status of Private Placement Securities: None.

III. Holding or Disposal of the Company Stocks by the Subsidiaries: None.

IV. Other Necessary Supplement: None.

V. Any event that had a material impact on the shareholders'ny even or the security prices as stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

**Fitipower Integrated Technology Inc.
and Subsidiaries**

**Consolidated Financial Statements With
Independent Auditors' Report**

For the Years Ended December 31, 2021 and 2020

Address: 3F, No.6-8, Duxing Rd., Hsinchu Science ParkHsinchu City
Tel: (03)5788-618

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors

Fitipower Integrated Technology Inc:

Opinion

We have audited the consolidated financial statements of Fitipower Integrated Technology Inc. and its subsidiaries (“the Group”), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basic for Opinion

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

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Inventory valuation

Please refer to Note IV(8) to the Consolidated Financial Statements for the accounting policies related to inventories; Note V to the Consolidated Financial Statements for the accounting estimates, assumptions and uncertainties related to inventory valuation; and Note VI(4) to the Consolidated Financial Statements for the disclosure of inventories.

Description of the key audit matter:

Fitipower Integrated Technology Inc. and its subsidiaries' net value of inventories are material in the Consolidated Financial Statements and are measured at the lower of cost or net realizable value. Due to the rapid changes in the environment and the continuous updating of production technology, there is a risk that the original products may become obsolete or no longer meet the market demand. The demand for and prices of these products may fluctuate, and the estimation of the net realizable value of inventories depends on the subjective judgment of the management of Fitipower Group. Therefore, we consider inventory valuation as the key audit matter.

Corresponding audit procedures:

For the valuation of inventories, we observe the physical inventory at the end of the year to review the status of inventories; review the inventory aging report and analyze the turnover rate and changes in inventory aging from period to period to assess the reasonableness of the accounting policies; understand the sales prices used by management for valuation, review the post-period sales status and evaluate the net realizable value basis used by management to verify the reasonableness of the valuation of inventory allowances.

2. Revenue recognition

Please refer to Note IV(14) to the Consolidated Financial Statements for the accounting policy of revenue recognition and Note VI(18) to the Consolidated Financial Statements for the details of sales revenue.

Description of the key audit matter:

Fitipower Integrated Technology Inc. and its subsidiaries are principally engaged in the manufacture and sale of integrated circuits and the provision of research, development and design services for such products. Revenue recognition is a key indicator for investors and management to evaluate financial or business performance. Therefore, revenue recognition is also a significant concern for us in performing our audits of the Consolidated Financial Statements.

Corresponding audit procedures:

We tested the internal control over revenue recognition in the Consolidated Financial Statements, assessed the consistency of sales conditions with the accounting policies and verified the related sales documentation. In addition, we performed trend analysis on the top ten sales customers and revenue of each product category to assess whether there were any significant abnormalities. We also sampled sales transactions and related documents for the period before

and after the end of the year to assess the correctness of revenue recognition amounts and periods.

Other matters

Fitipower Integrated Technology Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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.

The engagement partners on the audit resulting in this independent auditors' report are Chou, Pao-Lian and Mei, Yuan-Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2022

Notes to Readers

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

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

Fitipower Integrated Technology Inc. and Subsidiaries

Consolidated Balance Sheet

As of December 31, 2021 and December 31, 2020

Unit: NT\$ thousands

Assets		December 31, 2021		December 31, 2020		Liabilities and equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note VI (1))	\$ 7,042,205	29	2,863,625	31	2100	Current borrowings (Note VI (10))	\$ 777,808	3	-	-
1110	Current financial assets at fair value through profit or loss (Note VI (2))	4,888,006	20	2,159,722	23	2130	Current contract liabilities	84,454	-	47,352	1
1136	Current financial assets at amortized cost (Note VI (1) and VIII)	560,200	2	95,000	1	2170	Accounts and notes payable	3,435,609	14	1,804,701	19
1170	Notes and accounts receivable, net (Note VI (3))	4,851,146	20	1,612,463	17	2180	Accounts payable to related parties (Note VII)	-	-	413,925	5
1181	Accounts receivable due from related parties, net (Note VI (3) and VII)	161,181	1	75,132	1	2230	Current tax liabilities	1,287,878	5	73,229	1
1175	Lease payments receivable	12,219	-	-	-	2280	Current lease liabilities (Note VI (11))	46,273	-	27,653	-
1200	Other receivables (Note VII)	120,456	-	115,084	1	2399	Other current liabilities	1,072,695	5	460,918	5
130X	Current inventories, net (Note VI (4))	3,338,389	14	1,422,473	15			<u>6,704,717</u>	<u>27</u>	<u>2,827,778</u>	<u>31</u>
1410	Prepayments and other current assets (Note VI (5))	548,847	3	156,582	2		Non-current liabilities:				
		<u>21,522,649</u>	<u>89</u>	<u>8,500,081</u>	<u>91</u>	2570	Deferred tax liabilities (Note VI (13))	373	-	22,633	-
Non-current assets:						2580	Non-current lease liabilities (Note VI (11))	37,231	-	43,326	-
1600	Property, plant and equipment (Note VI (6))	664,800	3	332,385	4	2645	Guarantee Deposits received	165,706	1	99,798	1
1755	Right-of-use assets (Note VI (7))	81,543	-	69,017	1			<u>203,310</u>	<u>1</u>	<u>165,757</u>	<u>1</u>
1780	Intangible assets (Note VI (8))	247,101	1	236,358	3		Total liabilities	<u>6,908,027</u>	<u>28</u>	<u>2,993,535</u>	<u>32</u>
1840	Deferred tax assets (Note VI (13))	37,120	-	33,257	-		Equity: (Note VI(14) and (15))				
1900	Other non-current assets (Note VI (9))	1,715,323	7	98,586	1	3110	Capital stock	1,865,453	8	1,665,880	18
1935	Long-term lease payments receivable	24,006	-	-	-	3200	Capital surplus	6,986,364	29	2,064,369	23
		<u>2,769,893</u>	<u>11</u>	<u>769,603</u>	<u>9</u>		Retained earnings :				
						3310	Legal reserve	268,720	1	202,162	2
						3320	Special reserve	13,192	-	24,406	-
						3350	Unappropriated retained earnings	6,765,097	28	1,383,718	15
								<u>7,047,009</u>	<u>29</u>	<u>1,610,286</u>	<u>17</u>
						3400	Other equity interest	(43,782)	-	(14,925)	-
						3500	Treasury stock	(9,449)	-	(9,449)	-
							Total equity attributable to owners of parent	15,845,595	66	5,316,161	58
						36XX	Non-controlling interest	1,538,920	6	959,988	10
							Total equity	<u>17,384,515</u>	<u>72</u>	<u>6,276,149</u>	<u>68</u>
							Total liabilities and equity	<u>\$ 24,292,542</u>	<u>100</u>	<u>9,269,684</u>	<u>100</u>
Total assets		<u>\$ 24,292,542</u>	<u>100</u>	<u>9,269,684</u>	<u>100</u>						

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting Supervisor: Chen, Po-Chang

Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
From January 1 to December 31, 2021 and 2020

Unit: NT\$ thousands

		2021		2020	
		Amount	%	Amount	%
4111	Operating revenue (Note VI (18) and VII)	\$ 22,868,238	100	10,879,700	100
5000	Operating cost (Note VI (4), VII and XII)	12,204,261	53	8,498,524	78
	Gross profit from operations	10,663,977	47	2,381,176	22
	Operating expense: (Note VI (3) (8) (9) (12) (15) (19) and XII)				
6100	Selling expense	386,959	2	260,681	2
6200	Administrative expense	385,064	2	197,152	2
6300	Research and development expense	2,168,797	9	1,146,018	10
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	6,040	-	(15,923)	-
		2,946,860	13	1,587,928	14
	Net operating profit	7,717,117	34	793,248	8
	Non-operating income and expense: (Note VI (11) and (20))				
7100	Interest income	48,763	-	11,250	-
7010	Other income	50,205	-	114,245	1
7020	Other gains and losses, net	(17,229)	-	(75,163)	(1)
7050	Financial costs, net	(12,306)	-	(7,240)	-
		69,433	-	43,092	-
	Income before income tax	7,786,550	34	836,340	8
7951	Less: Income tax expense (Note VI (13))	1,396,915	6	104,512	1
	Net income	6,389,635	28	731,828	7
8300	Other comprehensive income:				
8360	Components of other comprehensive income that will be reclassified to profit or loss (Note VI (13))				
8361	Exchange differences on translation	3,261	-	24,856	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(7,689)	-	2,803	-
	Components of other comprehensive income that will be reclassified to profit or loss	10,950	-	22,053	-
8300	Total other comprehensive income	10,950	-	22,053	-
	Total comprehensive income	\$ 6,400,585	28	753,881	7
	Net income attributable to:				
	Shareholders of the parent	\$ 5,852,244	26	665,581	6
8620	Non-controlling interest	537,391	2	66,247	1
		\$ 6,389,635	28	731,828	7
	Total comprehensive income attributable to:				
	Shareholders of the parent	\$ 5,821,653	25	676,795	6
	Non-controlling interest	578,932	3	77,086	1
		\$ 6,400,585	28	753,881	7
	Earnings per share (Unit: NT\$1) (Note VI (16))				
	Basic earnings per share	\$ 33.83		4.07	
	Diluted earnings per share	\$ 33.57		4.04	

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting Supervisor: Chen, Po- Chang

Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
From January 1 to December 31, 2021 and 2020

Unit: NT\$ thousands

	Equity attributed to the owners of the parent company						Other equity items				
	Retained earnings					Exchange difference on translation of foreign financial statements	Unearned compensation for employees	Treasury stock	Total equity attributable to owners of the parent	Non- controlling interests	Total equity
	Share capital for common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at January 1, 2020	\$ 1,656,875	1,148,297	171,317	5,756	932,943	(24,405)	(27,227)	-	3,863,556	-	3,863,556
Net income in 2020	-	-	-	-	665,581	-	-	-	665,581	66,247	731,828
Other comprehensive income in 2020, net of income tax	-	-	-	-	-	11,214	-	-	11,214	10,839	22,053
Total comprehensive income in 2020	-	-	-	-	665,581	11,214	-	-	676,795	77,086	753,881
Appropriation of retained earnings:											
Legal reserve appropriated	-	-	30,845	-	(30,845)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	18,650	(18,650)	-	-	-	-	-	-
Cash dividends	-	(3)	-	-	(165,311)	-	-	-	(165,314)	-	(165,314)
Purchase of treasury stock	-	-	-	-	-	-	-	(9,449)	(9,449)	-	(9,449)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	887,399	-	-	-	-	-	-	887,399	(887,399)	-
Share-based payments	-	89	-	-	-	-	28,291	-	28,380	-	28,380
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	1,770,301	1,770,301
Issuance of restricted stock awards	10,570	27,199	-	-	-	-	(2,798)	-	34,971	-	34,971
Write-off of restricted stock awards	(1,565)	1,388	-	-	-	-	-	-	(177)	-	(177)
Balance at December 31, 2020	1,665,880	2,064,369	202,162	24,406	1,383,718	(13,191)	(1,734)	(9,449)	5,316,161	959,988	6,276,149
Net income in 2021	-	-	-	-	5,852,244	-	-	-	5,852,244	537,391	6,389,635
Other comprehensive income in 2021, net of income tax	-	-	-	-	-	(30,591)	-	-	(30,591)	41,541	10,950
Total comprehensive income in 2021	-	-	-	-	5,852,244	(30,591)	-	-	5,821,653	578,932	6,400,585
Appropriation of retained earnings:											
Legal reserve appropriated	-	-	66,558	-	(66,558)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(11,214)	11,214	-	-	-	-	-	-
Cash dividends	-	(28)	-	-	(415,521)	-	-	-	(415,549)	-	(415,549)
Issue of shares	200,000	4,900,000	-	-	-	-	-	-	5,100,000	-	5,100,000
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,265)	-	-	-	-	-	-	(4,265)	-	(4,265)
Compensation cost of share-based payment transactions	-	25,520	-	-	-	-	-	-	25,520	-	25,520
Compensation cost of restricted stock awards	-	341	-	-	-	-	1,734	-	2,075	-	2,075
Write-off of restricted stock awards	(427)	427	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021	\$ 1,865,453	6,986,364	268,720	13,192	6,765,097	(43,782)	-	(9,449)	15,845,595	1,538,920	17,384,515

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting Supervisor: Chen, Po-Chang

Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
From January 1 to December 31, 2021 and 2020

Unit: NT\$ thousands

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 7,786,550	836,340
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	214,300	159,138
Amortization expense	25,018	21,054
Expected credit loss (gain on reversal)	6,040	(15,923)
Net gain on financial assets at fair value through profit	(4,090)	(2,917)
Interest expense	12,306	7,240
Interest income	(48,763)	(11,250)
Share-based payment	66,992	28,419
Loss on the disposal of property, plant and equipment	884	2
Proceeds from disposal of financial assets at fair value through profit	(6,702)	-
Inventory valuation and disposal loss	52,863	100,354
Total adjustments to reconcile profit (loss)	318,848	286,117
Changes in operating assets and liabilities:		
Increase in lease payments receivable	(36,225)	-
Decrease (increase) in accounts receivable	(3,330,772)	577,197
Increase in other receivables	(3,641)	(67,055)
Increase in inventory	(1,968,779)	(29,609)
Decrease (increase) in prepayments and other current assets	(392,265)	45,291
Increase in accounts payable	1,599,796	803,527
Increase (decrease) in accounts receivable - related parties	(413,925)	333,572
Increase in contract liabilities	37,102	24,575
Increase in other current liabilities	614,261	89,247
Total changes in operating assets and liabilities	(3,894,448)	1,776,745
Cash inflow generated from operations	4,210,950	2,899,202
Interest received	48,258	11,201
Interest paid	(12,111)	(7,673)
Income taxes paid	(214,877)	(46,250)
Net cash inflow from operating activities	4,032,220	2,856,480
Cash flow from investing activities :		
Acquisition of financial assets at fair value through profit or loss	(9,105,000)	(2,156,805)
Proceeds from disposal of financial assets at fair value through profit or loss	6,387,508	-
Increase in acquisition of financial assets at amortized cost	(465,200)	(95,000)
Net cash flow from acquisition of subsidiaries	-	(40,475)
Acquisition of property, plant and equipment	(510,349)	(203,146)
Proceeds from disposal of property, plant and equipment	43	-
Acquisition of intangible assets	(34,590)	(6,718)
Increase in refundable deposits	(1,599,056)	(753)
Decrease (increase) in other non-current assets	(17,655)	34,622
Net cash outflow in investing activities	(5,344,299)	(2,468,275)
Cash flow from financing activities:		
Increase (decrease) in current borrowings	777,808	(367,392)
Increase in guarantee deposits received	66,010	18,003
Payments of lease liabilities	(42,298)	(29,418)
Cash dividends paid	(415,549)	(165,314)
Proceeds from issuing shares	5,100,000	-
Payments to acquired treasury shares	-	(9,449)
Restricted stock awards	-	34,971
Changes in non-controlling interests	-	1,781,140
Net cash inflow from financing activities	5,485,971	1,262,541
Effects of exchange rate changes on cash and cash equivalents	4,688	(10,172)
Net increase in cash and cash equivalents	4,178,580	1,640,574
Cash and cash equivalents at beginning of period	2,863,625	1,223,051
Cash and cash equivalents at end of period	\$ 7,042,205	2,863,625

(Please refer to the accompanying notes to the consolidated financial statements)

Chairman: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting Supervisor: Chen, Po-Chang

Fitipower Integrated Technology Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
2021 and 2020

(Unless otherwise specified, the basic unit for any amount shall be NT\$ 1,000.)

I. Company history

Fitipower Integrated Technology Inc. (hereinafter "the Company") was incorporated on July 4, 1995 with the approval of the Ministry of Economic Affairs and has its place of business registered at 3F., No.6-8, Duxing Rd., Hsinchu Science Park, Hsinchu City. Upon the resolution of the shareholders' meeting on March 30, 2006, the Company merged with Hongxin Semiconductor Co. on May 1 of the same year. The Company's primary activities after the merger are research, development, production, manufacturing and sales of integrated circuits (ICs) of the integrated services digital networking systems, memory ICs for communications, analog and digital hybrid ICs, as well as custom design, consumer ICs and microcomputer peripheral ICs. Upon the resolution of the shareholders' meeting on April 16, 2010, the Company merged with TechPower Semiconductor Co (hereinafter "TechPower") on May 1, 2010, with the Company being the surviving one and TechPower being extinguished as a result of the merger. The Company's shares have since October 17, 2018 been listed on the Taiwan Stock Exchange.

II. The date when the financial reports were authorized for issue and the process involved in authorizing the financial reports for issue

These consolidated financial reports were approved for issuance by the Board of Directors on March 17, 2022.

III. Newly issued or revised standards and interpretations

- 1) The effect or impact that may arise when it has applied new or revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC).

Effective on January 1, 2021, the Consolidated Company adopted the following newly revised IFRSs, which did not have a significant impact on the consolidated financial statements

- Amendments to IFRS 4 – Extension of Temporary Exemption from Applying IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform - Phase II

Effective on April 1, 2021, the Consolidated Company adopted the following newly revised IFRSs, which did not have a significant impact on the consolidated financial statements

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

- 2) Effect of not adopting IFRSs recognized by the FSC

The application of the following newly revised IFRSs, effective January 1, 2022, to the Consolidated Company's assessment will not have a material impact on the consolidated financial statements. The Consolidated Company does not expect the following newly issued and amended standards, which have not yet been endorsed, to have a material impact on the consolidated financial statements.

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

3) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations issued and amended by the IASB but not yet endorsed by the FSC that may be relevant to the Consolidated Company are as follows.

Newly Published or Revised Standard	Amendments	Effective date of publication
Amendments to IAS 1 “Disclosure of Accounting Policies”	The major amendments to IAS 1 include. • Requiring an entity to disclose its significant accounting policies rather than its material accounting policies • Clarifying that accounting policy information relating to transactions, other events or circumstances that are not material is immaterial and does not require disclosure of such information; and • Clarifying that all accounting policy information that does not relate to a material transaction, other event or circumstance is material to the Company's financial statements.	Jan.1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendment introduces a new definition of an accounting estimate that clarifies that an accounting estimate is a monetary amount in the financial statements that is subject to measurement uncertainty. The amendment also clarifies the relationship between accounting policies and accounting estimates by specifying that a company is required to establish accounting estimates to meet the objectives of its applicable accounting policies.	Jan.1, 2023

The Consolidated Company is continuously evaluating the impact of the above

standards and interpretations on the Consolidated Company's financial condition and results of operations, and the related impact will be disclosed when the evaluation is completed.

The Consolidated Company does not expect the following newly issued and amended standards, which have not yet been endorsed, to have a material impact on the consolidated financial statements.

- Amendments to IFRS 10/IAS 28 – Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture
- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 12 - - Deferred tax related to assets and liabilities arising from a single transaction

IV. A summary of significant accounting policies

The significant accounting policies adopted in these consolidated financial statements are summarized below and the following accounting policies have been applied consistently to all periods presented herein.

1) Compliance statement

These consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter the “Preparation Regulations”) and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) recognized by the FSC (hereinafter “IFRS endorsed by the FSC”).

2) Preparation basis

1.Measurement basis

The consolidated financial statements are prepared on a historical cost basis.

2.Functional and presentation currencies

Each entity of the Consolidated Company has the currency of the primary economic environment in which it operates as its functional currency. These consolidated financial statements are presented in New Taiwan dollars, which is the functional currency of the Company. All financial information expressed in New Taiwan dollars is expressed in thousands of New Taiwan dollars.

3) Consolidated basis

1.Principles for preparation of consolidated financial statements

The entity that prepares consolidated financial statements includes the Company and Subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date when control over the subsidiaries was

acquired until the date when control no longer exists. Gains or losses attributable to non-controlling interests in subsidiaries are attributed to non-controlling interests, even if the non-controlling interests become a loss balance as a result.

Inter-consolidated company transactions, balances and any unrealized gains and expenses have been eliminated in the preparation of the consolidated financial statements.

Changes in the Consolidated Company's ownership interest in a subsidiary that do not result in a loss of control are treated as equity transactions with the owner.

The subsidiaries included in these consolidated financial statements consist of:

Name of Investment Company	Name of Subsidiary	Business Nature	Shareholding Percentage		Note
			Dec.31, 2021	Dec.31, 2020	
The Company	Trade Logic Limited (Trade Logic)	Investment company	100.00%	100.00%	—
The Company	Visual Sensing Technology Corp. (Visual Sensing Technology)	IC design	83.35%	76.47%	Note 3
Trade Logic Limited	Ever Harvest Limited (Ever Harvest)	Investment company	100.00%	100.00%	—
Ever Harvest Limited	Fitipower Integrated Technology (Shenzhen) Inc. (Shenzhen Fitipower)	IC design	61.15%	61.15%	Note 1 and Note 2
Fitipower Integrated Technology (Shenzhen) Inc.	Hefei Jadard Technology Limited (Hefei Jadard)	Supply chain management	100.00%	100.00%	—
Fitipower Integrated Technology (Shenzhen) Inc.	Jadard Technology Limited (Jadard Technology)	General trade	100.00%	100.00%	—
Fitipower Integrated Technology (Shenzhen) Inc.	JADARD (Xiamen)	Supply chain management	100.00%	- %	Note 4

Note 1: Fitipower Integrated Technology (Shenzhen) Inc. conducted capital increase by cash in Apr, 2020 and Oct. 2020, and the share holding ration of the Company reduced to 61.15% accordingly.

Note 2: The name of Fitipower Integrated Technology (Shenzhen) Inc.(current name) was changed on Sep.30, 2020.

Note 3: In December 2021, Visual-Sensing Technology Corp. conduct a cash capital increase. After the capital increase, the Company's shareholding ratio increased to 83.35%.

Note 4: Note 4: On August 5, 2021, the Company indirectly invested in JADARD (Xiamen) through

its investment business in Mainland China.

4) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency based on the exchange rate at the date of the transaction. At the end of each subsequent reporting period (hereinafter the reporting date), monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing on that date. Non-monetary items in foreign currencies measured at fair value are retranslated into the functional currency using the exchange rate at the date when the fair value was measured, while non-monetary items in foreign currencies measured at historical cost are retranslated using the exchange rate at the date of the transaction. Foreign currency exchange differences arising on translation are recognized in profit or loss.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency using the exchange rates prevailing at the reporting date. Except for highly inflationary economies, income and expense items are translated into the functional currency using the average exchange rates for the period, and the resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operation results in a loss of control, joint control or significant influence, the cumulative exchange differences associated with that foreign operation are reclassified in full to profit or loss. Upon partial disposal of a subsidiary with foreign operations, the related cumulative exchange differences are reattributed to non-controlling interests on a pro rata basis. Upon partial disposal of an investment in an associate or joint venture that includes a foreign operation, the related cumulative exchange differences are reclassified to profit or loss on a pro rata basis.

5) Criteria for classifying assets and liabilities into current and non-current

Assets that meet one of the following criteria are classified as current ones, and all other assets that are not current assets are classified as non-current ones:

1. The Consolidated Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
2. The Consolidated Company holds the asset primarily for the purpose of trading;
3. The Consolidated Company expects to realize the asset within 12 months after the balance sheet date; or
4. The asset is cash or a cash equivalent, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current ones, and all other liabilities that are not current liabilities are classified as non-current ones:

1. The Consolidated Company expects to settle the liability in its normal operating cycle;
2. The Consolidated Company holds the liability primarily for the purpose of trading;
3. The Consolidated Company expects to settle the liability when due within 12 months after the balance sheet date; or
4. The Consolidated Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting 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.

6) Cash and cash equivalents:

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

7) Financial instruments

Accounts receivable and debt securities issued are recognized initially as they are incurred. All other financial assets and financial liabilities are recognized initially when the Consolidated Company becomes a party to the contractual provisions of the financial instruments. Financial assets (other than receivables that do not contain a significant financial component) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue. Accounts receivable that do not contain a significant financial component are initially measured at transaction prices.

1. Financial assets

Where purchases or sales of financial assets qualify as a regular way purchase or sale, the Consolidated Company applies trade-date or settlement-date accounting consistently to all purchases and sales of financial assets classified in the same manner.

On initial recognition, financial assets are classified as those carried at amortized cost. The Consolidated Company reclassifies all affected financial assets from the first day of the next reporting period only when there is a change in the mode of operation for managing the financial assets.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost when not designated as at fair value through profit or loss if it meets both of the following criteria:

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

These assets are subsequently measured at their initially recognized amounts plus or minus the cumulative amortization using the effective interest method, adjusted for the amortized cost of any allowance for losses. Interest income, foreign exchange gains or losses and impairment losses are recognized in profit or loss. On derecognition, the gain or loss is recognized in profit or loss.

(2) Financial assets measured at FVTPL

Financial assets measured at FVTPL, including derivative financial assets, are not measured at amortized cost as described above. On initial recognition, the Consolidated Company may irrevocably designate financial assets measured at FVTPL as financial assets measured at amortized cost in order to eliminate or significantly reduce accounting mismatches.

The net gain or loss (including any dividends and interest income) on these assets subsequently measured at fair value is recognized in profit or loss.

(3) Impairment losses on financial assets

The Consolidated Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, including cash and cash equivalents, accounts receivable, other receivables, refundable deposits and other financial assets.

The loss allowance is measured at the amount of expected credit losses over a 12-month period for the following financial assets, with the remainder measured at the amount of expected credit losses over the life of the asset:

- The credit risk of the debt securities is judged to be low at the reporting date; and
- The credit risk on other debt securities and bank deposits (i.e. the risk of default over the expected life of the financial instruments) has not increased significantly since initial recognition.

The allowance for losses on accounts receivable is measured by the amount of expected credit losses over the life of the financial assets.

Expected credit losses over the life of the instrument are the expected credit losses arising from all possible defaults over the expected life of the instrument.

A 12-month expected credit loss is an expected credit loss arising from a possible default of a financial instrument within 12 months of the reporting date (or in a shorter term, if the expected duration of the financial instrument is fewer than 12

months).

The maximum period for measuring expected credit losses is the maximum contractual period over which the Consolidated Company is exposed to credit risk.

In determining whether there has been a significant increase in credit risk since initial recognition, the Consolidated Company considers reasonable and supportable information (available without undue cost or input), including qualitative and quantitative information, and analysis based on the Consolidated Company's historical experience, credit evaluations and forward-looking information.

If a contractual amount is more than 90 days past due, the Consolidated Company assumes that the credit risk of the financial asset has increased significantly.

The Consolidated Company considers a financial asset to be in default if the contractual amount is more than one year overdue or if it is unlikely that the borrower will be able to fulfil its credit obligation to pay the full amount to the Consolidated Company.

Expected credit losses are a weighted estimate of the probability of credit losses over the expected life of the financial instrument. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows that the Consolidated Company is contractually entitled to receive and the cash flows that the Consolidated Company expects to receive. Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Consolidated Company assesses whether there is a credit impairment on financial assets measured at amortized cost. A financial asset is impaired when one or more events have occurred that have an adverse effect on the estimated future cash flows of the financial asset. Evidence that a financial asset is credit-impaired includes observable information about:

- Material financial difficulty of the borrower or issuer;
- Breach of contract, such as delay or overdue for more than ninety days;
- Concessions made by the Consolidated Company to the borrower that it would not otherwise consider for economic or contractual reasons related to the borrower's financial difficulties;
- The likelihood that the borrower will file for bankruptcy or other financial reorganization; or
- The absence of an active market for the financial asset as a result of financial difficulties.

The loss allowance for financial assets measured at amortized cost should be deducted from the book value of the asset.

When the Consolidated Company cannot reasonably expect to recover all or part

of a financial asset, it directly reduces the total carrying amount of its financial assets. For corporate accounts, the Consolidated Company analyzes the timing and amount of eliminations on a case-by-case basis based on whether recovery is reasonably expected. The Consolidated Company does not expect any material reversal of the amounts eliminated. However, financial assets that have been written off are still enforceable in compliance with the Consolidated Company's procedures for recovering overdue amounts.

(4) Derecognition of financial assets

The Consolidated Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity, or when substantially all the risks and rewards of ownership have neither been transferred nor retained and control of the financial asset has not been retained.

Transactions involving the transfer of financial assets entered into by the Consolidated Company that retain all or substantially all the risks and rewards of ownership of the transferred assets are recognized on the balance sheet on an ongoing basis.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the definitions of financial liabilities and equity instruments.

(2) Equity instruments

An equity instrument means any contract that recognizes the Consolidated Company's residual interest in assets less all of its liabilities. Equity instruments issued by the Consolidated Company are recognized at the amount of the consideration received less direct issue costs.

(3) Treasury stocks

Upon repurchase of an equity instrument recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a reduction of equity. Repurchased shares are classified as treasury stocks. The amount received from subsequent sales or reissues of treasury stocks is recognized as an increase in equity, and any surplus or deficit arising from such transactions is recognized as capital surplus or retained earnings (if capital surplus is not sufficient to offset it).

(4) Other financial liabilities

Financial liabilities that are not held for trading and are not designated as at fair

value through profit or loss (including short-term borrowings, accounts payable and other payables) are measured at fair value plus directly attributable transaction costs on initial recognition and subsequently measured at amortized cost using the effective interest method. Interest expense that is not capitalized as part of the cost of an asset is included in finance costs under non-operating income and expenses.

(5) Derecognition of financial liabilities

The Consolidated Company derecognizes financial liabilities when contractual obligations are fulfilled, cancelled or expire. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value on the basis of the modified terms.

When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis in the balance sheet only when the Consolidated Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

8) Inventory

Inventories are measured at the lower of cost or net realizable value. Cost includes the cost of acquisition, production or processing and other costs incurred in bringing them to the place and condition in which they are available for use and is calculated using the weighted average method.

Net realizable value means the estimated selling price in the normal course of business less estimated costs still to be invested in the estimated completion and estimated costs required to complete the sale.

9) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are recognized and measured at cost, which is measured at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure directly attributable to the acquisition of assets.

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2.Subsequent costs

Subsequent expenditure is capitalized only to the extent that it is probable that future economic benefits will flow to the Consolidated Company.

3.Depreciation

Depreciation is calculated on the basis of the cost of the asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component.

Depreciation on leased assets is provided over the shorter of the lease term and its useful life. The estimated useful lives of the remaining assets for the current and comparative periods are as follows:

- (1) Instruments and machinery: 1-10 years
- (2) Office equipment: 1-6 years
- (3) Leasehold improvements: 5 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted as necessary if the expected value differs from previous estimates, with such changes treated as per the provisions for changes in accounting estimates.

10) Lease

The Consolidated Company assesses whether a contract is a lease or contains a lease at the contract inception date. If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or contains a lease.

1.Lesseees

The Consolidated Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which comprises the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct cost incurred and the estimated cost of dismantling and removing the underlying asset and restoring its location or the underlying asset, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Consolidated Company periodically assesses whether a right-of-use asset is impaired and addresses any impairment loss that has occurred, and adjusts the right-of-use asset in conjunction with any remeasurement of the lease liability.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. Where the interest rate implicit in the

lease is readily determinable, the discount rate is that rate, or if not readily determinable, the Consolidated Company's incremental borrowing rate is used. In general, the Consolidated Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise:

- (1) fixed payments, including in-substance fixed payments;
- (2) lease payments that are dependent on an index or rate change, using the index or rate at the inception date of the lease as the original measure;
- (3) the amount of residual value guarantees expected to be paid; and
- (4) the exercise price or penalty to be paid when it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised.

Interest is subsequently accrued on lease liabilities using the effective interest method and is remeasured when the following occurs:

- (1) When there is a change in future lease payments as a result of changes in the index or rate used to determine lease payments;
- (2) When there is a change in the amount of the residual value guarantee expected to be paid;
- (3) When there is a change in the assessment of the call option on the underlying asset;
- (4) When there is a change in the estimate of whether to exercise the option to extend or terminate and a change in the assessment over the lease term;
- (5) When there is a change in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount and changes in the evaluation of purchase, extension or termination options as described above, the carrying amount of the right-of-use asset is adjusted accordingly, and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasurement amount of the lease liability is recognized in profit or loss.

The Consolidated Company presents right-of-use assets and lease liabilities that do not fit the definition of investment property as separate line items in the balance sheet.

For short-term leases of transportation equipment and offices and leases of low-value underlying assets, the Consolidated Company has elected not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease period.

Starting from January 1, 2021, when the basis for determining future lease

payments is changed due to changes in interest rate indicators, the Consolidated Company discounts the revised lease payments to remeasure Lease liabilities using a modified discount rate that reflects changes in interest rates of another indicator.

The Consolidated Company has elected to use the practical expedient approach for all rent reductions that meet all of the following conditions, without evaluating whether they are lease modifications.

- (1) Rent reductions that occurred as a direct result of the pandemic.
- (2) A change in lease payments that results in a revised consideration for the lease that is nearly the same or less than the consideration for the lease prior to such change.
- (3) Any reduction in lease payments affects only those payments originally due prior to June 30, 2022; and
- (4) There are no material changes to the other terms and conditions of the lease.

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

11) Intangible assets

1. Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of identifiable net assets under the purchase method. Goodwill acquired on consolidation is not subject to amortization but is periodically assessed for impairment and measured at the amount of the initially recognized cost less accumulated impairment.

2. Research and development

The research phase represents activities that are performed to acquire and understand new scientific or technical knowledge, with related expenditures recognized in profit or loss as incurred.

Development expenditure is recognized as an intangible asset when all of the following conditions are met simultaneously; if not met simultaneously, it is recognized in profit or loss as incurred:

- (1) The technical feasibility of completing the intangible asset has been achieved, which will make the intangible asset available for use or sale.
- (2) The intent is to complete the intangible asset and to use or sell it.
- (3) The ability to use or sell the intangible asset.
- (4) Intangible assets will most likely generate future economic benefits.
- (5) Adequate technical, financial and other resources are available to complete this development and to use or sell the intangible asset.
- (6) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized expenditures incurred in the development phase are measured at their cost less accumulated amortization and accumulated impairment.

3. Other intangible assets

Other intangible assets acquired by the Consolidated Company are measured at cost less accumulated amortization and accumulated impairment.

4. Subsequent expenses

Subsequent expenditure is capitalized only to the extent that it will enhance the future economic benefits of the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred, including goodwill and brands developed internally.

5. Amortization

Amortization is calculated as the cost of the asset less its residual value as the amortizable amount.

Intangible assets, other than goodwill and intangible assets with indefinite useful lives, are amortized on a straight-line basis over their estimated useful lives, with amortization recognized in profit or loss, from the time they reach a serviceable condition, as follows:

Computer software system: 1-10 years

The residual value, amortization period and amortization method of intangible assets are reviewed annually at least at the end of the financial year and any changes are treated as changes in accounting estimates.

12) Impairment of non-financial assets

The Consolidated Company assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any indication exists, the recoverable amount of the asset is estimated. Goodwill is tested annually for impairment.

For the purposes of impairment testing, a group of assets with cash inflows that are largely independent of other individual assets or groups of assets is treated as the smallest identifiable group of assets. Goodwill acquired on a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect.

The recoverable amount is the higher of the fair value of an individual asset or cash-generating unit, less costs to dispose, and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or

cash-generating unit is less than its carrying amount.

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

Impairment losses on goodwill are not reversed. Non-financial assets other than goodwill are reversed only to the extent that the asset does not exceed the carrying amount, net of depreciation or amortization, that would have been determined had no impairment loss been recognized in prior years.

13) Debt provision

Provisions for liabilities are recognized when the Consolidated Company has a present obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation in the future, and the amount of the obligation can be reliably estimated. The provision for liabilities is discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities, and amortization of the discount is recognized as interest expense.

14) Revenue recognition

1. Revenue from customer contracts

Revenue is measured as the expected right to receive consideration for the transfer of goods or services. The Consolidated Company recognizes revenue when control of the goods or services is transferred to customers to satisfy performance obligations. The Consolidated Company's major revenue items are described as follows:

(1) Merchandise for sale

The Consolidated Company outsources the manufacture and sale of integrated circuits. The Consolidated Company recognizes revenue upon the transfer of control over the products. Transfer of control of the product means that the product has been delivered to the customer, the customer has full control over the sales channel and price of the product and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when the product has been delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, and the customer has accepted the product in accordance with the sales contract and the terms of acceptance have lapsed, or when the Consolidated Company has objective evidence that all acceptance conditions have been met.

The Consolidated Company recognizes accounts receivable upon delivery of goods because the Consolidated Company has an unconditional right to receive consideration at that point in time.

(2) Provision of services

The Consolidated Company provides product design and development services to customers and recognizes the related revenue in the period in which the services are financially reported. Fixed-price contracts are recognized as revenue based on the proportion of actual services rendered to total services as of the reporting date, which is determined by the proportion of costs incurred to the estimated total cost of the transaction.

15) Employee benefits

1. Defined contribution plans

The defined contribution pension plan's contribution obligation is recognized as employee benefit expense in profit or loss over the period in which the employees render service.

Effective July 1, 2005, in accordance with the implementation of the Labor Pension Act (hereinafter the "new system"), employees of a domestic consolidated company subject to the former system who have elected to be subject to the new system or who have joined the company after the implementation of the new system will be subject to a defined contribution system for their years of service. Pursuant to the Labor Pension Act, the consolidated company makes contributions at a rate of 6% of the employees' monthly wages to the individual pension accounts of the Bureau of Labor Insurance, and the contributions are recognized as current expenses.

If the consolidated company is a foreign company and the defined contribution pension plan is implemented, the Company shall make contributions to the pension fund in accordance with the local laws and regulations and recognize the amount of pension fund to be contributed in each period as current expense. Chinese subsidiaries included in the consolidation are required by the Chinese government to make contributions to the basic pension insurance at the statutory rate of the approved salaries of employees and to recognize the contributions as current expenses.

2. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense when the related services are rendered.

The amount expected to be paid under a short-term cash dividend or bonus plan is recognized as a liability if the Consolidated Company has a present legal or constructive obligation to pay as a result of past services rendered by employees and the obligation can be reliably estimated.

16) Share-based payment transactions

The share-based compensation granted to employees is based on the fair value at the date of grant, with compensation cost recognized and relative equity increased over the

period in which the employees reach the point of unconditional compensation. The recognized compensation cost is adjusted for the amount of compensation expected to be received for services rendered, and the final amount recognized is based on the amount of compensation received for services rendered on the vested date.

17) Income tax

Income taxes consist of current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except when they relate to business combinations, items recognized directly in equity or other comprehensive income.

Current income tax includes estimated income tax payable or refund receivable based on current year's taxable income (loss) and any adjustments to prior years' income tax payable or refund receivable. The amount is the best estimate of the amount expected to be paid or received, measured at the statutory or substantively legislated tax rate at the reporting date, after reflecting uncertainties, if any, related to income taxes.

Deferred tax is measured and recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is not recognized on temporary differences arising from:

1. assets or liabilities that are not part of the initial recognition of a business combination transaction and that do not affect accounting profit or taxable income (loss) at the time of the transaction;
2. temporary differences due to investments in subsidiaries, affiliates and interests in joint ventures where the Consolidated Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reverse in the foreseeable future; and
3. taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax is measured at the tax rate at the time of expected temporary difference reversal, and is based on the statutory tax rate or substantive legislative tax rate adopted at the reporting date.

Deferred tax assets and deferred tax liabilities will only be offset by the Consolidated Company if the following conditions are met at the same time:

1. there is a statutory enforcement right to set off current tax assets against current tax liabilities; and
2. Deferred tax assets and deferred tax liabilities relate to one of the following taxable entities for which income tax is levied by the same taxation authority;
 - (1) the same taxable entity; or
 - (2) different taxable entities, provided that each entity intends to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax

assets are expected to be recovered and deferred tax liabilities are expected to be settled.

Deferred tax assets are recognized for unused tax losses and unused tax credits carried forward in subsequent periods to the extent that it is probable that future taxable income will be available for use against which deductible temporary differences can be utilized. They are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized; or the amount of the reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

18) Business combination

Upon conversion to IFRSs recognized by the FSC, the amount of goodwill for acquisitions made by the Consolidated Company prior to January 1, 2012 was recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on January 10, 2009 and various statements of financial accounting standards and their interpretations issued by the Accounting Research and Development Foundation of the ROC (hereinafter the "previous generally accepted accounting principles").

19) Earnings per share

The Consolidated Company presents basic and diluted earnings per share attributable to equity holders of the Company's ordinary shares. The calculation of the Consolidated Company's basic earnings per share is based on the profit or loss attributable to equity holders of the Company's common stocks divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding for the effect of all potentially dilutive common shares. Potentially dilutive ordinary shares in the Consolidated Company include share-based compensation plans, employee compensation that may be paid in shares and new shares with unvested restricted employee rights.

20) Departmental information

The operating segment is a component of the Consolidated Company that engages in operating activities that may earn revenues and incur expenses, including revenues and expenses associated with transactions between other components of the Consolidated Company. The operating results of all operating segments are regularly reviewed by the Consolidated Company's chief operating decision-maker in order to make decisions on the allocation of resources to the segment and to assess its performance. Each operating segment has separate financial information.

V. Critical accounting judgements, estimates and key sources of assumption uncertainty

The preparation of these consolidated financial statements in conformity with IFRSs generally accepted by the FSC requires management to make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Management reviews estimates and underlying assumptions on an ongoing basis and changes in accounting estimates are recognized in the period of change and in the future periods affected.

Among the uncertainties in the assumptions and estimates, the related information with a major risk that will cause material adjustments in the following year is as follows:

Inventory valuation

As inventories are measured at the lower of cost or net realizable value, the Consolidated Company assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note 6(4) for inventory valuation estimates.

VI. Descriptions of Key Accounting Items

1) Cash and cash equivalents

	Dec.31, 2021	Dec.31, 2020
Cash	\$ 1,310	990
Demand deposits and checking deposits	5,464,741	2,123,188
Time deposits	2,136,354	834,447
Less: Restricted deposits (recorded as financial assets measured at amortized cost) (Note 8)	(200)	(60,000)
Time deposits with original maturities of more than three months (recorded as financial assets carried at amortized cost)	(560,000)	(35,000)
	<u>\$ 7,042,205</u>	<u>2,863,625</u>

For the years ended December 31, 2021 and 2020, the Consolidated Company did not record any impairment loss on financial assets measured at amortized cost, and please refer to Note 6(21) for the remaining credit risk information.

2) Current financial assets at fair value through profit or loss

	Dec.31, 2021	Dec.31, 2020
Mandatorily measured at FVTPL:		
Current:		
Open-ended funds	\$ 4,884,709	2,159,722
Exchange Contracts	3,297	-
	<u>\$ 4,888,006</u>	<u>2,159,722</u>

3) Notes and accounts receivable (including the part from related parties), net

	Dec.31, 2021	Dec.31, 2020
Notes receivable	\$ -	1,360
Accounts receivable (including the part from related parties)	5,025,366	1,693,234
Minus: Allowance for impairment losses	(13,039)	(6,999)
	<u>\$ 5,012,327</u>	<u>1,687,595</u>

The Consolidated Company uses a simplified approach to estimate expected credit losses for all accounts receivable (including related parties), i.e., it uses the expected credit loss measure for the duration. For this measurement purpose, these receivables (including related parties) are grouped by common credit risk characteristics that represent the customer's ability to pay all amounts due in accordance with contractual terms and are included in forward-looking information. The expected credit losses on the Consolidated Company's accounts receivable (including related parties) are analyzed as follows:

	Dec.31, 2021		
	Book value of the notes and accounts receivable (including the part from related parties)	Weighted average expected credit loss rate	Expected credit losses in the duration of allowance
Not overdue	\$ 4,852,982	0.03%	1,614
Within 30 days past due	89,722	0.72%	650
31-60 days past due	57,755	3.58%	2,066
61-90 days past due	16,516	9.61%	1,588
More than 120 days past due	3,053	80.81%	2,467
Not overdue	<u>5,338</u>	50%~100%	<u>4,654</u>
	<u>\$ 5,025,366</u>		<u>13,039</u>

	Dec.31, 2020		
	Book value of the notes and accounts receivable (including the part from related parties)	Weighted average expected credit loss rate	Expected credit losses in the duration of allowance
Not overdue	\$ 1,681,088	0.38%	6,325
Within 30 days past due	7,578	0.71%	54
31-60 days past due	5,413	2.52%	136
61-90 days past due	28	10.52%	3
91-120 days past due	<u>487</u>	50%~100%	<u>481</u>

\$ 1,694,594 **6,999**

The changes in the allowance for losses of the accounts receivable (including the part from related parties) of the consolidated company are as follows:

	FY 2021	FY2020
Beginning balance	\$ 6,999	22,922
Impairment losses (gain on reversal)	6,040	(15,923)
Ending balance	\$ 13,039	6,999

4) Net inventory

	Dec.31, 2021	Dec.31, 2020
Finished goods	\$ 1,099,635	503,925
Work-in-progress	1,215,067	605,888
Raw materials	1,023,687	312,660
	\$ 3,338,389	1,422,473

For the years ended December 31, 2021 and 2020, the cost of goods sold related to inventories was \$12,151,398 thousand and \$8,407,851 thousand, respectively; Inventory valuation and disposal loss of \$52,863 thousand and \$90,673 thousand, respectively, were recognized as a reduction of inventories to net realizable value.

As of December 31, 2021 and 2020, none of the Consolidated Company's inventories were pledged as collateral.

5) Prepayments and other current assets

	Dec.31, 2021	Dec.31, 2020
Prepayment	\$ 460,664	34,590
Prepaid expenses	44,027	7,535
Tax credits and prepayments	42,029	112,939
Temporary Payment	2,127	1,518
	\$ 548,847	156,582

6) Property, plant and equipment

The changes in the cost and depreciation of the consolidated company's property, plant and equipment were as follows:

	Instruments and Machinery	Office equipment	Leasehold improvement	Equipment to be inspected	Total
Cost:					
Balance at January 1, 2021	\$ 616,789	53,649	4,996	1,800	677,234
Addition	469,655	33,827	3,826	3,041	510,349
Disposal	(4,421)	(2,769)	(1,085)	-	(8,275)
Reclassification of this term	-	-	(59)	-	(59)
Amount transferred in (out)	122	-	-	(1,522)	(1,400)

in the current period					
Effect of the changes in					
exchange rates	(2,756)	(131)	(1)	-	(2,888)
Balance at December 31,					
2021	\$ 1,079,389	84,576	7,677	3,319	1,174,961
Balance at January 1, 2020	\$ 388,834	45,499	14,128	-	448,461
Addition	190,115	10,721	510	1,800	203,146
Disposal	(11,777)	(2,743)	(4,294)	-	(18,814)
Acquisition through mergers					
(Note VI (XVII))	1,166	120	-	-	1,286
Amount transferred in (out)					
in the current period	45,201	(6)	(5,345)	-	39,850
Effect of the changes in					
exchange rates	3,250	58	(3)	-	3,305
Balance at December 31,					
2020	\$ 616,789	53,649	4,996	1,800	677,234
Depreciation:					
Balance at January 1, 2021	\$ 301,826	40,184	2,839	-	344,849
Depreciation in the current					
period	161,760	10,524	1,260	-	173,544
Disposal	(4,421)	(2,653)	(274)	-	(7,348)
Reclassification	-	-	(33)	-	(33)
Effect of the changes in					
exchange rates	(805)	(46)	-	-	(851)
Balance at December 31,					
2021	\$ 458,360	48,009	3,792	-	510,161
Balance at January 1, 2020	\$ 158,554	36,113	8,769	-	203,436
Depreciation in the current					
period	121,573	6,802	888	-	129,263
Disposal	(11,777)	(2,741)	(4,294)	-	(18,812)
Amount transferred in (out)					
in the current period	32,478	(1)	(2,524)	-	29,953
Effect of the changes in					
exchange rates	998	11	-	-	1,009
Balance at December 31,					
2020	\$ 301,826	40,184	2,839	-	344,849
Book value:					
December 31, 2021	\$ 621,029	36,567	3,885	3,319	664,800
December 31, 2020	\$ 314,963	13,465	2,157	1,800	332,385

The property, plant and equipment of the Consolidated Company as of December 31,

2021 and 2020 were not pledged as collateral.

7) Right-of-use assets

The cost and depreciation of the right-of-use assets recognized in the Consolidated Company's leasehold buildings were as follows:

	<u>Buildings</u>
Cost of right-of-use assets:	
Balance at January 1, 2021	\$ 121,173
Addition	55,774
Disposal	(22,319)
Effect of the changes in exchange rates	<u>(250)</u>
Balance at December 31, 2021	<u>\$ 154,378</u>
Balance at January 1, 2020	\$ 100,815
Addition	26,234
Disposal	(6,093)
Effect of the changes in exchange rates	<u>217</u>
Balance at December 31, 2020	<u>\$ 121,173</u>
Depreciation and impairment losses of right-of-use assets:	
Balance at January 1, 2021	\$ 52,156
Depreciation in the current period	40,756
Disposal	(19,994)
Effect of the changes in exchange rates	<u>(83)</u>
Balance at December 31, 2021	<u>\$ 72,835</u>
Balance at January 1, 2020	\$ 28,269
Depreciation in the current period	29,875
Disposal	(6,093)
Effect of the changes in exchange rates	<u>105</u>
Balance at December 31, 2020	<u>\$ 52,156</u>
Book value:	
December 31, 2021	<u>\$ 81,543</u>
December 31, 2020	<u>\$ 69,017</u>

8) Intangible assets

The changes in the cost and amortization of the Consolidated Company's intangible assets were as follows:

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Patent</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 185,097	24,852	59,998	269,947
Separate acquisition	-	12,498	22,092	34,590
Inwar transfer	-	1,400	-	1,400

Effect of the changes in exchange rates	-	(163)	(209)	(372)
Balance at December 31, 2021	\$ 185,097	38,587	81,881	305,565
Balance at January 1, 2020	\$ 184,972	18,563	20,514	224,049
Separate acquisition	-	6,104	614	6,718
Acquisition through corporate mergers	125	48	38,855	39,028
Effect of the changes in exchange rates	-	137	15	152
Balance at December 31, 2020	\$ 185,097	24,852	59,998	269,947
Amortization:				
Balance at January 1, 2021	\$ -	16,325	17,264	33,589
Amortization in the current period	-	5,829	19,189	25,018
Effect of the changes in exchange rates	-	(93)	(50)	(143)
Balance at December 31, 2021	\$ -	22,061	36,403	58,464
Balance at January 1, 2020	\$ -	9,460	2,954	12,414
Amortization in the current period	-	6,816	14,238	21,054
Effect of the changes in exchange rates	-	116	5	121
Reclassifications	-	(67)	67	-
Balance at December 31, 2020	\$ -	16,325	17,264	33,589
Book value:				
December 31, 2021	\$ 185,097	16,526	45,478	247,101
December 31, 2020	\$ 185,097	8,527	42,734	236,358

For the years ended December 31, 2021 and 2020, the Consolidated Company did not recognize an impairment loss of \$25,018 thousand and \$21,054 thousand, respectively, on its intangible assets. Amortization expense is reported under Operating cost and Operating expense in the Consolidated Statements of Income.

9) Other noncurrent assets

	Dec.31, 2021	Dec.31, 2020
Prepaid Bonus	\$ 81,985	70,694

Refundable deposits	1,626,948	27,892
Other	6,390	-
	\$ 1,715,323	98,586

1.The Consolidated Company provides special incentive payments to employees who meet certain criteria, and the payments are made in a lump sum upon signing the contract. The contracted employee must commit to a period of continuous service, and if the employee fails to meet the commitment, the full amount of the special incentive shall be returned for any reason. The Consolidated Company amortized the total prepaid bonuses as manufacturing expenses and operating expenses over the contracted service period, and recognized manufacturing expenses and operating expenses of \$133,337 thousand and \$112,927 thousand for the years ended December 31, 2021 and 2020, respectively.

2.In order to ensure stable production capacity, the Consolidated Company entered into production capacity guarantee contracts with suppliers, under which a guarantee deposit is paid and returned when the contracts are completed, which is recorded under Other non-current assets - Refundable deposits.

10) Current borrowings

The details of the current borrowings of the consolidated company are as follows:

	Dec.31, 2021	Dec.31, 2020
Unsecured bank loans	\$ 777,808	-
Interest rat collar	0.54%~0.63%	-
Unused loan commitment	\$ 3,566,432	2,274,480

11) Lease liabilities

The book value of the lease liabilities of the consolidated company are as follows:

	Dec.31, 2021	Dec.31, 2020
Current	\$ 46,273	27,653
Non-current	\$ 37,231	43,326

For the maturity analysis, please refer to Note VI (XXI) Financial Instruments.

The amount recognized in profit and loss is as follows:

	FY 2021	FY2020
Interest expense of lease liabilities	\$ 2,018	1,221
Cost of low-value leased assets (excluding low-value leases under short-term leases)	\$ 6,764	14,431

The amount recognized in the Statement of Cash Flows is as follows:

	FY 2021	FY2020
Total amount of cash outflow from lease	\$ 51,080	45,070

Leasing of buildings and structures

The Consolidated Company leased buildings and structures for office use on December 31, 2021 and 2020. Office leases are generally for periods of one to five years, with some leases including an option to extend the lease for the same period as the original contract at the end of the lease term. Lease payments under some of these contracts are subject to changes in local price indices.

12) Employee benefits

Defined contribution plan

If the Consolidated Company is a domestic company, its defined contribution plan is based on the Labor Pension Act, which provides for a contribution rate of 6% of the workers' monthly wages to the Bureau of Labor Insurance's individual labor pension accounts. Under this plan, the Consolidated Company is not legally or constructively obligated to pay additional amounts after it has contributed a fixed amount to the bureau. If the Consolidated Company is a foreign company, it contributes an amount to the pension funds in accordance with local laws and regulations, and recognizes the required contributions in each period as current expenses. Chinese subsidiaries included in the consolidated entity are required by the Chinese government to make contributions to the basic endowment insurance premium at a statutory rate based on the approved salaries of employees and to recognize the contributions as current expenses.

The pension costs and pension insurance premiums under the defined contribution pension plan were \$56,267 thousand and \$35,569 thousand for the years ended December 31, 2021 and 2020, respectively.

13) Income tax

1. The statutory income tax rate for domestic consolidated companies is 20%, and the "Basic Income Tax Ordinance" is applied to calculate the basic tax amount. Trade Logic and Ever Harvest are located in the British Virgin Islands and Samoa, respectively, and are subject to the income tax regulations of the registered area. The income tax rate for Fitipower Integrated Technology (Shenzhen) Inc. and Hefei Jadard Technology Limited (Hefei Jadard) is 25%. The preferential tax rate for high-tech enterprises in China, which is 15%, is applicable to Fitipower Integrated Technology (Shenzhen) Inc., and the income tax rate for Jadard Jadard Limited Taiwan Branch (Hong Kong) is 16.5%.

2. Income tax expense

The details of income tax expense of the Consolidated Company are as follows:

	FY 2021	FY 2020
Income tax expense in the current period	\$ 1,419,713	104,473
Deferred income tax expense	(22,798)	39
Income tax expense	\$ 1,396,915	104,512

The details of income tax expense (benefit) recognized under other comprehensive

income for the Consolidated Company in fiscal 2021 and 2020 are as follows:

	FY 2021	FY 2020
Components of other comprehensive income that will be reclassified to profit or loss :		
Exchange differences on translation	\$ (7,689)	2,803

The reconciliation of income tax expense to net income before taxes for the Consolidated Company for fiscal 2021 and 2020 is as follows:

	FY 2021	FY 2020
Net income before taxes	\$ 7,786,550	836,340
Income tax calculated based on the tax rate of the country where the Company is located	\$ 1,839,679	203,608
Effect on the income tax based on the subsidiaries' net income before taxes	(176,440)	(7,191)
Deduction from investment	(122,199)	(14,848)
Income exempt from tax	-	(109,281)
Surtax on undistributed earnings	7,449	4,682
Changes in estimate and approved differences in the pass fiscal years	-	646
Basic tax	-	62,333
Income from foreign equity investments	(172,362)	(34,385)
Changes in the temporary differences that were not recognized	13,930	(5,710)
Other	6,858	4,658
	\$ 1,396,915	104,512

3. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

The items that were not recognized by the consolidated company as deferred income tax assets are as follows:

	Dec.31, 2021	Dec.31, 2020
Unrealized losses on inventory	\$ 3,133	7,012
Deduction of losses	12,706	3,509
Investment losses	11,745	3,127
	\$ 27,584	13,648

For deductible temporary differences arising from investment losses, no deferred tax asset is recognized because the Consolidated Company has no plans to dispose of its equity investments for the time being and there is no other reason for the

temporary differences to reverse in the foreseeable future. In accordance with the Income Tax Act, losses for the previous 10 years as approved by the tax authorities may be deducted from net profit for the period before income tax is levied. These temporary differences are not recognized as deferred tax assets because it is not probable that the Consolidated Company will have sufficient taxable income in the future to allow for these temporary differences' use.

As of December 31, 2021, the Consolidated Company has not recognized tax losses as deferred tax assets, which are deductible over the following periods:

<u>Fiscal year when the losses were generated</u>	<u>The last fiscal year when the losses can be deducted</u>	<u>Deductible amount</u>
Fiscal year 2018	Fiscal year 2028	\$ 110
Fiscal year 2019	Fiscal year 2029	731
Fiscal year 2020	Fiscal year 2030	2,668
Fiscal year 2021	Fiscal year 2031	9,197
		<u><u>\$ 12,706</u></u>

In accordance with the Income Tax Act, taxation may be made on its net income after deduction of losses incurred in the preceding ten years as verified and determined by the local collection authority-in-charge.

(2) Deferred income tax assets and liabilities recognized

The changes in deferred income tax assets and liabilities for fiscal 2021 and 2020 are as follows:

	<u>Unrealized losses in inventory</u>	<u>Exchange difference on translation of the financial statements of foreign operations</u>	<u>Investment losses</u>	<u>Unrealized foreign exchange gains or losses</u>	<u>Other</u>	<u>Total</u>
Deferred tax assets :						
January 1, 2021	\$ 22,030	2,953	263	-	8,011	33,257
Recognized in the income statement	(10,821)	-	(2)	-	6,997	(3,826)
Recognized in other comprehensive income	-	7,689	-	-	-	7,689
December 31, 2021	<u>\$ 11,209</u>	<u>10,642</u>	<u>261</u>	<u>-</u>	<u>15,008</u>	<u>37,120</u>
	<u>Unrealized losses in inventory</u>	<u>Exchange difference on translation of the financial statements of foreign operations</u>	<u>Investment losses</u>	<u>Unrealized foreign exchange gains or losses</u>	<u>Other</u>	<u>Total</u>
January 1, 2020	\$ 12,079	5,756	-	7,801	9,536	35,172

Recognized in the income statement	9,951	-	263	(7,801)	(1,525)	888
Recognized in other comprehensive income	-	(2,803)	-	-	-	(2,803)
December 31, 2020	<u>\$ 22,030</u>	<u>2,953</u>	<u>263</u>	<u>-</u>	<u>8,011</u>	<u>33,257</u>

	<u>Unrealized foreign exchange gains</u>	<u>Amortization of goodwill</u>	<u>Total</u>
Deferred income tax liabilities :			
January 1, 2021	\$ 1,106	21,527	22,633
Recognized in the income statement	(733)	(21,527)	(22,260)
December 31, 2021	<u>\$ 373</u>	<u>-</u>	<u>373</u>
January 1, 2020	\$ -	21,527	21,527
Recognized in the income statement	1,106	-	1,106
December 31, 2020	<u>\$ 1,106</u>	<u>21,527</u>	<u>22,633</u>

4. The Company's income tax claim have been examined and cleared by the tax authorities through 2018.

14) Capital and other interests

As of December 31, 2021 and 2020, the total issued capital of the Company was \$2,000,000 thousand with a par value of \$10 per share and 186,545 thousand and 166,588 thousand shares, respectively, all of which were common shares.

The details of circulating common shares of the Company is as follows: (in thousands shares)

	<u>FY 2021</u>	<u>FY 2020</u>
Beginning balance	165,406	163,546
Gain from the restricted stock in the current period	770	2,229
Purchase of treasury shares	-	(369)
Cash capital increase	20,000	-
Ending balance	<u>186,176</u>	<u>165,406</u>

1. Issuance of common shares

On May 31, 2021, the board of directors resolved Cash capital increase to issue 20,000 thousand shares with a par value of \$10 per share. The above Cash capital increase was approved by the Financial Supervisory Commission on June 28, 2021, at a price of \$255 per share, with August 5, 2021 as the base date. All issued shares have been received and registered for change.

On June 24, 2020, the Company resolved to issue 3,000 thousand shares of new shares with restricted employee rights at the stockholders' meeting and 1,057 thousand shares at the board of directors' meeting on December 2, 2020. The above capital increase has been approved by the competent authorities and the change of registration has been completed.

2. Capital surplus

The balance of the Company's capital surplus are as follows:

	Dec.31, 2021	Dec.31, 2020
Share premium	\$ 6,102,418	1,097,993
Transaction of treasury shares	535	535
Difference between the carrying amount and the price of the shares of subsidiaries which were acquired or disposed	882,961	887,399
Restricted stock	-	78,138
Other capital reserve	450	304
	<u>\$ 6,986,364</u>	<u>2,064,369</u>

According to the Company Act, new shares or cash may only be issued from realized capital surplus in proportion to the original shares of the shareholders after the capital surplus has first been used to cover losses. Realized capital surplus as referred to in the preceding paragraph includes surplus from the issue of shares in excess of par value and proceeds from gifts. As stipulated in Article 72-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, where capital reserve is capitalized, the combined amount of any portions capitalized in any 1 year may not exceed 10 percent of paid-in capital.

3. Retained earnings

Under the Company's Articles of Incorporation, if there is any net profit after tax for the period, the Company shall first make up the accumulated deficit in the annual final accounts and set aside 10% as legal reserve in accordance with the law, except when the accumulated legal reserve has reached the total paid-in capital of the Company. The special reserve is appropriated or reversed as required by law or by the competent authority. The Board of Directors shall prepare a proposal for the distribution of the remaining earnings, together with the undistributed earnings at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is to allocate no less than 20 percent of the distributable earnings to shareholders each year, by taking into account the current and future development plans, the investment environment, capital requirements and

domestic and international competition, as well as the interests of shareholders, among which no less than 10 percent of the total dividends for the year shall be paid in cash.

(1) Legal reserve

If the Company has no losses, it may, by resolution of the shareholders' meeting, issue new shares or cash from the legal reserve, provided that the amount of such reserve exceeds 25 percent of the paid-in capital.

(2) Special reserve

According to the FSC's Jin-Guan-Zheng-Fa-Zi Order No. 1010012865 dated April 6, 2012, when distributing distributable earnings, the Company recorded a net decrease in other equity during the year, which was not distributable from the current year's profit or loss as a supplement to the special reserve. If there is a subsequent reversal in the amount of other equity deductions, the reversed portion of the surplus may be distributed.

(3) Distribution of earnings

The Company resolved at the regular shareholders' meetings on May 18, 2021 and June 24, 2020 to distribute the 2020 and 2019 earnings to owners in the following amounts of dividends:

	FY 2020		FY 2019	
	Payout ratio (NT\$)	Amount	Payout ratio (NT\$)	Amount
Dividends distributed to the owners of ordinary shares:				
Cash	\$ 2.5	<u>415,521</u>	1.0	<u>165,311</u>

The actual allotment of earnings for the years ended December 31, 2020 and 2019 was the same as the amount recognized in the related financial statements and no adjustment was required.

4. Treasury shares

In accordance with Article 167-1 of the Company Act, the consolidated company shall buy back treasury shares for the purpose of transferring shares to employees, with the following changes:

	FY 2021		FY 2020	
	Shares (1,000 shares)	Amount	Shares (1,000 shares)	Amount
Beginning amount	369	\$ 9,449	-	-
Increase in the current period	-	-	369	9,449
Ending amount	<u>369</u>	<u>\$ 9,449</u>	<u>369</u>	<u>9,449</u>

In 2020, the Company repurchased 369 thousands shares of treasury share for the

necessity to protect the Company's credit and shareholders' rights under Article 28-2 of the Securities and Exchange Act. As of Dec. 31, 2020, in a total of 369 thousand shares are uncanceled.

According to Securities and Exchange Act, treasury share held by the Company cannot be pledged and is not entitled to shareholders' rights until it is transferred.

5. Other equity

The changes in the Company's other equity items are as follows.

	Exchange difference on translation of the financial statements of foreign operations	Unearned compensation for employees	Total
Balance at January 1, 2021	\$ (13,191)	(1,734)	(14,925)
Differences from foreign currency translations (net amount after taxes)	(30,591)	-	(30,591)
Unearned compensation for employees	-	1,734	1,734
Balance at December 31, 2021	<u>\$ (43,782)</u>	<u>-</u>	<u>(43,782)</u>
Balance at January 1, 2020	\$ (24,405)	(27,227)	(51,632)
Differences from foreign currency translations (net amount after taxes)	11,214	-	11,214
Unearned compensation for employees	-	25,493	25,493
Balance at December 31, 2020	<u>\$ (13,191)</u>	<u>(1,734)</u>	<u>(14,925)</u>

15) Share-based payment transaction

1. Restricted stock

On Jun. 24, 2020 and Jun. 25, 2019, the Company's shareholders' meeting resolved to issue 3,000,000 new shares with restricted employee rights to employees of the Company and Subsidiaries, as so resolved by the board on Dec. 2, 2020 and Nov. 12, 2019, as follows:

(1) The Company plans to issue new shares with restricted employee rights in 2020 :

Type	FY 2020 Conditions of Issuance
Grant date	109.11.18
Grant amount	1,057,000
Vesting day	December 31, 2020 December 31, 2021 317,100 shares

739,900 shares

(2)The Company issued new shares with restricted employee rights in 2019:

<u>Type</u>	<u>FY 2019 Conditions of Issuance</u>
Grant date	108.11.13
Grant amount	3,000,000
Vesting day	108.12.31
	December 31, 2020
	900,000 shares and 2,100,000 shares

(3)The Company issued new shares with restricted employee rights in 2017:

<u>Type</u>	<u>FY 2017 Conditions of Issuance I</u>	<u>FY 2017 Conditions of Issuance II</u>	<u>FY 2017 Conditions of Issuance II</u>	<u>FY 2017 Conditions of Issuance II</u>	<u>FY 2017 Conditions of Issuance II</u>
Grant date	106.11.18	106.11.18	106.11.18	106.11.18	106.11.18
Grant amount	2,510,000	40,000	60,000	30,000	120,000
Vesting day	106.12.31	107.1.1	107.7.1	107.10.1	108.1.1
	107.12.31	108.1.1	108.7.1	108.10.1	109.1.1
		109.1.1	109.7.1	109.10.1	110.1.1
	753,000 shares	8,000 shares	12,000 shares	6,000 shares	24,000 shares
	1,757,000 shares	16,000 shares	24,000 shares	12,000 shares	48,000 shares
		16,000 shares	24,000 shares	12,000 shares	48,000 shares
<u>Type</u>			<u>FY 2017 Conditions of Issuance III</u>	<u>FY 2017 Conditions of Issuance IV</u>	<u>FY 2017 Conditions of Issuance IV</u>
Grant date			107.10.17	107.10.17	107.10.17
Grant amount			54,000	40,000	30,000
Vesting day			107.12.31	108.1.1	108.4.1
			108.12.31	109.1.1	109.4.1
				110.1.1	110.4.1
			16,200 shares	8,000 shares	6,000 shares
			37,800 shares	16,000 shares	12,000 shares
				16,000 shares	12,000 shares

(4) Information of the shares with restricted employee rights for the years ended

December 31, 2021 and 2020 is as follows:

(1,000 shares)

	FY 2021	FY 2020
Beginning amount	813	2,141
Issued in the current period	-	1,057
Vested in the current period	(770)	(2,229)
Written off in the current period	(43)	(156)
Ending amount	-	813

As of December 31, 2021 and 2020, the Company had 15,466 thousand and 14,696 thousand shares of restricted employee rights stock vested, respectively.

2.Share-based Payment Agreement

On May 31, 2021, the board of directors resolved that Cash capital increase the number of shares reserved for subscription by employees in accordance with the Company Act. The number and price of shares subscribed were determined on June 28, 2021, and the compensation cost (recorded as salary expense) was recognized on the date of grant, and the amount recognized as of December 31, 2021 was \$25,520 thousand.

3.JADARD-Employee stock option certificate

On June 7, 2021, the stockholders' meeting of JADARD approved the issuance of 10,519 thousand units of employee stock warrants, with each unit entitling the Company to subscribe for one common share.

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

Type	Shareholders' Meeting Date	Issuance date	Duration	Amounts	Subscription price per share (RMB/yuan)
Employee Stock Option Plan for 2021	Jun.7, 2021	Jun.7, 2021	3 years	10,519,000	\$ 5.0

The other subscribers may exercise their stock options in the following proportions from the time they are granted the employee stock option certificates.

2021 Employee stock options	
Grant Period	Exercisable options Ratio (cumulative)
June 7, 2022	50%
June 7, 2023	100%

The fair value of the share-based benefits at the date of grant was estimated using a binomial option valuation model with the following input values.

2021 Employee stock options

Fair value at grant date (\$)	\$	4.66
Exercise price (\$)		5.00
Expected volatility		60.00%
Duration of stock options		3 years
Risk-free interest rate		3.05%

Information on the number and weighted-average exercise price related to the above employee stock option plans is shown in the table below.

	FY 2021	
	Weighted average (RMB/yuan))	Number of shares (thousands)
Outstanding at the beginning of the period	\$ -	-
Given during the period	5.00	10,519
Forfeited during the period	-	-
Executed during the period	-	-
Outstanding at the end of the period	-	10,519
Executable at the end of the period		-

4. Employee expenses

The expenses incurred by the consolidated company in connection with share-based payments were as follows:

	FY 2021	FY 2020
Expense generated from the issuance of restricted stock	1,386	28,491
Cash capital increase for employee subscriptions	25,520	-
Costs incurred in connection with the issuance of employee stock options	39,224	-
	66,130	28,491

16) EPS

The basic earnings per share and diluted earnings per share for the Consolidated Company is as follows:

1. Basic EPS

	FY 2021	FY 2020
Net income attributable to the equity holders of the ordinary shares of the Company	\$ 5,852,244	665,581
Weighted average number of the ordinary shares outstanding	172,974	163,423
Basic earnings per share (dollar)	\$ 33.83	4.07

2. Diluted earnings per share

FY 2021	FY 2020
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Net income attributable to the equity holders of the ordinary shares of the Company	<u>\$ 5,852,244</u>	<u>665,581</u>
Weighted average number of the ordinary shares outstanding	172,974	163,423
Effect of the dilutive potential ordinary shares:		
— employee compensation	1,342	711
— restricted stock which is not vested	<u>-</u>	<u>687</u>
Weighted average number of the ordinary shares outstanding (after the adjustment to the effect of dilutive potential ordinary shares)	<u>174,316</u>	<u>164,821</u>
Diluted earnings per share (NT\$)	<u>\$ 33.57</u>	<u>4.04</u>

17) Acquisition

Based on the future operation plan and strategic layout, the Company acquired 100% of the shares of Visual Sensing Technology on February 27, 2020 in the price of \$45,000 thousands.

1. Consideration paid in cash

	<u>Main business activity</u>	<u>Date of acquisition</u>	<u>Acquisition ratio of the equity interests with voting rights</u>	<u>Consideration transferred</u>
Visual Sensing Technology	IC design	Feb. 27, 2020	100%	<u>\$ 45,000</u>

2. The fair value of the acquired assets and the borne liabilities on the date of acquisition February 27, 2020

Current assets	
Cash and cash equivalents	\$ 4,525
Accounts receivable	1,575
Other receivables	1
Prepayments and other current assets	124
Non-current assets	
Property, plant and equipment	1,286
Intangible assets	48
Patent Right	38,855
Refundable deposits	70
	<u>February 27, 2020</u>
Current liabilities	
Accounts payable	\$ (4)
Other current liabilities	(964)
Contract liabilities	<u>(641)</u>
	<u>\$ 44,875</u>

3. Goodwill generated from acquisition

	<u>February 27, 2020</u>
Consideration transferred	\$ 45,000
Minus: the fair value of net identifiable assets	<u>(44,875)</u>
Goodwill generated from acquisition	<u>\$ 125</u>
4. Net cash outflow from acquired subsidiaries	
	<u>February 27, 2020</u>
Considerations paid in cash	\$ 45,000
Minus: balance of the cash acquired	<u>(4,525)</u>
	<u>\$ 40,475</u>

18) Contractual revenue

1.Details of the contractual revenue

	<u>FY 2021</u>	<u>FY 2020</u>
Major regional markets:		
Taiwan	\$ 2,559,732	1,002,350
China	14,405,185	6,089,373
Hong Kong	5,553,959	3,433,834
Japan	239,051	244,127
South Korea	26,412	65,141
Other countries	<u>83,899</u>	<u>44,875</u>
	<u>\$ 22,868,238</u>	<u>10,879,700</u>
Main products/service lines:		
Display driver IC	\$ 19,419,688	9,587,358
Power management IC	3,419,944	1,242,199
Other	<u>28,606</u>	<u>50,143</u>
	<u>\$ 22,868,238</u>	<u>10,879,700</u>

2. Contract balances

Please refer to Note 6(3) for the disclosure of accounts receivable and impairment.

19) Compensation for employees and directors

Subject to the provisions of the Articles of Incorporation of the Company, not less than 5 percent of the annual profit shall be appropriated as remuneration to employees and not more than 1 percent of the annual profit shall be appropriated as remuneration to directors. However, where the Company has accumulated losses, the amount of the indemnity should be retained in advance. The foregoing employee remuneration may be in the form of shares or cash and may be paid to employees of a subordinate company who satisfy certain conditions. The remuneration of the directors noted above shall be payable in cash only. The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.

For the years ended December 31, 2021 and 2020, the Company made no provision for directors' remuneration. The estimated amounts of employee compensation of \$369,675 thousand and \$38,787 thousand, respectively, were based on the Company's net profit before tax for each period before deducting employee and director compensation multiplied by the distribution percentages of employee compensation and director compensation as stipulated in the Company's Articles of Incorporation and was recognized as Operating cost or Operating expense for 2021 and 2020. If the actual distribution amount differs from the estimated amount in the following year, the difference is treated as a change in accounting estimate and recognized as profit or loss in the following year. If the Board of Directors resolves to distribute employee compensation in shares, the number of shares is calculated based on the closing price of the common stock on the day before the Board of Directors' resolution.

No provision for directors' emoluments was made by the Company for fiscal 2020 and 2019. The estimated amounts of employee compensation of NT\$38,787 in thousands and NT\$36,275 in thousands, respectively, were based on the Company's net income before taxation for the respective periods before deducting employee and director compensation multiplied by the employee compensation distribution percentages set forth in the Company's Articles of Incorporation and reported as operating costs or operating expenses in fiscal 2020 and 2019. Related information can be found at the Market Observation Post System. There is no difference between the amount of employee and director remuneration decided by the Board of Directors for allocation and the amount estimated in the Company's consolidated financial statements for fiscal 2020 and 2019.

20) Non-operating income and expenses

1. Interest income

The breakdown of interest income of the Consolidated Company is as follows:

	FY 2021	FY 2020
Bank deposit interests	\$ 48,726	11,215
Other interest income	37	35
Total interest income	\$ 48,763	11,250

2. Other income

	FY 2021	FY 2020
Income from government grants	\$ 45,218	97,902
Other	4,987	16,343
Total Other income	\$ 50,205	114,245

3. Other gains and losses

	FY 2021	FY 2020
Loss on the disposal of property, plant and equipment	\$ (884)	-
Profit on the disposal of financial assets measured at	6,702	-

FVTPL		
Foreign exchange losses	(18,416)	(76,531)
Profit from financial assets measured at FVTPL	4,090	2,917
Other	(8,721)	(1,549)
Other gains and losses, net	<u>\$ (17,229)</u>	<u>(75,163)</u>

4. Financial costs

	FY 2021	FY 2020
Interest expenses	<u>\$ (12,306)</u>	<u>(7,240)</u>

21) Financial instruments

1. Credit risk

(1) Credit risk exposure

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

(2) Concentration of credit risk

As the Consolidated Company has a large customer base, no significant concentration of transactions with a single customer is found and the sales territory is scattered, and there is no significant concentration of credit risk on accounts receivable. To reduce credit risk, the Consolidated Company also regularly assesses the financial position of its customers on an ongoing basis.

(3) Credit risk on receivables

Please refer to Note 6(3) for credit risk exposure information of receivables. Other financial assets measured at amortized cost including time deposits for over three months and other receivables are financial assets with low credit risk and therefore the allowance for losses for the period is measured at the expected credit loss amount for 12 months. (Please refer to Note 4(7) to the Consolidated Financial Statements for a description of how the Consolidated Company determines low credit risk). No allowance for losses was provided for the years ended December 31, 2021 and 2020.

2. Liquidity risk

The following table presents an analysis of the contractual maturities of financial liabilities, the amounts of which include estimated interest but exclude the effect of netting agreements.

	<u>Book value</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
Dec.31, 2021							
Non-derivative financial liabilities							
Current borrowings	\$ 777,808	778,140	778,140	-	-	-	-
Accounts and notes payable	3,435,609	3,435,609	3,435,609	-	-	-	-
Other current liabilities	25,578	25,578	25,578	-	-	-	-
Lease	83,504	85,989	23,797	23,508	31,021	7,663	-

liabilities(including current and non-current)							
Guarantee Deposits received	165,706	165,706	165,706	-	-	-	-
	\$ 4,488,205	4,491,022	4,428,830	23,508	31,021	7,663	-
Dec.31, 2020							
Non-derivative financial liabilities							
Accounts and notes payable	\$ 1,804,701	1,804,701	1,804,701	-	-	-	-
Accounts payable to related parties	413,925	413,925	413,925	-	-	-	-
Other current liabilities	239,604	239,604	239,604	-	-	-	-
Lease	70,979	88,490	14,149	13,721	30,152	30,468	-
liabilities(including current and non-current)							
Guarantee Deposits received	99,798	99,798	99,798	-	-	-	-
	\$ 2,629,007	2,646,518	2,572,177	13,721	30,152	30,468	-

The consolidated company does not expect the realizing of cash flows are to be significantly earlier or the actual amounts are to be significantly different.

3.Exchange rate risk

(1) Exposure of exchange risk

The consolidated company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	Dec. 31, 2021			Dec. 31, 2020		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 284,331	27.710	7,878,853	83,551	28.524	2,383,237
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	170,684	27.7402	4,734,811	85,804	28.598	2,453,810

(2)Sensitivity analysis

The Consolidated Company's exchange rate risk arises primarily from foreign currency-denominated cash and cash equivalents, accounts receivable and other receivables, short-term borrowings, accounts payable and other payables, which result in foreign currency exchange gains or losses upon translation. For the years ended December 31, 2021 and 2020, if the New Taiwan dollar had weakened or strengthened by 5% against the U.S. dollar, with all other factors held constant, net income would have decreased or increased by \$125,762 thousand and \$2,805 thousand, respectively. The same basis of analysis was used for both periods.

Due to the variety of functional currencies of the Consolidated Company, information on exchange gains and losses on monetary items is presented on a consolidated basis. Foreign currency exchange losses (including realized and unrealized) amounted to \$18,416 thousand and \$76,531 thousand for the years ended December 31, 2021 and 2020, respectively.

4. Interest rate analysis

The Consolidated Company's exposure to interest rate risk on financial assets and financial liabilities is described in liquidity risk management in this note.

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments at the reporting date. For floating rate assets or liabilities, the analysis assumes that the amount of the asset or liability outstanding at the reporting date is outstanding throughout the year. The rate of change used in reporting interest rates internally to key management of the Consolidated Company is a 0.5% increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

The Consolidated Company has fixed-rate assets and liabilities for both fiscal 2021 and 2020, and therefore no related interest rate exposure exists.

5. Fair value information

(1) Types and fair values of financial instruments

The Consolidated Company's financial assets at fair value through profit or loss are measured at fair value on a recurring basis. The carrying amounts and fair values of each class of financial assets and financial liabilities (including information on fair value hierarchy, except that if the carrying amount of a financial instrument that is not measured at fair value is a reasonable approximation of fair value, and for investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, disclosure of fair value information is not required) are presented below:

		Dec. 31, 2021			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Current financial assets at fair value through profit or loss	\$ 4,888,006	4,888,006	-	-	4,888,006
Financial assets measured at amortized cost					
Cash and cash equivalents	7,042,205	-	-	-	-
Financial assets measured at amortized cost	560,200	-	-	-	-
Notes receivable and accounts receivable (including the part	5,012,327	-	-	-	-

from related parties)					
Lease payments receivable					
(including current and non-current)	36,225	-	-	-	-
Other receivables	120,456	-	-	-	-
Refundable deposits	1,626,948	-	-	-	-
Total	<u>\$ 19,286,367</u>	<u>4,888,006</u>	<u>-</u>	<u>-</u>	<u>4,888,006</u>
Financial assets measured at amortized cost					
Current borrowings	\$ 777,808	-	-	-	-
Accounts and notes payable	3,435,609	-	-	-	-
Other current liabilities	25,578	-	-	-	-
Lease liabilities(including current and non-current)	83,504	-	-	-	-
Guarantee Deposits received	165,706	-	-	-	-
Total	<u>\$ 4,488,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Dec. 31, 2020					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	<u>\$ 2,159,722</u>	<u>2,159,722</u>	<u>-</u>	<u>-</u>	<u>2,159,722</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	2,863,625	-	-	-	-
Financial assets measured at amortized cost	95,000	-	-	-	-
Notes receivable and accounts receivable (including the part from related parties)	1,687,595	-	-	-	-
Other receivables	115,084	-	-	-	-
Refundable deposits	39,531	-	-	-	-
Total	<u>\$ 6,960,557</u>	<u>2,159,722</u>	<u>-</u>	<u>-</u>	<u>2,159,722</u>
Financial liabilities measured at amortized cost					
Accounts and notes payable	\$ 1,804,701	-	-	-	-
Accounts payable to related parties	413,925	-	-	-	-
Other current liabilities	239,604	-	-	-	-
Lease liabilities (including current and non-current)	70,979	-	-	-	-
Guarantee Deposits received	99,798	-	-	-	-
Total	<u>\$ 2,629,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(2) Valuation techniques and assumptions used to measure fair value

Where there is a quoted price in an active market for a financial instrument, the fair value is based on the quoted price in the active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run securities from Taipei Exchange can be used as a basis to determine the fair value of the exchange-listed/OTC-listed companies' equity instrument and debt instrument with active market quotations.

A financial instrument has an active market for public quotations if public quotations of the financial instrument are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely manner and on a regular basis, and if the price represents an actual and frequent arm's length transaction. If these conditions are not met, the market is considered inactive. Generally speaking, a very wide bid-ask spread, a significant increase in the bid-ask spread or a very low trading volume are all indicators of an inactive market.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. The fair value obtained through valuation techniques may be calculated by reference to the current fair value of other financial instruments with substantially similar terms and characteristics, by discounted cash flow techniques or by applying models using other valuation techniques, including market information available at the date of the consolidated balance sheet (e.g., Taipei Exchange refers to the yield curve, Reuters average commercial paper rate quotes).

22) Financial risk management

1. Summary

The Consolidated Company is exposed to the following risks arising from the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

These notes present information on the Consolidated Company's exposure to each of the above risks and the Consolidated Company's objectives, policies and procedures for measuring and managing those risks. For further quantitative disclosures, please refer to the respective notes to the consolidated financial statements.

2. Risk management framework

The Board of Directors has overall responsibility for overseeing the financial risk management structure of the Consolidated Company, the provision of services by the

financial accounting department of the Consolidated Company to the various businesses, the coordination of financial market operations, and the execution of significant financial activities after review by the Board of Directors. During the implementation of the financial plan, the Group is required to comply with relevant financial operating procedures relating to overall financial risk management and segregation of powers and responsibilities, while internal auditors review policy compliance and exposure limits on an ongoing basis and report regularly to the Board on operations.

3. Credit risk

Credit risk is the risk of financial loss to the Consolidated Company arising from default by the clients or counterparties of financial instruments on the contract obligations, primarily from the Consolidated Company's accounts receivable from customers and bank deposits.

(1) Accounts receivable and other receivables

The finance and accounting department has established a credit policy under which the Consolidated Company is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. The Consolidated Company's reviews include, where available, information on external ratings and, in some cases, notes from banks. The credit limit is established on a customer-by-customer basis and represents the maximum amount outstanding that is not subject to approval by the financial accounting department. This limit is reviewed periodically. Customers who do not meet the Group's benchmark credit rating are only allowed to transact with the Consolidated Company on a pre-revenue basis.

The Consolidated Company's accounts receivable are due from a wide range of customers, spread across different industries and geographical areas. To reduce credit risk, the Consolidated Company regularly and continuously evaluates the financial position of these customers and the likelihood of collection of their accounts receivable, and provides an appropriate allowance for doubtful accounts. These major customers have a good track record of profitability and creditworthiness and the Consolidated Company has not suffered significant credit risk losses due to these major customers during the reporting period.

The Consolidated Company maintains an allowance for doubtful accounts to reflect the estimate of losses incurred on accounts receivable and other receivables. The main components of the allowance account comprise specific loss components related to individual significant exposures and portfolio loss components created for incurred but unidentified losses in similar groups of assets. The portfolio loss allowance account is determined based on historical payment statistics for similar

financial assets.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the Consolidated Company's finance department. The Consolidated Company has no significant credit risk as its counterparties and performance counterparties are creditworthy banks and financial institutions and corporate organizations with investment grade or above, and there is no significant doubt about their performance.

4. Liquidity risk

Liquidity risk is the risk that the Consolidated Company will not be able to deliver cash or other financial assets to settle its financial liabilities and will not be able to fulfill its related obligations. The Consolidated Company manages liquidity by ensuring, as far as possible, that the Consolidated Company has sufficient liquidity to pay its liabilities as they fall due under normal and stressful circumstances without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

The Consolidated Company manages and maintains a sufficient portion of cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The management of the Consolidated Company monitors the use of the banking facilities and ensures compliance with the terms of the loan agreements.

5. Market risk

Market risk is the risk that changes in market prices, such as changes in exchange rates, interest rates, or the price of equity instruments, will affect the Consolidated Company's earnings or the value of financial instruments held. The objective of market risk management is to manage market risk exposure to an affordable level and to optimize investment returns.

(1) Exchange rate risk

The Consolidated Company's major import and sales transactions are denominated in U.S. dollars. As a result, the Consolidated Company adopts a natural hedging strategy for exposure to exchange rate risk arising from sales and purchase transactions that are not denominated in a functional currency. When short-term imbalances in net assets and liabilities of the same denomination occur, the Consolidated Company ensures that net risk exposure is maintained at an acceptable level by obtaining or repaying foreign currency borrowings.

(2) Interest rate risk

Interest rate risk refers to the risk of changes in fair value of financial instruments due to changes in market interest rates or the risk of changes in cash flows of financial instruments due to changes in market interest rates. The interest

rate exposure of the Consolidated Company's financial assets and financial liabilities is described in liquidity risk management in this note.

(3) Other market price risks

The Consolidated Company has equity price exposure arising from its investments in unlisted equity securities. These equity investments are not held for trading and are long-term strategic investments.

23) Capital management

Based on the characteristics of the existing industry and the future development of the company, the Consolidated Company, by taking into account the changes in the external environment and other factors, plans for the operating capital, research and development expenses and dividend payments required by the Consolidated Company in the future, in order to ensure that it can continue its operations, reward its shareholders and protect the interests of other stakeholders, and maintain an optimal capital structure to enhance shareholders' value in the long run.

It is the Board's policy to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital comprises the Consolidated Company's share capital, capital surplus and retained earnings. The Board controls the rate of return on capital and the level of dividends on ordinary shares.

The Consolidated Company may repurchase treasury stock from the market at any time after securing approval from the Board of Directors, and the timing of such repurchase will depend on the market price. The primary purpose of repurchasing treasury shares is to transfer shares to employees to motivate them and to recruit talented employees. The purchase and sale of treasury shares are decided by the Board of Directors on a specific transaction basis.

The debt-to-capital ratios at the reporting date are as follows:

	Dec. 31, 2021	Dec. 31, 2020
Total liabilities	\$ 6,908,027	2,993,535
Minus: Cash and cash equivalents	(7,042,205)	(2,863,625)
Net liabilities	<u>\$ (134,178)</u>	<u>129,910</u>
Total equity	<u>\$ 17,384,515</u>	<u>6,276,149</u>
Debt-to-capital ratio	<u>(0.77)%</u>	<u>2.07%</u>

24) Investment and fund-raising activities by non-cash transactions

The Consolidated Company's investment and financing activities in non-cash transactions for the years ended December 31, 2021 and 2020 were as follows:

- 1.Right-of-use assets acquired by lease, please refer to Note 6(7).
- 2.The reconciliation of liabilities from financing activities is as follows:

Non-cash changes

	Jan.1, 2021	Cash flow	Change in exchange rate	Other	Dec. 31, 2021
Current borrowings	\$ -	777,808	-	-	777,808
Lease liabilities (including current and non-current	70,979	(42,298)	(367)	55,190	83,504
Guarantee Deposits received	99,798	66,010	(102)	-	165,706
Total liabilities from financing activities	\$ 170,777	801,520	(469)	55,190	1,027,018
			Non-cash changes		
	109.1.1	Cash flow	Change in exchange rate	Other	December 31, 2020
Current borrowings	\$ 387,420	(367,392)	(20,028)	-	-
Lease liabilities (including current and non-current	72,856	(29,418)	86	27,455	70,979
Guarantee Deposits received	81,795	18,003	-	-	99,798
Total liabilities from financing activities	\$ 542,071	(378,807)	(19,942)	27,455	170,777

VII. Transaction with related parties

(1) Name and relationship of related parties

The related parties with whom the consolidated company had transactions during the period covered by these consolidated financial statements are as follows :

Name of related party	Relationship with the consolidated company
Hon Hai Precision Industry Co., Ltd.	It has significant influence on the Company
Hongfutai Precision Electronics (Yantai) Co., Ltd. (Hongfutai (Yantai))	Associate
Chongqing Hongdaofu Technology Co., Ltd.	Associate (Non-affiliated company since January 2021)
Jin Cheng Sanying INC.	Associate
FOXCONN INTERCONNECT TECHNOLOGY LIMITED TAIWAN BRANCH (CAYMAN)	Associate
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Associate
Kuo JI Elect. (Hsanghai) INC.	Associate
Shenzhen Futaihong Precision Industrial Co., Ltd.	Associate
SHENZHEN FUGUI PRECISION INDUSTRY CO. LTD(Renamed on Nov. 2021.)	Associate
Hongfujin Precision Electronics (Chongching) Co., Ltd.	Associate

Hongfujin Precision Electronics (Yantai) Co., Ltd.	Associate
Nanning Fugui Precision Industry Co., Ltd. (Renamed on Dec. 2021.)	Associate
Hongfujin Precision Industry (Zhengzhou) Co., Ltd.	Associate
Kunshan Fuchengke Precision Electronical Co., Ltd. (Kunshan Fuchengke)	Associate
Socle Technology Corp. (Socle Technology)	Associate
CLOUD NETWORK TECHNOLOGY SINGAPORE(CLOUD NETWORK)	Associate
FIH (HONG KONG) LIMITED	Associate
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Associate

(2) Significant transactions with related parties

1. Operating revenue

The consolidated company's significant sales to related parties are as follows:

	FY 2021	FY 2020
The one which has significant influence on the consolidated company	\$ 20,528	4,871
FOXCONN PRECISION INDUSTRY (SHENZHEN)	138,498	32,765
FOXCONN PRECISION INDUSTRY (YENTAI)	129,774	131,734
FOXCONN PRECISION INDUSTRY (KUNSHAN)	59,024	10,361
CLOUD NETWORK	51,177	32,687
Associate	77,170	62,030
	\$ 476,171	274,448

The sales terms applicable to consolidated company's sales to related companies are not significantly different from the normal sales prices, and the contracted credit period is 90 days from the date of acceptance. The receivables from related parties are not covered by collaterals and are not subject to prepare an allowance for loss.

2. Accounts receivable from related parties

Details are as follows:

Listed as	Type of the related party	Dec. 31, 2021	Dec. 31, 2020
Accounts receivable	The one which has significant influence on the consolidated company	\$ 10,000	73
Accounts receivable	FOXCONN PRECISION INDUSTRY (SHENZHEN)	53,864	17,546
Accounts receivable	FOXCONN PRECISION INDUSTRY (YENTAI)	29,668	26,447
Accounts	CLOUD NETWORK	21,387	8,674

receivable			
Accounts receivable	FOXCONN PRECISION INDUSTRY (KUNSHAN)	19,468	7,212
Accounts receivable	Associate	26,794	15,180
Other receivables	SOCLE TECHNOLOGY CORP.	387	-
		<u>\$ 161,568</u>	<u>75,132</u>

3. Purchase

The consolidated company's purchases from related parties are as follows:

	FY 2021	FY 2020
Associate — Socle Technology	<u>\$ 853,086</u>	<u>1,412,305</u>

The consolidated company's purchase price from the above company is not significantly different from that of general vendors. The payment terms are 45 days, which are not significantly different from those of other vendors.

4. Accounts payable to related parties

Accounts payable by the consolidated company to related parties:

Listed as	Type of the related party	Dec. 31, 2021	Dec. 31, 2020
Other payables	Associate — Socle Technology	\$ -	2,356
Accounts payable	Associate — Socle Technology	-	413,433
		<u>\$ -</u>	<u>415,789</u>

5. Property transaction

Details of purchasing of Reticle from related parties:

	FY 2021	FY 2020
Socle Technology	<u>\$ 14,442</u>	<u>15,568</u>

As of December 31, 2021 and 2020, the outstanding amounts of the above transactions were \$0 thousand and \$2,356 thousand, respectively, recorded as amounts due to related parties.

(3) Management transaction

Compensation of management:

	FY 2021	FY 2020
Short-term employee benefits	\$ 58,477	24,773
Post-employment benefits	210	216
Share-based payment	967	552
	<u>\$ 59,654</u>	<u>25,541</u>

VIII. Pledged assets

The carrying amounts of assets pledged by the consolidated company are as follows:

Name of assets	Secured object	FY 2021	FY 2020
Financial assets measured at amortized cost (Time deposits)	Providing creditors with collateral for import transactions	\$ -	60,000
Financial assets measured at amortized cost (Time deposits)	Customs Margin	200	-
		<u>\$ 200</u>	<u>60,000</u>

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

- (1) As of December 31, 2021 and 2020, the Consolidated Company had \$4,344,240 thousand and \$2,711,504 thousand, respectively, of guarantee deposit notes issued to obtain short-term loan facilities.
- (2) JADARD (Shengzhen) (hereinafter referred to as JADARD (Shengzhen)), a subsidiary of the Consolidated Company, applied for listing on the Science and Technology Venture Exchange (STEM) of the Shanghai Stock Exchange on June 29, 2021. The Company, Ever Harvest Limited and Trade Logic Limited are the controlling shareholders of Shenzhen Tiande Yu (hereinafter collectively referred to as the controlling shareholders and parties acting in concert with them). In accordance with the requirements of the CSRC, the Shanghai Stock Exchange and other securities regulatory authorities, Shenzhen Tiande, the Controlling Shareholders and their concert parties are required to give relevant undertakings. Information on related commitments can be found on the Market Observation Post System.
- (3) A subsidiary of the Consolidated Company, JADARD (Shengzhen), entered into a capacity reservation contract on December 30, 2021 with the Company. The amount due is \$2,210,663 thousand (RMB508,900 thousand) and the outstanding amount is \$2,210,663 thousand as of December 31, 2021.

X. Catastrophic Losses: None

XI. Significant Post-Term Events: None

XII. Others

- (1) The employee benefits, depreciation and amortization expense are summarized as follows:

Function	FY 2021			FY 2020		
	Belonging to operating cost	Belonging to operating expense	Total	Belonging to operating cost	Belonging to operating expense	Total
Nature						
Employee benefit expenses						
Payroll expenses	75,363	2,081,235	2,156,598	31,776	922,110	953,886

Labor/Health insurance expenses	3,361	73,672	77,033	2,465	48,355	50,820
Pension expenses	2,146	54,121	56,267	1,493	34,076	35,569
Compensation of directors	-	858	858	-	549	549
Other employee benefit expenses	2,121	45,076	47,197	1,504	30,452	31,956
Depreciation expenses	42,556	171,744	214,300	33,307	125,831	159,138
Amortization expenses	18	25,000	25,018	105	20,949	21,054

XIII. Disclosure

(1) Information on Significant Transactions

Information on significant transactions required to be disclosed by the consolidated company in accordance with the Guidelines for the Preparation of Financial Statements for the year ended Dec. 31, 2021 is as follows:

1. Lending of funds to others: None
2. Provision of endorsement/guarantee:
3. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures):

Unit: NT\$ thousands/ thousand shares

Holding Company	Type and name of marketable securities	Relationship with the issuer of the marketable securities	Financial statement account	End of the Period				Note
				Shares (thousand shares)	Carrying value	Shareholding percentage	Fair value	
Shenzhen Fitipower	ChongDien Microelectronics Limited	-	Current financial assets at fair value through profit or loss	-	-	15.00 %	-	
The Company	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	114,994	1,572,962	-	1,572,962	
The Company	Jih Sun Money Market Fund	-	Current financial assets at fair value through profit or loss	162,230	2,431,362	-	2,431,362	
The Company	Franklin Templeton Sinoam Money Market Fund	-	Current financial assets at fair value through profit or loss	84,218	880,385	-	880,385	

4. Acquisition or Sale of the Same Securities with the Accumulated Cost Reaching NT\$300 Million or 20% of Paid-in Capital or More:

Unit: NT\$ thousands/ thousand shares

Investor	Types and Names of Marketable Securities	Financial statement account	Transaction counterparty	Relationships	Beginning of the period		Acquisition		Sale				End of the period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cost	+/-	Number of shares	Amount
The Company	Beneficiary Certificate - Taishin 1699 Money Market Fund	Current financial assets at fair value through profit or loss	-	-	50,305	686,457	169,651	2,319,000	104,962	1,434,000	1,432,833	1,167	114,994	1,572,962
The Company	Beneficiary Certificates - Taishin Money Market Fund	Current financial assets at fair value through profit or loss	-	-	10,616	152,020	26,665	382,000	37,281	534,292	534,000	292	-	-

		loss												
The Company	Beneficiary Certificates Prudential Money Market Fund	Current financial assets at fair value through profit or loss	-	-	6,897	110,033	54,826	876,000	61,723	986,608	986,000	608	-	-
The Company	Beneficiary Certificate - Jih Sun Money Market Fund	Current financial assets at fair value through profit or loss	-	-	27,196	406,580	149,850	2,245,000	14,816	222,000	221,021	979	162,230	2,431,362
The Company	Beneficiary Certificate - Franklin Templeton Sinoam Money Market Fund	Current financial assets at fair value through profit or loss	-	-	34,450	359,257	94,007	982,000	44,239	462,000	460,923	1,077	84,218	880,385
The Company	Beneficiary Certificate - FSITC Taiwan Money Market	Current financial assets at fair value through profit or loss	-	-	28,858	445,375	95,187	1,471,000	124,045	1,918,374	1,916,030	2,344	-	-
The Company	Beneficiary Certificates Federated Money Market Fund	Current financial assets at fair value through profit or loss	-	-	-	-	54,809	730,000	54,809	730,181	730,000	181	-	-

5.Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None

6. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.

7. Purchase or sale of goods with related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Unit: NT\$ thousands

Company Name	Name of the counterparty	Relationships	Transaction details				Situation and reason of why trading conditions are different from general trading		Notes/ accounts receivable or payable		Note
			Purchases (Sales)	Amount	Ratio to total purchases/sales amount	Loan period	Unit price	Loan period	Balance	Ratio to total amount of notes/accounts receivable or payable	
The Company	Socle Technology	associate	Purchase	839,318	8.36 %	45 days for monthly checkout	-	-	-	-%	
The Company	Hongfutai Precision Electronics (Yantai) Co., Ltd.	associate	Sale	129,774	0.57 %	90 days after acceptance	-	-	29,668	0.59%	
The Company	Hong Fu Jin (ShengZheng) INC.	associate	Sale	138,498	0.61 %	90 days after acceptance	-	-	53,864	1.07%	

8.Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More: None

9. Engaged in derivatives trading None

10.Business Relationships, Significant Transactions, and Amount between the Parent Company and Subsidiaries and Between Subsidiaries:

No.	Name of the trader	Name of the transaction counterparty	Relationship with the trader	Conditions of transactions			
				Account	Amount	Terms of transaction	Percentage to consolidated net revenue or total assets
1	Hefei Jetta Microelectronics	Jadard Technology	3	Sales revenue	1,182,237	120 days for monthly checkout	5.17%
2	JADARD	Jadard Technology	1	Accounts payable	336,698	120 days for monthly checkout	1.39%

Note 1. The numeral system shall be filled in as follows:

- 1.Fill in 0 as parent company.
- 2.Subsidiaries are numbered by company type starting with the Arabic numeral 1.

Note 2. There are 3 types of relationship with the counterparty:

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

Note 3. The amount of the above disclosure criteria is based on the amount of consolidated total assets exceeding 1% for assets and liabilities and the amount of consolidated total revenue exceeding 1% for profit and loss. The above related party transactions have been written-off in the preparation of the consolidated financial statements.

(2) Information about the re-investment:

Information on the consolidated companies' re-investments for the year ended Dec. 31, 2021 is as follows (excluding the investee company in China):

Unit: NT\$ thousands/ thousand shares

Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance as of the end			Maximum shareholding or capitalization in the period	Net income (loss) of the investee	Share of profit/loss of investee	Remark
				End of the period	End of last year	Thousand shares	Percentage of ownership	Book value				
The Company	Trade Logic Limited	BVI	Investment	302,296	302,296	30	100.00%	2,310,488	100.00%	1,411,144	861,810	Note
Trade Logic Limited	Ever Harvest Limited	Samoa	Investment	302,296	302,296	10,000	100.00%	2,310,488	100.00%	1,411,144	861,810	Note
The Company	Visual Sensing Technology Corp.	Hsinchu City	IC DESIGN	145,000	95,000	11,500	83.35%	84,230	83.35%	(46,139)	(43,089)	Note
Fitipower Integrated Technology (Shenzhen) Inc.	Jadard Technology Limited	HK	General trade	270,264	270,264	9,200	100.00%	481,991	100.00%	125,657	114,854	Note

Note: The Company's subsidiaries over which the Company has control and the long-term investments in consolidated entities have been write-off.

(3)Investment in Mainland China:

1.Name and main business items of the investee company in Mainland China and other related information:

Unit: NT\$ thousands

Investee Company	Main businesses	Paid-up capital	Method of investment (Note)	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount in the current period		Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee	The Company's percentage of ownership directly or indirectly	Maximum shareholding or capitalization in the period	Investment gains (losses) recognized in the current period (Note 2)	Carrying amount as of the end	Ending balance of accumulated inward remittance of earnings
					Outflow	Inflow							
Fitipower Integrated Technology (Shenzhen) Inc.	IC design	1,595,055 (Note 3)	(1)	302,296	-	-	302,296	1,411,144	61.15%	61.15%	861,810	2,310,488	-
Hefei Jadard Technology Limited	Supply Chain Management	224,523 (Note 4)	(2)	-	-	-	-	12,468	61.15%	61.15%	4,917	348,182	-
Fitipower Integrated Technology (Xiamen) Inc.	Supply Chain Management	4,344 (Note 5)	(2)	-	-	-	-	(900)	61.15%	61.15%	(500)	3,447	-

Note 1 : There are two types of investment methods that can be labeled as follows :

(1) Reinvestment in mainland China companies through re-investment in existing companies in third regions (Trade Logic Limited and Ever Harvest Limited).

(2) The investment method refers to a direct investment by a mainland company in a mainland company.

Note 2 : The investment income or loss is recognized on the basis of the financial statements audited by the parent company's certified public accountants in Taiwan.

Note 3 : The paid-in capital was RMB 365,000 thousand, which was translated into NT 1,595,055 thousand at the exchange rate at the time of investment.

Note 4 : The paid-in capital was RMB 50,000 thousand, which was converted to NT 224,523 thousand at the exchange rate at the time of investment.

Note 5: The paid-in capital was RMB 1,000 thousand, which was converted to NT 4,344 thousand at the exchange rate at the time of investment.

2. Investment Limit to Mainland China :

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amounts authorized by MOEAIC	Upper limit on investment authorized by MOEAIC
302,296	302,296	9,507,357

Note: Amend the investment limit in China according to letter no. Tai-wan-shen-tzu-09704604680 issued on Aug.29, 2008.

3. Significant transactions with Mainland China investees:

For significant direct or indirect transactions between the consolidated company and its investees in Mainland China (which were writ-off at the time the statement was prepared), please refer to the description of "Information on Significant Transactions".

(4) Information of major shareholders:

Unit: share

Name of major shareholder	Share Number of shares currently held	Shareholding percentage
Baoxin International Investments Ltd.	14,140,052	7.57%
Hung Yang Venture Investment Co., Ltd.	13,213,984	7.08%
Hong CHI Investment Co., Ltd.	10,100,037	5.41%

XIV. Operating Segment Information

There is only one reportable operating segment of the consolidated company, which is mainly engaged in research and development and production and sales of integrated circuits. Related departmental profit and loss, departmental assets and departmental liabilities are consistent with the information stated in financial statements, please refer to the consolidated balance sheet and the consolidated statement of income.

Fitipower Integrated Technology Inc.
Parent Company Only Financial Statements
and Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

Address: 3F, No.6-8, Duxing Rd., Hsinchu Science ParkHsinchu City
Tel: (03)5788-618

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors

Fitipower Integrated Technology Inc:

Opinion

We have audited notes to the parent company only financial statements of Fitipower Integrated Technology Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventory valuation

Please refer to Note IV(7) to the Parent Company Only Financial Statements for the accounting

policies related to inventories; Note V to the Parent Company Only Financial Statements for the accounting estimates, assumptions and uncertainties related to inventory valuation; and Note VI(4) to the Parent Company Only Financial Statements for the disclosure of inventories.

Description of the key audit matter:

Fitipower Integrated Technology Inc.'s net value of inventories is material in the Parent Company Only Financial Statements and is measured at the lower of cost or net realizable value. Due to the rapid changes in the environment and the continuous updating of production technology, there is a risk that the original products may become obsolete or no longer meet the market demand. The demand for and prices of these products may fluctuate, and the estimation of the net realizable value of inventories depends on the subjective judgment of the management of Fitipower Group. Therefore, we consider inventory valuation as the key audit matter.

Corresponding audit procedures:

For the valuation of inventories, we observe the physical inventory at the end of the year to review the status of inventories; review the inventory aging report and analyze the turnover rate and changes in inventory aging from period to period to assess the reasonableness of the accounting policies; understand the sales prices used by management for valuation, review the post-period sales status and evaluate the net realizable value basis used by management to verify the reasonableness of the valuation of inventory allowances.

2. Revenue recognition

Please refer to Note IV(14) to the Parent Company Only Financial Statements for the accounting policy of revenue recognition and Note VI(18) to the Parent Company Only Financial Statements for the details of Operating revenue.

Description of the key audit matter:

Fitipower Integrated Technology Inc. is principally engaged in the manufacture and sale of integrated circuits and the provision of research, development and design services for such products. Revenue recognition is a key indicator for investors and management to evaluate financial or business performance. Therefore, revenue recognition is also a significant concern for us in performing our audits of the Parent Company Only Financial Statements.

Corresponding audit procedures:

We tested the internal control over revenue recognition in the Parent Company Only Financial

Statements, assessed the consistency of sales conditions with the accounting policies and verified the related sales documentation. In addition, we performed trend analysis on the top ten sales customers and revenue of each product category to assess whether there were any significant abnormalities. We also sampled sales transactions and related documents for the period before and after the end of the year to assess the correctness of revenue recognition amounts and periods.

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 financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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.

The engagement partners on the audit resulting in this independent auditors' report are Chou,Pao-Lian and Mei,Yuan-Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2022

Notes to Readers

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

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

Fitipower Integrated Technology Inc.

Balance Sheet

As of December 31, 2021 and December 31, 2020

Unit: NT\$thousands

Assets		December 31, 2021		December 31, 2020		Liabilities and equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note VI(1))	\$ 4,429,149	20	584,142	8	2100	Current borrowings (Note VI(11))	\$ 777,808	4	-	-
1110	Current financial assets at fair value through profit or loss (Note VI(2))	4,888,006	22	2,159,722	27	2130	Current contract liabilities	7,813	-	25,692	-
1136	Current financial assets at amortized cost (Note VI(1) and VIII)	550,000	3	60,000	1	2170	Notes and Accounts payable	3,005,891	13	1,517,247	20
1170	Accounts receivable, net (Note VI(3))	4,587,884	22	1,424,140	18	2181	Accounts payable to related parties (Note VII)	-	-	409,272	5
1181	Accounts receivable due from related parties, net (Note VI(3) and VII)	161,181	1	75,132	1	2230	Current tax liabilities	1,161,331	5	73,229	1
1175	Lease payments receivable	12,219	-	-	-	2280	Current lease liabilities (Note VI(12))	31,026	-	17,491	-
1200	Other receivables (Note VII)	96,967	-	78,385	1	2300	Other current liabilities (Note VII)	786,791	4	277,303	4
130X	Current inventories, net (Note VI(4))	2,637,008	13	1,206,416	16			5,770,660	26	2,320,234	30
1410	Prepayments and other current assets (Note VI(5))	262,965	1	118,231	2						
		17,625,379	82	5,706,168	74						
Non-current assets:						Non-current liabilities:					
1550	Investments accounted for using equity method (Note VI(6))	2,394,718	11	1,568,705	19	2570	Deferred tax liabilities (Note VI (14))	373	-	22,633	-
1600	Property, plant and equipment (Note VI(7))	312,043	1	163,252	2	2580	Non-current lease liabilities (Note VI(12))	25,690	-	26,475	-
1755	Right-of-use assets (Note VI(8))	56,005	-	43,291	1	2630	Deferred revenue	18,565	-	21,495	-
1780	Intangible assets (Note VI(9))	195,559	1	201,997	3	2645	Guarantee Deposits received	110,720	1	56,959	1
1840	Deferred tax assets (Note VI(14))	25,313	-	28,134	-			155,348	1	127,562	1
1995	Other non-current assets (Note VI(10))	1,138,580	5	52,410	1			5,926,008	27	2,447,796	31
1935	Long-term lease payments receivable	24,006	-	-	-						
		4,146,224	18	2,057,789	26						
Total assets		\$ 21,771,603	100	7,763,957	100	Total liabilities					
						Equity: (Note VI(15) and (16))					
						3110	Capital stock	1,865,453	9	1,665,880	21
						3200	Capital surplus	6,986,364	32	2,064,369	27
							Retained earnings :				
						3310	Legal reserve	268,720	1	202,162	3
						3320	Special reserve	13,192	-	24,406	-
						3351	Unappropriated retained earnings	6,765,097	31	1,383,718	18
								7,047,009	32	1,610,286	21
						3400	Other equity interest	(43,782)	-	(14,925)	-
						3500	Treasury stock	(9,449)	-	(9,449)	-
							Total equity	15,845,595	73	5,316,161	69
							Total liabilities and equity	\$ 21,771,603	100	7,763,957	100

(Please refer to the accompanying notes to the parent company only financial statements)

Chairman: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting Supervisor: Chen, Po-Chang

Fitipower Integrated Technology Inc.
Parent Company Only Statement of Comprehensive Income
From January 1 to December 31, 2021 and 2020

Unit: NT\$ thousands

		2021		2020	
		Amount	%	Amount	%
4111	Operating revenue (Note VI (18) and VII)	\$ 18,032,483	100	8,466,774	100
5000	Operating cost (Note VI (4) and XII)	9,838,539	55	6,757,303	80
	Gross profit from operations	8,193,944	45	1,709,471	20
	Operating expense: (Note VI (3) (7) (8) (9) (10) (13) (16) (19) VII and XII)				
6100	Selling expense	268,531	1	171,668	2
6200	Administrative expense	224,693	1	116,586	1
6300	Research and development expense	1,538,436	9	856,730	10
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	-	-	(14,999)	-
		2,031,660	11	1,129,985	13
	Net operating profit	6,162,284	34	579,486	7
	Non-operating income and expense (Note VI (6) and (20)):				
7100	Interest income	6,626	-	1,637	-
7010	Other income	12,585	-	49,910	1
7020	Other gains and losses, net	7,078	-	(47,485)	(1)
7050	Financial costs, net	(11,112)	-	(2,885)	-
7070	Share of profit of subsidiaries accounted for using equity method	818,721	5	156,289	2
		833,898	5	157,466	2
	Income before income tax	6,996,182	39	736,952	9
7950	Less: Income tax expense (Note VI (14))	1,143,938	6	71,371	1
	Net income	5,852,244	33	665,581	8
8300	Other comprehensive income:				
8360	Components of other comprehensive income that will be reclassified to profit or loss (Note VI (14) and (15))				
8361	Exchange differences on translation	(38,280)	-	14,018	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(7,689)	-	2,804	-
	Components of other comprehensive income that will be reclassified to profit or loss	(30,591)	-	11,214	-
8300	Total other comprehensive income	(30,591)	-	11,214	-
	Total comprehensive income	<u>\$ 5,821,653</u>	<u>33</u>	<u>676,795</u>	<u>8</u>
	Earnings per share (Unit: NT\$1) (Note VI (17))				
	Basic earnings per share	<u>\$ 33.83</u>		<u>4.07</u>	
	Diluted earnings per share	<u>\$ 33.57</u>		<u>4.04</u>	

(Please refer to the accompanying notes to the parent company only financial statements)

Chairman: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting Supervisor: Chen, Po-Chang

Fitipower Integrated Technology Inc.
Statement of Changes in Equity
From January 1 to December 31, 2021 and 2020

Unit: NT\$ thousands

	Retained earnings					Other equity items			Total equity
	Share capital for common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference on translation of foreign financial statements	Unearned compensation for employees	Treasury stock	
Balance at January 1, 2020	\$ 1,656,875	1,148,297	171,317	5,756	932,943	(24,405)	(27,227)	-	3,863,556
Net income in 2020	-	-	-	-	665,581	-	-	-	665,581
Other comprehensive income in 2020, net of income tax	-	-	-	-	-	11,214	-	-	11,214
Total comprehensive income in 2020	-	-	-	-	665,581	11,214	-	-	676,795
Appropriation of retained earnings:									
Legal reserve appropriated	-	-	30,845	-	(30,845)	-	-	-	-
Special reserve appropriated	-	-	-	18,650	(18,650)	-	-	-	-
Cash dividends	-	(3)	-	-	(165,311)	-	-	-	(165,314)
Purchase of Treasury stock	-	-	-	-	-	-	-	(9,449)	(9,449)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	887,399	-	-	-	-	-	-	887,399
Share-based payments	-	89	-	-	-	-	28,291	-	28,380
Issuance of restricted stock awards	10,570	27,199	-	-	-	-	(2,798)	-	34,971
Write-off of restricted stock awards	(1,565)	1,388	-	-	-	-	-	-	(177)
Balance at December 31, 2020	1,665,880	2,064,369	202,162	24,406	1,383,718	(13,191)	(1,734)	(9,449)	5,316,161
Net income in 2021	-	-	-	-	5,852,244	-	-	-	5,852,244
Other comprehensive income in 2021, net of income tax	-	-	-	-	-	(30,591)	-	-	(30,591)
Total comprehensive income in 2021	-	-	-	-	5,852,244	(30,591)	-	-	5,821,653
Appropriation of retained earnings:									
Legal reserve appropriated	-	-	66,558	-	(66,558)	-	-	-	-
Reversal of special reserve	-	-	-	(11,214)	11,214	-	-	-	-
Cash dividends	-	(28)	-	-	(415,521)	-	-	-	(415,549)
Issue of shares	200,000	4,900,000	-	-	-	-	-	-	5,100,000
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(4,265)	-	-	-	-	-	-	(4,265)
Compensation cost of share-based payment transactions	-	25,520	-	-	-	-	-	-	25,520
Compensation cost of restricted stock awards	-	341	-	-	-	-	1,734	-	2,075
Write-off of restricted stock awards	(427)	427	-	-	-	-	-	-	-
Balance at December 31, 2021	\$ 1,865,453	6,986,364	268,720	13,192	6,765,097	(43,782)	-	(9,449)	15,845,595

(Please refer to the accompanying notes to the parent company only financial statements)

Chairman: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting Supervisor: Chen, Po-Chang

Fitipower Integrated Technology Inc.
Parent Company Only Statement of Cash Flows
From January 1 to December 31, 2021 and 2020

Unit: NT\$ thousands

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 6,996,182	736,952
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	132,787	109,717
Amortization expense	9,818	9,203
Expected credit loss (gain on reversal)	-	(14,999)
Net gain on financial assets at fair value through profit	(4,090)	(1,981)
Interest expense	11,112	2,885
Interest income	(6,626)	(1,637)
Share-based payment	27,758	28,419
Share of profit of subsidiaries accounted for using equity method	(818,721)	(156,289)
Proceeds from disposal of financial assets at fair value through profit	(6,702)	-
Inventory valuation and disposal loss	49,476	100,354
Realized gain from the sale of goods	(2,930)	(2,930)
Total adjustments to reconcile profit (loss)	(608,118)	72,742
Changes in assets/liabilities related to operating activities:		
Increase in lease payments receivable	(36,225)	-
Decrease (increase) in accounts receivable and accounts receivable - related parties	(3,249,793)	484,265
Decrease (increase) in other receivables	(18,079)	(35,032)
Decrease in inventory	(1,480,069)	(129,808)
Decrease (increase) in prepayments and other current assets	(144,734)	1,008
Decrease (increase) in other non-current assets	(14,482)	67,677
Increase (decrease) in contract liabilities	(17,879)	17,067
Increase in accounts payable	1,079,372	1,096,479
Increase in other current liabilities	510,117	33,203
Increase in Guarantee Deposits received	53,761	56,959
Total changes in operating assets and liabilities	(3,318,011)	1,591,818
Cash inflow generated from operations	3,070,053	2,401,512
Interest received	6,123	2,026
Interest paid	(10,917)	(2,885)
Income tax paid	(67,586)	(35,726)
Net cash inflow from operating activities	2,997,673	2,364,927
Cash flow from investing activities:		
Increase in acquisition of financial assets at amortized cost	(490,000)	(60,000)
Acquisition of financial assets at fair value through profit or loss	(9,105,000)	(2,157,741)
Proceeds from disposal of financial assets at fair value through profit or loss	6,387,508	-
Acquisition of investment accounted for using equity method	(50,000)	(95,000)
Proceeds from capital reduction of investments accounted for using equity method	-	22,363
Acquisition of property, plant and equipment	(255,972)	(122,256)
Decrease (increase) in refundable deposits	(1,071,688)	(754)
Acquisition of intangible assets	(1,980)	(3,821)
Net cash outflow from investing activities	(4,587,132)	(2,417,209)
Cash flow from financing activities:		
Increase in current borrowings	777,808	-
Payments of lease liabilities	(27,793)	(20,116)
Cash dividends paid	(415,549)	(165,314)
Proceeds from issuing shares	5,100,000	-
Payments to acquired treasury shares	-	(9,449)
Restricted stock awards	-	30,553
Net cash inflow (outflow) from financing activities	5,434,466	(164,326)
Net increase (decrease) in cash and cash equivalents	3,845,007	(216,608)
Cash and cash equivalents at beginning of period	584,142	800,750
Cash and cash equivalents at end of period	\$ 4,429,149	584,142

(Please refer to the accompanying notes to the parent company only financial statements)

Chairman: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting Supervisor: Chen, Po-Chang

Notes to the parent company only Financial Statements (Cont'd)

Fitipower Integrated Technology Inc. Notes to the Parent Company Only Financial Statements 2021 and 2020

(Unless otherwise specified, the basic unit for any amount shall be NT\$ 1,000.)

I. Company history

Fitipower Integrated Technology Inc. (hereinafter "the Company") was incorporated on July 4, 1995 with the approval of the Ministry of Economic Affairs and has its place of business registered at 3F., No.6-8, Duxing Rd., Hsinchu Science Park, Hsinchu City. Upon the resolution of the shareholders' meeting on March 30, 2006, the Company merged with Hongxin Semiconductor Co. on May 1 of the same year. The Company's primary activities after the merger are research, development, production, manufacturing and sales of integrated circuits (ICs) of the integrated services digital networking systems, memory ICs for communications, analog and digital hybrid ICs, as well as custom design, consumer ICs and microcomputer peripheral ICs. Upon the resolution of the shareholders' meeting on April 16, 2010, the Company merged with TechPower Semiconductor Co (hereinafter "TechPower") on May 1, 2010, with the Company being the surviving one and TechPower being extinguished as a result of the merger. The Company's shares have since October 17, 2018 been listed on the Taiwan Stock Exchange.

II. The date when the financial reports were authorized for issue and the process involved in authorizing the financial reports for issue

The parent company only financial reports were approved by the Board of Directors on March 17, 2022.

III. Newly issued or revised standards and interpretations

- 1) The effect or impact that may arise when it has applied new or revised standards and interpretations endorsed by the Financial Supervisory Commission (FSC).

The Company has applied the following newly amended IFRS from January 1, 2021, with no material impact on the parent company only financial statements.

- Amendments to IFRS 4 – Extension of Temporary Exemption from Applying IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform - Phase II

Effective on April 1, 2021, the Company adopted the following newly revised IFRSs, which did not have a significant impact on individual financial statements.

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

- 2) The effect or impact that may arise when it has not applied IFRS endorsed by the FSC.

The Company assesses that the application of the following newly revised IFRSs, effective from January 1, 2022, will not have a material impact on individual financial statements.

Notes to the parent company only Financial Statements (Cont'd)

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

3) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations issued and amended by the IASB but not yet endorsed by the FSC that may be relevant to the Company are as follows.

Newly Published or Revised Standard	Amendment	Effective Date
Amendments to IAS 1 “Disclosure of Accounting Policies”	The major amendments to IAS 1 include: • Require an enterprise to disclose its significant accounting policies rather than its material accounting policies. • State that accounting policy information relating to immaterial transactions or other events or circumstances is immaterial and does not require disclosure of such information; and • State that all accounting policy information that does not relate to significant transactions or other events or circumstances is material to the Company's financial statements.	Jan.1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendment introduces a new definition of an accounting estimate that clarifies that an accounting estimate is a monetary amount in the financial statements that is subject to measurement uncertainty. The amendment also clarifies the relationship between accounting policies and accounting estimates by specifying that a company is required to establish accounting estimates to meet the objectives of its applicable accounting policies.	Jan.1, 2023

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

The Company does not expect the following newly issued and amended standards, which have not yet been endorsed, to have a material impact on the parent company only

Notes to the parent company only Financial Statements (Cont'd)

financial statements.

- Amendments to IFRS 10/IAS 28 – Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture
- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IAS 12 –Deferred tax related to assets and liabilities arising from a single transaction

IV. A summary of significant accounting policies

The significant accounting policies adopted in the parent company only financial statements are summarized below and the following accounting policies have been applied consistently to all periods presented herein.

1) Compliance statement

The parent company only financial statements are prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

2) Preparation basis

1. Measurement basis

The parent company only financial statements are prepared on a historical cost basis.

2. Functional and presentation currencies

The Company has the currency of the primary economic environment in which it operates as its functional currency. The parent company only financial statements are presented in New Taiwan dollars, which is the functional currency of the Company. All financial information expressed in New Taiwan dollars is expressed in thousands of New Taiwan dollars.

3) Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency based on the exchange rate at the date of the transaction. At the end of each subsequent reporting period (hereinafter the reporting date), monetary items denominated in foreign currencies are translated into the functional currency using the exchange rates prevailing on that date.

Non-monetary items in foreign currencies measured at fair value are translated into the functional currency using the exchange rate at the date when the fair value was measured, while non-monetary items in foreign currencies measured at historical cost are retranslated using the exchange rate at the date of the transaction. Foreign currency exchange differences arising on translation are recognized in profit or loss.

2. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value

Notes to the parent company only Financial Statements (Cont'd)

adjustments arising on acquisition, are translated into the functional currency using the exchange rates prevailing at the reporting date. Except for highly inflationary economies, income and expense items are translated into the functional currency using the average exchange rates for the period, and the resulting exchange differences are recognized in other comprehensive income.

When the disposal of a foreign operation results in a loss of control, joint control or significant influence, the cumulative exchange differences associated with that foreign operation are reclassified in full to profit or loss. Upon partial disposal of a subsidiary with foreign operations, the related cumulative exchange differences are reattributed to non-controlling interests on a pro rata basis. Upon partial disposal of an investment in an associate or joint venture that includes a foreign operation, the related cumulative exchange differences are reclassified to profit or loss on a pro rata basis.

4) Criteria for classifying assets and liabilities into current and non-current

Assets that meet one of the following criteria are classified as current ones, and all other assets that are not current assets are classified as non-current ones:

1. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
2. The Company holds the asset primarily for the purpose of trading;
3. The Company expects to realize the asset within 12 months after the balance sheet date; or
4. The asset is cash or a cash equivalent, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current ones, and all other liabilities that are not current liabilities are classified as non-current ones:

1. The Company expects to settle the liability in its normal operating cycle;
2. The Company holds the liability primarily for the purpose of trading;
3. The Company expects to settle the liability when due within 12 months after the balance sheet date; or
4. The Company does not have an unconditional right to defer settlement of the liability for at least 12 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) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time

Notes to the parent company only Financial Statements (Cont'd)

deposits that fit the definition above and are held to meet short-term cash commitments rather than for investment or other purposes are reported as cash equivalents.

6) Financial instruments

Accounts receivable and debt securities issued are recognized initially as they are incurred. All other financial assets and financial liabilities are recognized initially when the Company becomes a party to the contractual provisions of the financial instruments. Financial assets (other than receivables that do not contain a significant financial component) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue. Accounts receivable that do not contain a significant financial component are initially measured at transaction prices.

1. Financial assets

Where purchases or sales of financial assets qualify as a regular way purchase or sale, the Company applies trade-date or settlement-date accounting consistently to all purchases and sales of financial assets classified in the same manner.

On initial recognition, financial assets are classified as those carried at amortized cost. The Company reclassifies all affected financial assets from the first day of the next reporting period only when there is a change in the mode of operation for managing the financial assets.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost when not designated as at fair value through profit or loss if it meets both of the following criteria:

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

These assets are subsequently measured at their initially recognized amounts plus or minus the cumulative amortization using the effective interest method, adjusted for the amortized cost of any allowance for losses. Interest income, foreign exchange gains or losses and impairment losses are recognized in profit or loss. On derecognition, the gain or loss is recognized in profit or loss.

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

Financial assets measured at fair value through profit or loss, including derivative financial assets, are not measured at amortized cost as described above. On initial recognition, the Company may irrevocably designate Current financial assets at fair value through profit or loss as financial assets measured at amortized cost in order to eliminate or significantly reduce accounting mismatches.

Notes to the parent company only Financial Statements (Cont'd)

The net gain or loss (including any dividends and interest income) on these assets subsequently measured at fair value is recognized in profit or loss.

(3) Impairment losses on financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost, including cash and cash equivalents, accounts receivable, other receivables, and refundable deposits.

The loss allowance is measured at the amount of expected credit losses over a 12-month period for the following financial assets, with the remainder measured at the amount of expected credit losses over the life of the asset:

- The credit risk of the debt securities is judged to be low at the reporting date; and
- The credit risk on other debt securities and bank deposits (i.e. the risk of default over the expected life of the financial instruments) has not increased significantly since initial recognition.

The allowance for losses on accounts receivable is measured by the amount of expected credit losses over the life of the financial assets.

Expected credit losses over the life of the instrument are the expected credit losses arising from all possible defaults over the expected life of the instrument.

A 12-month expected credit loss is an expected credit loss arising from a possible default of a financial instrument within 12 months of the reporting date (or in a shorter term, if the expected duration of the financial instrument is fewer than 12 months).

The maximum period for measuring expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

In determining whether there has been a significant increase in credit risk since initial recognition, the Company considers reasonable and supportable information (available without undue cost or input), including qualitative and quantitative information, and analysis based on the Company's historical experience, credit evaluations and forward-looking information.

If a contractual amount is more than 90 days past due, the Company assumes that the credit risk of the financial asset has increased significantly.

The Company considers a financial asset to be in default if the contractual amount is more than one year overdue or if it is unlikely that the borrower will be able to fulfil its credit obligation to pay the full amount to the Company.

Expected credit losses are a weighted estimate of the probability of credit losses over the expected life of the financial instrument. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows that the Company is contractually entitled to receive and the cash flows that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of

Notes to the parent company only Financial Statements (Cont'd)

the financial assets.

At each reporting date, the Company assesses whether there is a credit impairment on financial assets measured at amortized cost. A financial asset is impaired when one or more events have occurred that have an adverse effect on the estimated future cash flows of the financial asset. Evidence that a financial asset is credit-impaired includes observable information about:

- Material financial difficulty of the borrower or issuer;
- Breach of contract, such as delay or overdue for more than ninety days;
- Concessions made by the Company to the borrower that it would not otherwise consider for economic or contractual reasons related to the borrower's financial difficulties;
- The likelihood that the borrower will file for bankruptcy or other financial reorganization; or
- The absence of an active market for the financial asset as a result of financial difficulties.

Allowance for losses on financial assets measured at amortized cost is deducted from the carrying amount of the assets.

When the Company cannot reasonably expect to recover all or part of a financial asset, it directly reduces the total carrying amount of its financial assets. For corporate accounts, the Company analyzes the timing and amount of eliminations on a case-by-case basis based on whether recovery is reasonably expected. The Company does not expect any material reversal of the amounts eliminated. However, financial assets that have been written off are still enforceable in compliance with the Company's procedures for recovering overdue amounts.

(4) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset cease, or when the financial asset has been transferred and substantially all the risks and rewards of ownership of the asset have been transferred to another entity, or when substantially all the risks and rewards of ownership have neither been transferred nor retained and control of the financial asset has not been retained.

Transactions involving the transfer of financial assets entered into by the Company that retain all or substantially all the risks and rewards of ownership of the transferred assets are recognized on the balance sheet on an ongoing basis.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreements and the

Notes to the parent company only Financial Statements (Cont'd)

definitions of financial liabilities and equity instruments.

(2) Equity transaction

An equity instrument means any contract that recognizes the Company's residual interest in assets less all of its liabilities. Equity instruments issued by the Company are recognized at the amount of the consideration received less direct issue costs.

(3) Treasury stock

Upon repurchase of an equity instrument recognized by the Company, the consideration paid (including directly attributable costs) is recognized as a reduction of equity. Repurchased shares are classified as Treasury stock. The amount received from subsequent sales or reissues of Treasury stock is recognized as an increase in equity, and any surplus or deficit arising from such transactions is recognized as capital surplus or retained earnings (if capital surplus is not sufficient to offset it).

(4) Other financial liabilities

Financial liabilities that are not held for trading and are not designated as at fair value through profit or loss (including short-term borrowings, accounts payable and other payables) are measured at fair value plus directly attributable transaction costs on initial recognition and subsequently measured at amortized cost using the effective interest method. Interest expense that is not capitalized as part of the cost of an asset is included in finance costs under non-operating income and expenses.

(5) Derecognition of financial liabilities

The Company derecognizes financial liabilities when contractual obligations are fulfilled, cancelled or expire. When the terms of a financial liability are modified and the cash flows of the modified liability are materially different, the original financial liability is derecognized and the new financial liability is recognized at fair value on the basis of the modified terms.

When a financial liability is derecognized, the difference between the carrying amount and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and presented on a net basis in the balance sheet only when the Company has a legally enforceable right to do so and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

7) Inventory

Inventories are measured at the lower of cost or net realizable value. Cost includes the cost of acquisition, production or processing and other costs incurred in bringing them to the place and condition in which they are available for use and is calculated using the weighted

Notes to the parent company only Financial Statements (Cont'd)

average method.

Net realizable value means the estimated selling price in the normal course of business less estimated costs still to be invested in the estimated completion and estimated costs required to complete the sale.

8) Investing in subsidiaries

In preparing the parent company only financial statements, the Company utilizes equity method of accounting for its investees over which it has control. Under equity method, the apportionment of current income and other comprehensive income and loss in the financial statements is the same as the apportionment of current income and loss and other comprehensive income and loss attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owners' equity in the individual financial statements is the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions with the owners.

9) Property, plant and equipment

1. Recognition and measurement

Property, plant and equipment are recognized and measured at cost, which is measured at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure directly attributable to the acquisition of assets.

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

2. Subsequent costs

Subsequent expenditure is capitalized only to the extent that it is probable that future economic benefits will flow to the Company.

3. Depreciation

Depreciation is calculated on the basis of the cost of the asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful life of each component.

No depreciation is provided for land.

The estimated useful lives of the remaining assets for the current and comparative periods are as follows:

- (1) Instruments and machinery: 1-10 years
- (2) Office equipment: 3-6 years

Notes to the parent company only Financial Statements (Cont'd)

(3) Leasehold improvements: 5 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted as necessary if the expected value differs from previous estimates, with such changes treated as per the provisions for changes in accounting estimates.

10) Lease

1. Lease judgment

The Company assesses whether a contract is or contains a lease at the date of its inception, and a contract is or contains a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration. For the purpose of assessing whether a contract is a lease, the Company assesses the following items:

- (1) The contract involves the use of an identified asset that is either expressly designated in the contract or implicitly designated by being available for use, which is physically distinguishable or representative of substantially all of the production capacity. The asset is not an identified asset if the provider has a substantive right to replace it; and
- (2) The Customer has the right to receive virtually all economic benefits from the use of the identified assets throughout the period of use; and
- (3) The customer acquires the right to use the identified assets throughout the period of use if one of the following conditions applies:
 - The customer has the right to direct the manner and purpose of use of the identified asset throughout its useful life.
 - The decision as to how and for what purpose the asset is to be used is predetermined and:
 - The customer has the right to operate the asset throughout its useful life and the supplier does not have the right to change such operating instructions; or
 - The customer has designed the asset in a manner that predetermines how and for what purpose it will be used throughout its useful life.

2. Lessees

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which comprises the original measurement of the lease liability, adjusted for any lease payments made on or before the commencement date of the lease, plus the original direct cost incurred and the estimated cost of dismantling and removing the underlying asset and restoring its location or the underlying asset, less any lease incentives received.

Right-of-use assets are subsequently depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the Company periodically assesses whether

Notes to the parent company only Financial Statements (Cont'd)

a right-of-use asset is impaired and addresses any impairment loss that has occurred, and adjusts the right-of-use asset in conjunction with any remeasurement of the lease liability.

Lease liabilities are measured initially at the present value of the lease payments outstanding at the inception date of the lease. Where the interest rate implicit in the lease is readily determinable, the discount rate is that rate, or if not readily determinable, the Consolidated Company's incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities comprise:

- (1) fixed payments, including in-substance fixed payments;
- (2) lease payments that are dependent on an index or rate change, using the index or rate at the inception date of the lease as the original measure;
- (3) the amount of residual value guarantees expected to be paid; and
- (4) the exercise price or penalty to be paid when it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised.

Interest is subsequently accrued on lease liabilities using the effective interest method and is remeasured when the following occurs:

- (1) When there is a change in future lease payments as a result of changes in the index or rate used to determine lease payments;
- (2) When there is a change in the amount of the residual value guarantee expected to be paid;
- (3) When there is a change in the assessment of the call option on the underlying asset;
- (4) When there is a change in the estimate of whether to exercise the option to extend or terminate and a change in the assessment over the lease term;
- (5) When there is a change in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine lease payments, changes in the residual value guarantee amount and changes in the evaluation of purchase, extension or termination options as described above, the carrying amount of the right-of-use asset is adjusted accordingly, and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasurement amount of the lease liability is recognized in profit or loss.

The Company presents right-of-use assets and lease liabilities that do not fit the definition of investment property as separate line items in the balance sheet.

For short-term leases of offices and leases of low-value underlying assets, the

Notes to the parent company only Financial Statements (Cont'd)

Consolidated Company has elected not to recognize right-of-use assets and lease liabilities, and instead recognizes the related lease payments as expenses on a straight-line basis over the lease period.

11) Intangible assets

1. Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of identifiable net assets under the purchase method. Goodwill acquired on consolidation is not subject to amortization but is periodically assessed for impairment and measured at the amount of the initially recognized cost less accumulated impairment.

2. Research and development

The research phase represents activities that are performed to acquire and understand new scientific or technical knowledge, with related expenditures recognized in profit or loss as incurred.

Development expenditure is recognized as an intangible asset when all of the following conditions are met simultaneously; if not met simultaneously, it is recognized in profit or loss as incurred:

- (1) The technical feasibility of completing the intangible asset has been achieved, which will make the intangible asset available for use or sale.
- (2) The intent is to complete the intangible asset and to use or sell it.
- (3) The ability to use or sell the intangible asset.
- (4) Intangible assets will most likely generate future economic benefits.
- (5) Adequate technical, financial and other resources are available to complete this development and to use or sell the intangible asset.
- (6) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized expenditures incurred in the development phase are measured at their cost less accumulated amortization and accumulated impairment.

3. Other intangible assets

Other intangible assets with useful lives acquired by the Company are measured at cost less accumulated amortization and accumulated impairment.

4. Subsequent expenses

Subsequent expenditure is capitalized only to the extent that it will enhance the future economic benefits of the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred, including goodwill and brands developed internally.

5. Amortization

Amortization is calculated as the cost of the asset less its residual value as the

Notes to the parent company only Financial Statements (Cont'd)

amortizable amount.

Intangible assets, other than goodwill and intangible assets with indefinite useful lives, are amortized on a straight-line basis over their estimated useful lives, with amortization recognized in profit or loss, from the time they reach a serviceable condition, as follows:

Computer software system: 1-10 years

The Company reviews the amortization method, life cycle and residual value of its intangible assets at each reporting date, and makes appropriate adjustments as necessary.

12) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount of non-financial assets (other than inventories and deferred tax assets) may be impaired. If any indication exists, the recoverable amount of the asset is estimated. Goodwill is tested annually for impairment.

For the purposes of impairment testing, a group of assets with cash inflows that are largely independent of other individual assets or groups of assets is treated as the smallest identifiable group of assets. Goodwill acquired on a business combination is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the combined effect.

The recoverable amount is the higher of the fair value of an individual asset or cash-generating unit, less costs to dispose, and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount.

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

Impairment losses on goodwill are not reversed. Non-financial assets other than goodwill are reversed only to the extent that the asset does not exceed the carrying amount, net of depreciation or amortization, that would have been determined had no impairment loss been recognized in prior years.

13) Liability reserve

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

Notes to the parent company only Financial Statements (Cont'd)

estimated. The provision for liabilities is discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities, and amortization of the discount is recognized as interest expense.

14) Revenue recognition

Revenue from customer contracts

Revenue is measured as the expected right to receive consideration for the transfer of goods or services. The Company recognizes revenue when control of the goods or services is transferred to customers to satisfy performance obligations. The Company's major revenue items are described as follows:

1. Merchandise for sale

The Company outsources the manufacture and sale of integrated circuits. The Company recognizes revenue upon the transfer of control over the products. Transfer of control of the product means that the product has been delivered to the customer, the customer has full control over the sales channel and price of the product and there are no outstanding obligations that would affect the customer's acceptance of the product. Delivery occurs when the product has been delivered to a specific location, the risk of obsolescence and loss has been transferred to the customer, and the customer has accepted the product in accordance with the sales contract and the terms of acceptance have lapsed, or when the Company has objective evidence that all acceptance conditions have been met.

The Company recognizes accounts receivable upon delivery of goods because the Company has an unconditional right to receive consideration at that point in time.

2. Provision of services

The Company provides product design and development services to customers and recognizes the related revenue in the period in which the services are financially reported. Fixed-price contracts are recognized as revenue based on the proportion of actual services rendered to total services as of the reporting date, which is determined by the proportion of costs incurred to the estimated total cost of the transaction.

15) Government grants

The Company recognizes unconditional government grants as other income when the grants are available for receipt. Government grants to compensate for expenses or losses incurred by the Company are recognized in profit or loss on a systematic basis over the same period as the related expenses.

16) Employee benefits

1. Defined contribution plans

Contribution obligations under defined contribution pension plans are recognized as expenses over the period of service rendered by employees.

Notes to the parent company only Financial Statements (Cont'd)

2. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense when the related services are rendered.

The amount expected to be paid under a short-term cash dividend or bonus plan is recognized as a liability if the Company has a present legal or constructive obligation to pay as a result of past services rendered by employees and the obligation can be reliably estimated.

17) Share-based payment transactions

The equity-settled share-based payment agreement recognizes fees and increases relative equity over the vesting period of the award based on the Fair value of the Grant date. The fees recognized are adjusted for the number of awards expected to qualify for the service; the final amount recognized is based on the number of awards that qualify for the service on the vesting date.

18) Income tax

Income taxes consist of current and deferred taxes. Current and deferred taxes are recognized in profit or loss, except items recognized directly in equity or other comprehensive income.

Current income tax includes estimated income tax payable or refund receivable based on current year's taxable income (loss) and any adjustments to prior years' income tax payable or refund receivable. The amount is the best estimate of the amount expected to be paid or received, measured at the statutory or substantively legislated tax rate at the reporting date, after reflecting uncertainties related to income taxes.

Deferred tax is measured and recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is not recognized on temporary differences arising from:

1. assets or liabilities that are not part of the initial recognition of a business combination transaction and that do not affect accounting profit or taxable income (loss) at the time of the transaction;
2. temporary differences due to investments in subsidiaries, affiliates and interests in joint ventures where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reverse in the foreseeable future; and
3. taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax is measured at the tax rate at the time of expected temporary difference reversal, and is based on the statutory tax rate or substantive legislative tax rate adopted at the reporting date.

Deferred tax assets and deferred tax liabilities will only be offset by the Company if the

Notes to the parent company only Financial Statements (Cont'd)

following conditions are met at the same time:

1. there is a statutory enforcement right to set off current tax assets against current tax liabilities; and
2. Deferred tax assets and deferred tax liabilities relate to one of the following taxable entities for which income tax is levied by the same taxation authority;
 - (1) the same taxable entity; or
 - (2) different taxable entities, provided that each entity intends to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets are expected to be recovered and deferred tax liabilities are expected to be settled.

Deferred tax assets are recognized for unused tax losses and unused tax credits carried forward in subsequent periods to the extent that it is probable that future taxable income will be available for use against which deductible temporary differences can be utilized. They are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefit will be realized; or the amount of the reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

19) Business combination

Upon conversion to IFRSs recognized by the FSC, the amount of goodwill for acquisitions made by the Company prior to January 1, 2012 was recognized in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on January 10, 2009 and various statements of financial accounting standards and their interpretations issued by the Accounting Research and Development Foundation of the ROC (hereinafter the "previous generally accepted accounting principles").

20) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's ordinary shares. The calculation of the Company's basic earnings per share is based on the profit or loss attributable to equity holders of the Company's common shares divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the profit or loss attributable to equity holders of the Company's ordinary shares and the weighted average number of ordinary shares outstanding for the effect of all potentially dilutive common shares. Potentially dilutive ordinary shares in the Company include share-based compensation plans, employee compensation that has not been resolved by the Board of Directors and may be paid in shares, and new shares with unvested restricted employee rights.

21) Departmental information

Notes to the parent company only Financial Statements (Cont'd)

The Company has disclosed segment information in its consolidated financial statements and therefore does not disclose segment information in its individual financial statements.

V. Critical accounting judgements, estimates and key sources of assumption uncertainty

The preparation of these Parent Company Only Financial Statements in conformity with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” requires management to make judgments, estimates and assumptions that affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Management reviews estimates and underlying assumptions on an ongoing basis and changes in accounting estimates are recognized in the period of change and in the future periods affected.

Among the uncertainties in the assumptions and estimates, the related information with a major risk that will cause material adjustments in the following year is as follows:

Inventory valuation

As inventories are measured at the lower of cost or net realizable value, the Company assesses the amount of inventories that are normally worn out, obsolete or have no marketable value at the reporting date and reduces the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand in specific periods in the future and is subject to significant changes due to rapid changes in the industry. Please refer to Note 6 (4) for inventory valuation estimates.

VI. Descriptions of Key Accounting Items

Cash and cash equivalents

	<u>Dec.31, 2021</u>	<u>Dec.31, 2020</u>
Cash	\$ 680	440
Demand deposits and checking deposits	3,747,389	530,752
Time deposit	1,231,080	112,950
Less: Restricted deposits (recorded as financial assets carried at amortized cost) (Note 8)	-	(60,000)
Time deposits with original maturities of more than three months (recorded as financial assets carried at amortized cost)	(550,000)	-
	<u>\$ 4,429,149</u>	<u>584,142</u>

1. For the years ended Dec. 31, 2021, the Company did not recognize any impairment loss on financial assets carried at amortized cost. For the remaining credit risk information, please refer to Note 6 (21).

Notes to the parent company only Financial Statements (Cont'd)

2. For the years ended December 31, 2021 and 2020, no impairment loss was recorded on financial assets measured at amortized cost. Please refer to Note 6 (21) for additional credit risk information.

2) Current financial assets at fair value through profit or loss

1. Financial assets mandatorily measured at FVTPL

	<u>Dec.31, 2021</u>	<u>Dec.31, 2020</u>
Financial assets mandatorily measured at FVTPL:		
Current:		
Open-ended funds	\$ 4,884,709	2,159,722
Exchange Contracts	3,297	-
	<u>\$ 4,888,006</u>	<u>2,159,722</u>

2. The breakdown of derivative financial assets is as follows

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Amount</u>	<u>Currency</u>	<u>Maturity</u>	<u>Amount</u>	<u>Currency</u>	<u>Maturity</u>
Exchange Contracts.						
USD	\$ 45,000	USD	Feb. 2022	-	-	-

3) Accounts receivable (including the part from related parties)

	<u>Dec.31, 2021</u>	<u>Dec.31, 2020</u>
Accounts receivable (including the part from related parties)	\$ 4,755,581	1,505,788
Minus: Allowance for impairment losses	(6,516)	(6,516)
	<u>\$ 4,749,065</u>	<u>1,499,272</u>

The Company uses a simplified approach to estimate expected credit losses for all accounts receivable (including related parties), i.e., it uses the expected credit loss measure for the duration. For this measurement purpose, these receivables (including related parties) are grouped by common credit risk characteristics that represent the customer's ability to pay all amounts due in accordance with contractual terms and are included in forward-looking information. The expected credit losses on the Company's accounts receivable (including related parties) are analyzed as follows:

	<u>Dec.31, 2021</u>		
	<u>Book value of the notes and accounts receivable (including related parties)</u>	<u>Weighted average expected credit loss rate</u>	<u>Expected credit losses during the duration of allowance</u>
Not overdue	\$ 4,637,613	0.13%	6,066

Notes to the parent company only Financial Statements (Cont'd)

Within 30 days past due	77,949	0%	1
31-60 days past due	29,284	0.01%	2
61-90 days past due	10,443	1.51%	158
More than 120 days past due	<u>292</u>	50%~100%	<u>289</u>
	<u>\$ 4,755,581</u>		<u>6,516</u>

	Dec.31, 2020		
	Book value of the notes and accounts receivable (including related parties)	Weighted average expected credit loss rate	Expected credit losses during the duration of allowance
Not overdue	\$ 1,497,239	0.42%	6,256
Within 30 days past due	6,360	0%	-
31-60 days past due	1,919	0%	-
61-90 days past due	10	0.87%	-
More than 120 days past due	<u>260</u>	50%~100%	<u>260</u>
	<u>\$ 1,505,788</u>		<u>6,516</u>

Changes in the allowance of the Company's accounts receivable (including the part from related parties) for losses are as follows:

	FY 2021	FY 2020
Beginning balance	\$ 6,516	21,515
Gain on reversal	-	(14,999)
Ending balance	<u>\$ 6,516</u>	<u>6,516</u>

4) Current inventories, net

	Dec.31, 2021	Dec.31, 2020
Finished goods	\$ 890,720	438,897
Work-in-progress	987,411	489,525
Raw materials	<u>758,877</u>	<u>277,994</u>
	<u>\$ 2,637,008</u>	<u>1,206,416</u>

1. For the years ended December 31, 2021 and 2020, the cost of goods sold related to inventories was \$9,789,063 thousand and \$6,656,949 thousand, respectively; inventory write-downs to net realizable value and losses on obsolescence of \$49,476 thousand and \$100,354 thousand, respectively, were recognized as cost of goods sold.

2. As of December 31, 2021 and 2020, none of the Company's inventories were pledged as collateral.

5) Prepayments and other current assets

Notes to the parent company only Financial Statements (Cont'd)

	Dec.31, 2021	Dec.31, 2020
Prepayment	\$ 200,328	-
Prepaid expenses	33,884	8,206
Tax credits and prepayments	27,235	108,507
Temporary Payment	1,518	1,518
	\$ 262,965	118,231

6) Investments accounted for using equity method

The Company's investments accounted for using equity method as of the reporting date are presented below:

	Dec.31, 2021	Dec.31, 2020
Subsidiaries	\$ 2,394,718	1,568,705
	FY 2021	FY 2020
Share of profit of subsidiaries accounted for using equity method	\$ 818,721	156,289

1. For the years ended December 31, 2021 and 2020, the Company invested 11,500 thousand and 6,500 thousand shares, respectively, in VISUAL SENSING TECHNOLOGY CO., LTD., and the total investment amounts were NT\$145,000 thousand and NT\$95,000 thousand, respectively.

2. For additional information, please refer to the 2021 consolidated financial statements.

3. As of December 31, 2021 and 2020, the Company's investments under equity method were not pledged as collateral.

7) Property, plant and equipment

The cost and depreciation change of the Company Property, plant and equipment are as follows:

	Instrument and Machinery Equipment	Office equipment	Leasehold improvement	Equipment to be inspected	Total
Cost:					
Balance at January 1, 2021 \$	369,869	39,380	4,936	1,800	415,985
Addition	231,960	18,560	2,673	2,779	255,972
Disposal	(4,421)	(2,609)	(92)	-	(7,122)
Outward transfer	-	-	-	(1,400)	(1,400)
Balance at December 31, 2021	\$ 597,408	55,331	7,517	3,179	663,435
2020					
Balance at January 1, 2020 \$	263,938	39,881	8,720	-	312,539
Addition	117,708	2,238	510	1,800	122,256
Disposal	(11,777)	(2,739)	(4,294)	-	(18,810)

Notes to the parent company only Financial Statements (Cont'd)

Balance at December 31,	\$	<u>369,869</u>	<u>39,380</u>	<u>4,936</u>	<u>1,800</u>	<u>415,985</u>
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2020

Depreciation:

Balance at January 1, 2021	\$	214,761	35,154	2,818	-	252,733
Depreciation in the current		99,841	4,882	1,058	-	105,781

period

Disposal		(4,421)	(2,609)	(92)	-	(7,122)
Balance at December 31,	\$	<u>310,181</u>	<u>37,427</u>	<u>3,784</u>	<u>-</u>	<u>351,392</u>

2021

Balance at January 1, 2020	\$	140,811	34,234	6,236	-	181,281
Depreciation in the current		85,727	3,659	876	-	90,262

period

Disposal		(11,777)	(2,739)	(4,294)	-	(18,810)
Balance at December 31,	\$	<u>214,761</u>	<u>35,154</u>	<u>2,818</u>	<u>-</u>	<u>252,733</u>

2020

Book value:

December 31, 2021	\$	<u>287,227</u>	<u>17,904</u>	<u>3,733</u>	<u>3,179</u>	<u>312,043</u>
December 31, 2020	\$	<u>155,108</u>	<u>4,226</u>	<u>2,118</u>	<u>1,800</u>	<u>163,252</u>

As of December 31, 2021 and 2020, the Company's property, plant and equipment were not pledged as collateral.

8) Right-of-use assets

The cost and depreciation change of the Company's leasing Buildings are as follows:

Buildings

Cost of right-of-use assets:

Balance at January 1, 2021	\$	76,985
Addition		39,721
Effect of exchange rate changes		(6)
Balance at December 31, 2021	\$	<u>116,700</u>
Balance at January 1, 2020	\$	80,924
Addition		1,281
Derecognition in the current period		(5,220)
Balance at December 31, 2020	\$	<u>76,985</u>

Depreciation and impairment losses of right-of-use assets:

Balance at January 1, 2021	\$	33,694
Depreciation in the current period		27,006
Effect of exchange rate changes		(5)
Balance at December 31, 2021	\$	<u>60,695</u>

Notes to the parent company only Financial Statements (Cont'd)

Balance at January 1, 2020	\$ 19,459
Depreciation in the current period	19,455
Derecognition in the current period	<u>(5,220)</u>
Balance at December 31, 2020	<u>\$ 33,694</u>
Book value:	
December 31, 2021	<u>\$ 56,005</u>
December 31, 2020	<u>\$ 43,291</u>

9) Intangible assets

The changes in the cost and amortization of the Company's intangible assets were as follows:

	<u>Goodwill</u>	<u>PC software</u>	<u>Patent</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 184,972	12,665	19,938	217,575
Separately acquired	-	1,652	328	1,980
Transferred in the period	-	1,400	-	1,400
Balance at December 31, 2021	<u>\$ 184,972</u>	<u>15,717</u>	<u>20,266</u>	<u>220,955</u>
Balance at January 1, 2020	\$ 184,972	8,844	19,938	213,754
Separately acquired	-	3,821	-	3,821
Balance at December 31, 2020	<u>\$ 184,972</u>	<u>12,665</u>	<u>19,938</u>	<u>217,575</u>
Amortization:				
Balance at January 1, 2021	\$ -	6,242	9,336	15,578
Amortization of the period	-	3,429	6,389	9,818
Balance at December 31, 2021	<u>\$ -</u>	<u>9,671</u>	<u>15,725</u>	<u>25,396</u>
Balance at January 1, 2020	\$ -	3,419	2,956	6,375
Amortization of the period	-	2,823	6,380	9,203
Balance at December 31, 2020	<u>\$ -</u>	<u>6,242</u>	<u>9,336</u>	<u>15,578</u>
Book Value				
December 31, 2021	<u>\$ 184,972</u>	<u>6,046</u>	<u>4,541</u>	<u>195,559</u>
December 31, 2020	<u>\$ 184,972</u>	<u>6,423</u>	<u>10,602</u>	<u>201,997</u>

No impairment loss was recognized for the years ended December 31, 2021 and 2020. Amortization expense of \$9,818 thousand and \$9,203 thousand for the years ended December 31, 2021 and 2020, respectively, is recorded in the consolidated statements of income under the heading of Operating cost and Operating expense.

Notes to the parent company only Financial Statements (Cont'd)

10) Other non-current assets

	Dec.31, 2021	Dec.31, 2020
Prepaid Bonus	\$ 62,795	48,313
Refundable deposits	1,075,785	4,097
	<u>\$ 1,138,580</u>	<u>52,410</u>

1. The Company provides special incentive payments to employees who meet certain criteria, which are paid in a lump sum upon signing the contract. The contracted employee must commit to a period of continuous service, and if the employee fails to meet the commitment, the full amount of the special incentive shall be returned for any reason. The Company amortized the prepaid bonuses as manufacturing expenses and operating expenses over the contracted service period, and recognized manufacturing expenses and operating expenses of \$105,997 thousand and \$92,421 thousand for the years ended December 31, 2021 and 2020, respectively.

2. To ensure stable production capacity, the Company enters into capacity guarantee contracts with suppliers, which are refunded when the contracts are completed and are recorded under Other non-current assets - Refundable deposits.

11) Current borrowings

The details of the Company's Current borrowings is as follows.

	Dec.31, 2021	Dec.31, 2020
Unsecured Bank Loans	<u>\$ 777,808</u>	<u>-</u>
Interest Rate Range	<u>0.54%~0.63%</u>	<u>-</u>
Unused line	<u>\$ 3,566,432</u>	<u>2,274,480</u>

Please refer to Note VI(21) for the disclosure of interest rate risk and sensitivity analysis of the Company's financial liabilities.

12) Lease liabilities

The Book value of the Company's lease liabilities:

	Dec.31, 2021	Dec.31, 2020
Current	<u>\$ 31,026</u>	<u>17,491</u>
Non-current	<u>\$ 25,690</u>	<u>26,475</u>

For maturity analysis, please refer to Note VI (21) Financial Instruments.

	FY 2021	FY 2020
The amount recognized in profit and loss is as follows:		
Interest expense of lease liabilities	<u>\$ 824</u>	<u>869</u>
Expense for lease assets of low value (not including the low-value leases of short-term lease)	<u>\$ 1,615</u>	<u>428</u>

Notes to the parent company only Financial Statements (Cont'd)

The amount recognized in the Statement of Cash Flows is as follows:

	FY 2021	FY 2020
Total amount of cash outflow from lease	\$ 30,232	21,413

Leasing of buildings

The Company leased buildings and structures for office use on December 31, 2021 and 2020. Office leases are generally for periods of one to five years, with some leases including an option to extend the lease for the same period as the original contract at the end of the lease term. Lease payments under some of these contracts are subject to changes in local price indices.

13) Employee benefits

Defined contribution plan

The Company's defined contribution plan is based on the Labor Pension Act, which provides for a contribution rate of 6% of a worker's monthly wages to a personal pension account at the Bureau of Labor Insurance. The Company has no legal or constructive obligation to pay additional amounts under this plan once the Company has contributed a fixed amount to the Bureau of Labor Insurance.

For the years ended December 31, 2021 and 2020, the pension expense under the defined contribution pension plan was \$35,156 thousand and \$26,934 thousand, respectively.

14) Income tax

1. The components of Income tax expense (benefit) for the years ended December 31, 2021 and 2020 were as follows

	FY 2021	FY 2020
Income tax expense in the current period	\$ 1,155,688	71,814
Deferred income tax liabilities	(11,750)	(443)
Income tax expense	\$ 1,143,938	71,371

The details of income tax expense (benefit) recognized under other comprehensive income for the Company in fiscal 2021 and 2020 are as follows:

	FY 2021	FY 2020
Components of other comprehensive income that will be reclassified to profit or loss :		
Exchange differences on translation	\$ (7,689)	2,804

The reconciliation of income tax expense to net income before taxes for the Company is as follows:

	FY 2021	FY 2020
Net income before taxes	\$ 6,996,182	736,952
Income tax calculated based on the tax rate of the country where the Company is located	\$ 1,399,236	147,390
Deduction from investment	(98,876)	(3,787)

Notes to the parent company only Financial Statements (Cont'd)

Income exempt from tax	-	(109,281)
Surtax on undistributed earnings	7,449	4,682
Basic tax	-	62,333
Gains from the investment in foreign equity	(172,362)	(34,385)
Changes in the temporary differences that were not recognized	4,738	6,307
Other	3,753	(1,888)
Income tax expense	<u>\$ 1,143,938</u>	<u>71,371</u>

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

The items that were not recognized as deferred income tax assets by the Company are as follows:

	<u>Dec.31, 2021</u>	<u>Dec.31, 2020</u>
Investment loss	\$ 11,745	3,127
Unrealized loss on inventories	3,133	7,013
Deductible temporary differences	<u>\$ 14,878</u>	<u>10,140</u>

(2) Deferred income tax assets and liabilities recognized

The changes in deferred income tax assets and liabilities for fiscal 2021 and 2020 are as follows:

	<u>Unrealized losses in inventory</u>	<u>Exchange difference on translation of the financial statements of foreign operations</u>	<u>Unrealized foreign exchange gains or losses</u>	<u>Other</u>	<u>Total</u>
Deferred tax assets :					
January 1, 2021	\$ 21,037	2,953	-	4,144	28,134
Recognized in profit and loss	(11,638)	-	-	1,128	(10,510)
Recognized in other comprehensive income	-	7,689	-	-	7,689
December 31, 2021	<u>\$ 9,399</u>	<u>10,642</u>	<u>-</u>	<u>5,272</u>	<u>25,313</u>
January 1, 2020	\$ 11,499	5,756	7,801	4,332	29,388
Recognized in profit and loss	9,538	-	(7,801)	(187)	1,550
Recognized in other comprehensive income	-	(2,804)	-	-	(2,804)
December 31, 2020	<u>\$ 21,037</u>	<u>2,952</u>	<u>-</u>	<u>4,145</u>	<u>28,134</u>

	<u>Unrealized foreign exchange gains</u>	<u>Amortization of goodwill</u>	<u>Total</u>
Deferred tax liabilities :			
January 1, 2021	\$ 1,106	21,527	22,633

Notes to the parent company only Financial Statements (Cont'd)

Recognized in profit and loss	(733)	(21,527)	(22,260)
December 31, 2021	<u>\$ 373</u>	<u>-</u>	<u>373</u>
January 1, 2020	\$ -	21,527	21,527
Recognized in profit and loss	1,106	-	1,106
December 31, 2020	<u>\$ 1,106</u>	<u>21,527</u>	<u>22,633</u>

3.The Company's income tax claim have been examined and cleared by the tax authorities through 2018.

15) Capital and other interests

As of December 31, 2021 and 2020, the total issued capital of the Company was \$2,000,000 thousand with a par value of \$10 per share and 186,545 thousand and 166,588 thousand issued shares, respectively, all of which were common shares.

The details of circulating common shares of the Company is as follows: (in thousands shares)

	<u>FY 2021</u>	<u>FY 2020</u>
Beginning balance	165,406	163,546
Gain from the restricted stock in the current period	770	2,229
Purchase of Treasury stock	-	(369)
Issue of shares	20,000	-
Ending balance	<u>186,176</u>	<u>165,406</u>

1.Issuance of common shares

On May 31, 2021, the board of directors resolved Issue of shares to issue 20,000 thousand shares with a par value of \$10 per share. The above Issue of shares was approved by the Financial Supervisory Commission on June 28, 2021, at a price of \$255 per share, with August 5, 2011 as the base date. All issued shares have been received and registered for change.

On Jun. 24, 2020, the shareholders' meeting resolved to issue 3,000 thousands shares of new shares with restricted employee rights, and the board on Dec. 2, 2020 resolved to issue 1,057 thousands shares. The above capital increase has been approved by the competent authorities and the change of registration has been completed.

For the years ended December 31, 2021 and 2020, the Company's board of directors resolved to cancel 43 thousand and 156 thousand shares, respectively, of restricted employee stock with a par value of \$427 thousand and \$1,565 thousand, respectively, and the change in registration was completed.

2.Capital surplus

The balance of the Company's Capital surplus are as follows.

	<u>Dec.31, 2021</u>	<u>Dec.31, 2020</u>
Share premium	\$ 6,102,418	1,097,993

Notes to the parent company only Financial Statements (Cont'd)

Transaction of Treasury stock	535	535
Difference between the carrying amount and the price of the shares of subsidiaries which were acquired or disposed	882,961	887,399
Restricted stock	-	78,138
Other capital reserve	450	304
	\$ 6,986,364	2,064,369

According to the Company Act, new shares or cash may only be issued from realized capital surplus in proportion to the original shares of the shareholders after the capital surplus has first been used to cover losses. Realized capital surplus as referred to in the preceding paragraph includes surplus from the issue of shares in excess of par value and proceeds from gifts. As stipulated in the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, where capital reserve is capitalized, the combined amount of any portions capitalized in any 1 year may not exceed 10 percent of paid-in capital.

3. Retained earnings

Under the Company's Articles of Incorporation, if there is any net profit after tax for the period, the Company shall first make up the accumulated deficit in the annual final accounts and set aside 10% as legal reserve in accordance with the law, except when the accumulated legal reserve has reached the total paid-in capital of the Company. The special reserve is appropriated or reversed as required by law or by the competent authority. The Board of Directors shall prepare a proposal for the distribution of the remaining earnings, together with the undistributed earnings at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is to allocate no less than 20 percent of the distributable earnings to shareholders each year, by taking into account the current and future development plans, the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders, among which no less than 10 percent of the total dividends for the year shall be paid in cash.

(1) Legal reserve

If the Company has no losses, it may, by resolution of the shareholders' meeting, issue new shares or cash from the legal reserve, provided that the amount of such reserve exceeds 25 percent of the paid-in capital.

(2) Special reserve

According to the FSC's Jin-Guan-Zheng-Fa-Zi Order No. 1010012865 dated April 6, 2012, when distributing distributable earnings, the Company recorded a net decrease

Notes to the parent company only Financial Statements (Cont'd)

in other equity during the year, which was not distributable from the current year's profit or loss as a supplement to the special reserve. If there is a subsequent reversal in the amount of other equity deductions, the reversed portion of the surplus may be distributed.

(3) Distribution of earnings

On May 18, 2021 and June 24, 2020, the shareholders' meeting resolved the appropriation of earnings for the years ended December 31, 2020 and 2019, and the amount of dividends distributed to owners was as follows:

	FY 2020		FY 2019	
	Payout ratio (NT\$)	Amount	Payout ratio (NT\$)	Amount
Dividends distributed to the owners of ordinary shares:				
Cash	\$ 2.50	<u>415,521</u>	1.00	<u>165,311</u>

The actual allotment of earnings for the years ended December 31, 2020 and 2019 was the same as the amount recognized in the related financial statements and no adjustment was required.

4. Treasury stock

In accordance with Article 167-1 of the Company Act, the Company shall repurchase Treasury stock for the purpose of transferring shares to employees, with the following changes:

	FY 2021		FY 2020	
	Shares (1,000 shares)	Amount	Shares (1,000 shares)	Amount
Beginning amount	369	\$ 9,449	-	-
Increase in the current period	-	-	369	9,449
Ending amount	<u>369</u>	<u>\$ 9,449</u>	<u>369</u>	<u>9,449</u>

In 2020, the Company repurchased 369 thousand shares of Treasury stock necessary to protect the Company's credit and shareholders' rights under Article 28-2 of the Securities and Exchange Act. As of December 31, 2021, the total number of uncanceled shares was 369 thousand.

Treasury stock held by the Company cannot be pledged under the Securities and Exchange Act and is not entitled to shareholders' rights until it is transferred.

5. Other equity

Notes to the parent company only Financial Statements (Cont'd)

The changes in the Company's other equity items are as follows:

	Exchange difference on translation of foreign financial statements	Unearned compensation for employees	Total
Balance at January 1, 2021	\$ (13,191)	(1,734)	(14,925)
Differences from foreign currency translations (net amount after taxes)	(30,591)	-	(30,591)
Unearned compensation for employees (net amount after taxes)	-	1,734	1,734
Balance at December 31, 2021	<u>\$ (43,782)</u>	<u>-</u>	<u>(43,782)</u>

	Exchange difference on translation of foreign financial statements	Unearned compensation for employees	Total
Balance at January 1, 2020	\$ (24,405)	(27,227)	(51,632)
Foreign currency translation differences (net after tax)	11,214	-	11,214
Unearned compensation for employees (net after tax)	-	25,493	25,493
Balance at December 31, 2020	<u>\$ (13,191)</u>	<u>(1,734)</u>	<u>(14,925)</u>

16) Share-based payment transaction

1.Restricted stock

On Jun. 24, 2020 and Jun. 25, 2019, the Company's shareholders' meeting resolved to issue 3,000,000 new shares with restricted employee rights to employees of the Company and its subsidiaries, as so resolved by the board on Dec. 2, 2020 and Nov. 12, 2019, as follows:

(1) The Company plans to issue new shares with restricted employee rights in 2020 :

Type	FY 2020 Conditions of Issuance
Grant date	November 18, 2020
Grant amount	1,057,000
Vesting day	December 31, 2020 December 31, 2021 317,100 shares

Notes to the parent company only Financial Statements (Cont'd)

739,900 shares

(2)The Company issued new shares with restricted employee rights in 2019:

<u>Type</u>	<u>FY 2019 Conditions of Issuance</u>
Grant date	November 13, 2019
Grant amount	3,000,000
Vesting day	December 31, 2019 December 31, 2020 900,000 shares 2,100,000 shares

(3)The Company issued new shares with restricted employee rights in 2017:

<u>Type</u>	<u>FY 2017 Conditions of Issuance I</u>	<u>FY 2017 Conditions of Issuance II</u>	<u>FY 2017 Conditions of Issuance II</u>	<u>FY 2017 Conditions of Issuance II</u>	<u>FY 2017 Conditions of Issuance II</u>
Grant date	Nov. 18, 2017	Nov. 18, 2017	Nov. 18, 2017	Nov. 18, 2017	Nov. 18, 2017
Grant amount	2,510,000	40,000	60,000	30,000	120,000
Vesting day	Dec. 31, 2017	Jan. 1, 2018	July 1, 2018	Oct. 1, 2018	Jan. 1, 2019
	Dec. 31, 2018	Jan. 1, 2019	July 1, 2019	Oct. 1, 2019	Jan. 1, 2020
		Jan. 1, 2020	July 1, 2020	Oct. 1, 2020	Jan. 1, 2021
	753,000 shares	8,000 shares	12,000 shares	6,000 shares	24,000 shares
	1,757,000 shares	16,000 shares	24,000 shares	12,000 shares	48,000 shares
		16,000 shares	24,000 shares	12,000 shares	48,000 shares
<u>Type</u>					
	<u>FY 2017 Conditions of Issuance III</u>	<u>FY 2017 Conditions of Issuance IV</u>	<u>FY 2017 Conditions of Issuance IV</u>	<u>FY 2017 Conditions of Issuance IV</u>	
Grant date		Oct. 17, 2018	Oct. 17, 2018	Oct. 17, 2018	
Grant amount		54,000	40,000	30,000	
Vesting day		Dec. 31, 2018	Jan. 1, 2019	April 1, 2019	
		Dec. 31, 2019	Jan. 1, 2020	April 1, 2020	
			Jan. 1, 2021	April 1, 2021	
		16,200 shares	8,000 shares	6,000 shares	
		37,800 shares	16,000 shares	12,000 shares	

Notes to the parent company only Financial Statements (Cont'd)

16,000 shares 12,000 shares

(4) Information of the shares with restricted employee rights for the years ended December 31, 2021 and 2020 is as follows:

	FY 2021	(1,000 shares) FY 2020
Opening Quantity	813	2,141
Issued during the period	-	1,057
Acquired during the period	(770)	(2,229)
Cancelled during the period	(43)	(156)
End of period	<u>-</u>	<u>813</u>

As of December 31, 2021 and 2020, the Company had 15,466 thousand and 14,696 thousand shares of restricted employee rights stock vested, respectively.

2.Share-based Payment Agreement

On May 31, 2021, the board of directors resolved that Issue of shares the number of shares reserved for subscription by employees in accordance with the Company Act. The number and price of shares subscribed were determined on June 28, 2021, and the compensation cost (recorded as salary expense) was recognized on the date of grant, and the amount recognized as of December 31, 2021 was \$25,520 thousand.

3.Employee expenses

The expenses incurred by the Company in connection with share-based payments were as follows:

	FY 2021	FY 2020
Expense generated from the issuance of restricted stock	\$ 1,386	23,963
Issue of shares for employee subscriptions	25,520	-
	<u>\$ 26,906</u>	<u>23,963</u>

17) EPS

The calculations of Basic earnings per share and Diluted earnings per share for the years ended December 31, 2021 and 2020 were as follows

1. Basic earnings per share

	FY 2021	FY 2020
Net income attributable to the equity holders of the ordinary shares of the Company	<u>\$ 5,852,244</u>	<u>665,581</u>
Weighted average number of the ordinary shares outstanding	<u>172,974</u>	<u>163,423</u>
Basic earnings per share (NT\$)	<u>\$ 33.83</u>	<u>4.07</u>

Notes to the parent company only Financial Statements (Cont'd)

2. Diluted earnings per share

	<u>FY 2021</u>	<u>FY 2020</u>
Net income attributable to the equity holders of the ordinary shares of the Company	<u>\$ 5,852,244</u>	<u>665,581</u>
	<u>FY 2021</u>	<u>FY 2020</u>
Weighted average number of the ordinary shares outstanding	172,974	163,423
Effect of the dilutive potential ordinary shares:		
— employee compensation	1,342	711
— restricted stock which is not vested	-	687
Weighted average number of the ordinary shares outstanding (after the adjustment to the effect of dilutive potential ordinary shares)	<u>174,316</u>	<u>164,821</u>
Diluted earnings per share (NT\$)	<u>\$ 33.57</u>	<u>4.04</u>

18) Contractual revenue

1. Details of the contractual revenue

	<u>FY 2021</u>	<u>FY 2020</u>
Major regional markets:		
Taiwan	\$ 2,483,780	796,418
China	12,127,709	5,395,797
Hong Kong	3,160,098	2,014,919
Japan	239,051	244,127
South Korea	2,296	12,049
Other countries	19,549	3,464
	<u>\$ 18,032,483</u>	<u>8,466,774</u>
Main products/service lines:		
Display driver IC	\$ 15,326,577	7,380,801
Power management IC	2,677,932	1,058,506
Other	27,974	27,467
	<u>\$ 18,032,483</u>	<u>8,466,774</u>

2. Contract balances

Please refer to Note 6 (3) for the disclosure of accounts receivable and impairment.

19) Compensation for employees and directors

Subject to the provisions of the Articles of Incorporation of the Company, not less than 5 percent of the annual profit shall be appropriated as remuneration to employees and not

Notes to the parent company only Financial Statements (Cont'd)

more than 1 percent of the annual profit shall be appropriated as remuneration to directors. However, where the Company has accumulated losses, the amount of the indemnity should be retained in advance. The foregoing employee remuneration may be in the form of shares or cash and may be paid to employees of a subordinate company who satisfy certain conditions. The remuneration of the directors noted above shall be payable in cash only. The first two items shall be resolved by the Board of Directors and reported to the shareholders' meeting.

For the years ended December 31, 2021 and 2020, no provision for directors' remuneration was made. The estimated amount of employee compensation was \$369,675 thousand and \$38,787 thousand, respectively, which was estimated by multiplying the Company's net profit before taxation for each period by the percentage of employee compensation distribution as stipulated in the Company's Articles of Incorporation, and was reported as the operating cost or operating expense for the years ended December 31, 2021 and 2020. The information is available on the Market Observation Post System. The amount of compensation to employees and directors resolved by the Board of Directors does not differ from the amount estimated in the Company's financial statements for the years ended December 31, 2021 and 2020.

20) Non-operating income and expenses

1. Interest income

The breakdown of interest income of the Consolidated Company is as follows:

	FY 2021	FY 2020
Bank deposit interests	\$ 6,598	1,606
Other interest income	28	31
Total interest income	\$ 6,626	1,637

2. Other income

	FY 2021	FY 2020
income from government grants	\$ 4,808	32,957
Other	7,777	16,953
Total of other income	\$ 12,585	49,910

3. Other gains and losses

	FY 2021	FY 2020
Proceeds from disposal of financial assets at fair value through profit	\$ 6,702	-
Foreign exchange losses	(3,714)	(49,466)
Net gain on financial assets at fair value through profit	4,090	1,981
Other gains and losses, net	\$ 7,078	(47,485)

Notes to the parent company only Financial Statements (Cont'd)

4. Financial costs

	FY 2021	FY 2020
Interest expenses	<u>\$ (11,112)</u>	<u>(2,885)</u>

21) Financial instruments

1. Credit risk

(1) Credit risk exposure

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

(2) Concentration of credit risk

In order to reduce the credit risk of the accounts receivable, the Company continuously evaluates the financial position of the customers and requires guarantees or warranties from them when necessary. As of December 31, 2021 and 2020, 92% and 87%, respectively, of the Company's accounts receivable balance consisted of 10 customers, resulting in a significant concentration of credit risk.

(3) Credit risk on receivables

Please refer to Note 6(3) for the credit risk exposure information of Accounts receivable. Other financial assets measured at amortized cost and Other receivables are financial assets with low credit risk, therefore, the allowance for losses is measured at the amount of 12-month Expected credit losses for the period (Please refer to Note 4(6) for the explanation of how the Company determines low credit risk.). No allowance for losses was provided for the years ended December 31, 2021 and 2020.

2. Liquidity risk

The following table presents an analysis of the contractual maturities of financial liabilities, the amounts of which include estimated interest but exclude the effect of netting agreements.

	<u>Book value</u>	<u>Contract cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
Dec.31, 2021							
Non-derivative financial liabilities							
Current borrowings	\$ 777,808	778,140	778,140	-	-	-	-
Accounts and notes payable	3,005,891	3,005,891	3,005,891	-	-	-	-
Other payables	64,068	64,068	64,068	-	-	-	-
Lease liabilities (including current and non-current)	56,716	57,500	16,030	15,596	19,887	5,987	-
Guarantee Deposits received	110,720	110,720	110,720	-	-	-	-
	<u>\$ 4,015,203</u>	<u>4,016,319</u>	<u>3,974,849</u>	<u>15,596</u>	<u>19,887</u>	<u>5,987</u>	<u>-</u>
Dec.31, 2020							
Non-derivative financial liabilities							
Accounts and notes payable	\$ 1,517,247	1,517,247	1,517,247	-	-	-	-

Notes to the parent company only Financial Statements (Cont'd)

Accounts payable to related parties	409,272	409,272	409,272	-	-	-	-
Other payables	133,239	133,239	133,239	-	-	-	-
Lease liabilities (including current and non-current)	43,966	44,857	9,033	9,033	17,470	9,321	-
Guarantee Deposits received	56,959	56,959	56,959	-	-	-	-
	\$ 2,160,683	2,161,574	2,125,750	9,033	17,470	9,321	-

3. Exchange rate risk

(1) Exposure of exchange risk

The Company's financial assets and liabilities exposed to significant foreign currency exchange rate risk are as follows:

	Dec.31, 2021			Dec.31, 2020		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 220,217	27.681	6,095,749	70,031	28.481	1,994,558
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	136,651	27.686	3,783,288	67,289	28.480	1,916,382

(2) Sensitivity analysis

The Company's exchange rate risk arises primarily from foreign currency-denominated cash and cash equivalents, accounts receivable and other receivables, short-term borrowings, accounts payable and other payables, which result in foreign currency exchange gains or losses upon translation. For the years ended December 31, 2021 and 2020, if the New Taiwan dollar had weakened or strengthened by 5% against the U.S. dollar, with all other factors held constant, net income would have increased or decreased by \$92,498 thousand and \$3,127 thousand for the years ended December 31, 2021 and 2020, respectively. The same basis of analysis was used for both periods.

Since the Company has a wide range of functional currencies, information on exchange gains and losses on monetary items is presented on a consolidated basis. Foreign currency exchange losses (including realized and unrealized) amounted to \$3,714 thousand and \$49,466 thousand for the years ended December 31, 2021 and 2020, respectively.

4. Interest rate analysis

The Company's exposure to interest rate risk on financial assets and financial liabilities is described in liquidity risk management in this note.

Notes to the parent company only Financial Statements (Cont'd)

The following sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments at the reporting date. For floating rate assets or liabilities, the analysis assumes that the amount of the asset or liability outstanding at the reporting date is outstanding throughout the year. The rate of change used in reporting interest rates internally to key management of the Company is a 0.5% increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

For the years ended December 31, 2021 and 2020, the Company's assets and liabilities bore fixed interest rates; therefore, no related interest rate risk existed.

5. Fair value information

(1) Types and fair values of financial instruments

The carrying amounts and fair values of each class of the Company's financial assets and financial liabilities (including information on fair value hierarchy, except that if the carrying amount of a financial instrument that is not measured at fair value is a reasonable approximation of fair value, and for investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, disclosure of fair value information is not required) are presented below:

Dec.31, 2021					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 4,888,006	4,888,006	-	-	4,888,006
Financial assets measured at amortized cost					
Cash and cash equivalents	4,429,149	-	-	-	-
Current financial assets at amortized cost	550,000	-	-	-	-
Accounts receivable (including the part from related parties)	4,749,065	-	-	-	-
Lease payments receivable (including current and non-current)	36,225	-	-	-	-
Other receivables	96,967	-	-	-	-
Refundable deposits	1,075,785	-	-	-	-
Total	\$ 15,825,197	4,888,006	-	-	4,888,006
Financial liabilities measured at amortized cost					
Current borrowings	\$ 777,808	-	-	-	-
Notes and accounts payable	3,005,891	-	-	-	-
Other current liabilities	786,791	-	-	-	-
Lease liabilities (including current	56,716	-	-	-	-

Notes to the parent company only Financial Statements (Cont'd)

and non-current)					
Guarantee Deposits received	110,720	-	-	-	-
Total	<u>\$ 4,737,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Dec.31, 2020					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Current financial assets at fair value through profit or loss	\$ 2,159,722	2,159,722	-	-	2,159,722
Financial assets measured at amortized cost					
Cash and cash equivalents	584,142	-	-	-	-
Accounts receivable (including the part from related parties)	1,499,272	-	-	-	-
Other receivables	78,385	-	-	-	-
Current financial assets at amortized cost	60,000	-	-	-	-
Refundable deposits	4,097	-	-	-	-
Total	<u>\$ 4,385,618</u>	<u>2,159,722</u>	<u>-</u>	<u>-</u>	<u>2,159,722</u>
Financial liabilities measured at amortized cost					
Notes and accounts payable	\$ 1,517,247	-	-	-	-
Accounts payable— Related parties	409,272	-	-	-	-
Other current liabilities	277,303	-	-	-	-
Lease liabilities (including current and non-current)	43,966	-	-	-	-
Guarantee Deposits received	56,959	-	-	-	-
Total	<u>\$ 2,304,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(2) Valuation techniques and assumptions used to measure fair value

Where there is a quoted price in an active market for a financial instrument, the fair value is based on the quoted price in the active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run securities from Taipei Exchange can be used as a basis to determine the fair value of the exchange-listed/OTC-listed companies' equity instrument and debt instrument with active market quotations.

A financial instrument has an active market for public quotations if public quotations of the financial instrument are obtained from an exchange, broker, underwriter, industry association, pricing service or competent authority in a timely

Notes to the parent company only Financial Statements (Cont'd)

manner and on a regular basis, and if the price represents an actual and frequent arm's length transaction. If these conditions are not met, the market is considered inactive. Generally speaking, a very wide bid-ask spread, a significant increase in the bid-ask spread or a very low trading volume are all indicators of an inactive market.

Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. The fair value obtained through valuation techniques may be calculated by reference to the current fair value of other financial instruments with substantially similar terms and characteristics, by discounted cash flow techniques or by applying models using other valuation techniques, including market information available at the date of the consolidated balance sheet (e.g., Taipei Exchange refers to the yield curve, Reuters average commercial paper rate quotes).

20) Financial risk management

1. Summary

The Company is exposed to the following risks arising from the use of financial instruments:

- (1) Credit risk
- (2) Liquidity risk
- (3) Market risk

These notes present information on the Company's exposure to each of the above risks and the Company's objectives, policies and procedures for measuring and managing those risks. For further quantitative disclosures, please refer to the respective notes to the Parent Company Only Financial Statements.

2. Risk management framework

The Board of Directors has overall responsibility for overseeing the financial risk management structure of the Company, the provision of services by the financial accounting department of the Company to the various businesses, the coordination of financial market operations, and the execution of significant financial activities after review by the Board of Directors. During the implementation of the financial plan, the Company is required to comply with relevant financial operating procedures relating to overall financial risk management and segregation of powers and responsibilities, while internal auditors review policy compliance and exposure limits on an ongoing basis and report regularly to the Board on operations.

3. Credit risk

Credit risk is the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations, primarily from the Company's accounts receivable from customers and bank deposits.

Notes to the parent company only Financial Statements (Cont'd)

(1)Accounts receivable及Other receivables

The finance and accounting department has established a credit policy under which the Company is required to analyze the credit rating of each new customer individually before granting standard payment and delivery terms and conditions. The Company's reviews include, where available, information on external ratings and, in some cases, notes from banks. The credit limit is established on a customer-by-customer basis and represents the maximum amount outstanding that is not subject to approval by the financial accounting department. This limit is reviewed periodically. Customers who do not meet the benchmark credit rating are only allowed to transact with the Company on a pre-revenue basis.

The Company's accounts receivable are due from a wide range of customers, spread across different industries and geographical areas. To reduce credit risk, the Company regularly and continuously evaluates the financial position of these customers and the likelihood of collection of their accounts receivable, and provides an appropriate allowance for doubtful accounts. These major customers have a good track record of profitability and creditworthiness and the Consolidated Company has not suffered significant credit risk losses due to these major customers during the reporting period.

The Company maintains an allowance for doubtful accounts to reflect the estimate of losses incurred on accounts receivable and other receivables. The main components of the allowance account comprise specific loss components related to individual significant exposures and portfolio loss components created for incurred but unidentified losses in similar groups of assets. The portfolio loss allowance account is determined based on historical payment statistics for similar financial assets.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company has no significant credit risk as its counterparties and performance counterparties are creditworthy banks and financial institutions and corporate organizations with investment grade or above, and there is no significant doubt about their performance.

4. Liquidity risk

Liquidity risk is the risk that the Company will not be able to deliver cash or other financial assets to settle its financial liabilities and will not be able to fulfill its related obligations. The Company manages liquidity by ensuring, as far as possible, that the Company has sufficient liquidity to pay its liabilities as they fall due under normal and stressful circumstances without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages and maintains a sufficient portion of cash and cash

Notes to the parent company only Financial Statements (Cont'd)

equivalents to support its operations and mitigate the impact of cash flow fluctuations. The management of the Company monitors the use of the banking facilities and ensures compliance with the terms of the loan agreements.

5. Market risk

Market risk is the risk that changes in market prices, such as changes in exchange rates, interest rates, or the price of equity instruments, will affect the Company's earnings or the value of financial instruments held. The objective of market risk management is to manage market risk exposure to an affordable level and to optimize investment returns.

(1) Exchange rate risk

The Company's major import and sales transactions are denominated in U.S. dollars. As a result, the Company adopts a natural hedging strategy for exposure to exchange rate risk arising from sales and purchase transactions that are not denominated in a functional currency. When short-term imbalances in net assets and liabilities of the same denomination occur, the Company ensures that net risk exposure is maintained at an acceptable level by obtaining or repaying foreign currency borrowings.

(2) Interest rate risk

Interest rate risk refers to the risk of changes in fair value of financial instruments due to changes in market interest rates or the risk of changes in cash flows of financial instruments due to changes in market interest rates. The interest rate exposure of the Company's financial assets and financial liabilities is described in liquidity risk management in this note.

21) Capital management

Based on the characteristics of the existing industry and the future development, the Company, by taking into account the changes in the external environment and other factors, plans for the operating capital, research and development expenses and dividend payments required by the Company in the future, in order to ensure that it can continue its operations, reward its shareholders and protect the interests of other stakeholders, and maintain an optimal capital structure to enhance shareholders' value in the long run.

It is the Board's policy to maintain a sound capital base to sustain the confidence of investors, creditors and the market and to support the development of future operations. Capital comprises the Company's share capital, capital surplus and retained earnings. The Board controls the rate of return on capital and the level of dividends on ordinary shares.

The Company may repurchase Treasury stock from the market at any time after securing approval from the Board of Directors, and the timing of such repurchase will depend on the market price. The primary purpose of repurchasing Treasury stock is to transfer shares to employees to motivate them and to recruit talented employees. The purchase and sale of Treasury stock are decided by the Board of Directors on a specific

Notes to the parent company only Financial Statements (Cont'd)

transaction basis.

The debt-to-capital ratios at the reporting date are as follows:

	Dec.31, 2021	Dec.31, 2020
Total liabilities	\$ 5,926,008	2,447,796
Minus: Cash and cash equivalents	(4,429,149)	(584,142)
Net liabilities	\$ 1,496,859	1,863,654
Total equity	\$ 15,845,595	5,316,161
Debt-to-capital ratio	9.45%	35.06%

24) Investment and fund-raising activities by non-cash transactions

The Consolidated Company's investment and financing activities in non-cash transactions for the years ended December 31, 2021 and 2020 were as follows

1.Right-of-use assets acquired by lease, please refer to Note 6 (8):

2.The reconciliation of liabilities from financing activities is as follows:

	Jan. 1, 2021	Cash flow	Non-cash changes		Dec. 31, 2021
			Change in exchange rate	Other	
Current borrowings	\$ -	777,808	-	-	777,808
Lease liabilities (including current and non-current)	43,966	(27,793)	(2)	40,545	56,716
Guarantee Deposits received	56,959	53,761	-	-	110,720
Total liabilities from financing liabilities	\$ 100,925	803,776	(2)	40,545	945,244

	Jan. 1, 2020	Cash flow	Non-cash changes		Dec. 31, 2020
			Change in exchange rate	Other	
Lease liabilities (including current and non-current)	\$ 61,932	(20,116)	-	2,150	43,966
Guarantee Deposits received	-	56,959	-	-	56,959
Total liabilities from financing liabilities	\$ 61,932	36,843	-	2,150	100,925

VII. Transaction with related parties

1) Name and relationship of related parties

The related parties with whom the Company had transactions during the period covered by these Parent Company Only Financial Statements are as follows:

Notes to the parent company only Financial Statements (Cont'd)

Name of related party	Relationship with the Company
Hon Hai Precision Industry Co., Ltd.	It has significant influence on the Company
Jadard Technology Limited	A subsidiary of the Company
Hefei Jadard Technology Limited	A subsidiary of the Company
Fitipower Integrated Technology (Shenzhen) Inc.	A subsidiary of the Company
JADARD (XIAMEN) INC.	A subsidiary of the Company
VISUAL SENSING TECHNOLOGY CO., LTD.	A subsidiary of the Company
Hongfutai Precision Electrons (Yantai) Co., Ltd.	associate
Chongqing Hongdaofu Technology Co., Ltd.	associate (Non-affiliated company since January, 2021)
Jincheng Sanyin Precision Electronics Co., Ltd.	associate
FOXCONN INTERCONNECT TECHNOLOGY LIMITED TAIWAN BRANCH (CAYMAN)	associate
Hongfujin Precision Industry (Wuhan) Co., Ltd.	associate
Kuoji Electronics (Shanghai) Co.	associate
Shenzhen Futaihong Precision Industrial Co., Ltd.	associate
Shenzhen Fugui Precision Industry Co., Ltd (Name changed from November 2021)	associate
Hongfujin Precision Electrons (Chongching) Co., Ltd.	associate
Hongfujin Precision Electrons (Yantai) Co., Ltd.	associate
Nanning Fugui Precision Industry Co., Ltd. (Name changed from December 2021)	associate
Hongfujin Precision Electrons (Zhengzhou) Co., Ltd.	associate
Kunshan Fuchengke Precision Electronical Co., Ltd. (FOXCONN PRECISION INDUSTRY (KUNSHAN))	associate
Socle Technology Corp. (Socle Technology)	associate
CLOUD NETWORK TECHNOLOGY SINGAPORE(CLOUD NETWORK)	associate
FIH (Hong Kong) Limited	associate
Hongfujin Precision Industry (Shenzhen) Co., Ltd. (FOXCONN PRECISION INDUSTRY (SHENZHEN))	associate

2) Significant transactions with related parties

Notes to the parent company only Financial Statements (Cont'd)

1. Operating revenue

The Company's significant sales to related parties are as follows:

	FY 2021	FY 2020
A company which has significant influence on the Company	\$ 20,528	4,871
FOXCONN PRECISION INDUSTRY (SHENZHEN)	138,498	32,765
FOXCONN PRECISION INDUSTRY (YENTAI)	129,774	131,734
FOXCONN PRECISION INDUSTRY (KUNSHAN)	59,024	10,361
CLOUD NETWORK	51,177	32,687
Associates	77,170	54,546
Subsidiaries	-	56
	\$ 476,171	267,020

The sales terms applicable to Company's sales to related companies are not significantly different from the normal sales prices, and the contracted credit period is 90 days from the date of acceptance. The receivables from related parties are not covered by collaterals and are not subject to prepare an allowance for loss.

2. Accounts receivable from related parties

Details are as follows:

Listed as	Type of the related party	Dec.31, 2021	Dec.31, 2020
Accounts receivable	A company which has significant influence on the Company	\$ 10,000	73
Accounts receivable	FOXCONN PRECISION INDUSTRY (SHENZHEN)	53,864	17,546
Accounts receivable	FOXCONN PRECISION INDUSTRY (YENTAI)	29,668	26,447
Accounts receivable	CLOUD NETWORK	21,387	8,674
Accounts receivable	FOXCONN PRECISION INDUSTRY (KUNSHAN)	19,468	7,212
Accounts receivable	Associates	26,794	15,180
Other receivables	SOCLE TECHNOLOGY CORP.	387	-
		\$ 161,568	75,132

3. Purchase

Notes to the parent company only Financial Statements (Cont'd)

Details of the purchase from related parties are as follows:

	FY 2021	FY 2020
Affiliates— Socle Technology Corp.	\$ 839,318	1,406,269
Subsidiaries	-	3,613
	\$ 839,318	1,409,882

The Company's purchase prices to the above companies are not significantly different from the Company's purchase prices to general vendors. The Company's payment terms are 45 days after receiving invoice, which are not significantly different from those of ordinary vendors.

4.Accounts payable to related parties

Details of the Company's accounts payable to related parties are as follows:

Listed as	Type of the related party	Dec.31, 2021	Dec.31, 2020
Other payables	Associates— SOCLE		
	TECHNOLOGY CORP.	\$ -	1,865
Accounts payable	Associates— SOCLE		
	TECHNOLOGY CORP.	-	409,272
Other expenses payable	Subsidiaries— VISUAL		
	SENSING TECHNOLOGY CO., LTD.	6,548	-
		\$ 6,548	411,137

5. Endorsement and guarantee

The Company purchased photomasks from the related party as follows:

	FY 2021	FY 2020
SOCLE TECHNOLOGY CORP.	\$ 14,442	15,015

As of December 31, 2021 and 2020, the outstanding amounts for the above transactions were \$0 thousand and \$1,865 thousand, respectively.

6. Rental

In December 2021, the Company entered into an office rental sharing agreement with its subsidiary, VISUAL SENSING TECHNOLOGY CO., LTD., under which the Company leases office space from VISUAL SENSING TECHNOLOGY CO., LTD.. The rent paid under the contract was \$4,277 thousand and \$0 thousand for the years ended December 31, 2021 and 2020, respectively, and the outstanding amounts were \$4,277 thousand and \$0 thousand, respectively, which were recorded under Other current liabilities. As of December 31, 2021 and 2020, the remaining balance of lease liabilities was \$26,085 thousand and \$0 thousand, respectively.

7.Advance Fee

Notes to the parent company only Financial Statements (Cont'd)

For the years ended December 31, 2021 and 2020, the operating expenses of \$2,271 thousand and \$0 thousand, respectively, which were advanced by our subsidiary, VISUAL SENSING TECHNOLOGY CO., LTD., on behalf of the Company were recorded under Other current liabilities. As of December 31, 202 and 202, payables arising from the above transactions amounted to \$2,271 thousand and \$0 thousand, respectively, and were recorded under Other current liabilities.

(3)Major management transaction

Details of the compensation of major management:

	FY 2021	FY 2020
Short-term employee benefits	\$ 29,062	11,080
Post-employment benefits	108	108
Share-based payment	967	552
	\$ 30,137	11,740

Please refer to note6(16) for details of share-based payment.

VIII. Pledged assets

Book value of pledged assets are as follows:

Name of assets	Secured object	Dec.31, 2021	Dec.31, 2020
Financial assets measured at amortized cost (Time deposits)	Providing creditors with collateral for import transactions	\$ -	60,000

IX. Significant Contingent Liabilities and Unrecognized Contractual Commitments

As of December 31, 2021 and 2020, the balances of the depositary guarantee notes issued by the Company to obtain Current borrowings were \$4,344,240 and \$2,711,504, respectively.

X. Catastrophic Losses: None

XI. Significant Post-Term Events: None

XII. Other

1) The employee benefits, depreciation and amortization expense are summarized as follows:

Function Nature	FY 2021			FY 2020		
	Belonging to operating cost	Belonging to operating expense	Total	Belonging to operating cost	Belonging to operating expense	Total
Employee benefit expenses						
Payroll expenses	45,487	1,434,708	1,480,195	23,354	699,998	723,352
Labor/Health insurance expenses	2,536	58,974	61,510	2,153	43,009	45,162
Pension expenses	1,150	34,006	35,156	1,079	25,855	26,934

Notes to the parent company only Financial Statements (Cont'd)

Compensation of directors	-	858	858	-	549	549
Other employee benefit expenses	1,640	32,947	34,587	1,249	22,157	23,406
Depreciation expense	15,445	117,342	132,787	9,039	100,678	109,717
Amortization expense	18	9,800	9,818	105	9,098	9,203

Employee benefit expenses and employee number information of the Company in 2021 and 2020:

	FY 2021	FY 2020
Number of employees	<u>559</u>	<u>436</u>
Number of directors who do not also work as employees	<u>5</u>	<u>5</u>
Average employee benefit expenses	<u>\$ 2,909</u>	<u>1,900</u>
Average employee payroll expenses	<u>\$ 2,672</u>	<u>1,678</u>
Adjustments to average employee payroll expenses	<u>59.24%</u>	<u>4.74%</u>
Compensation for supervisors	<u>\$ -</u>	<u>-</u>

The Company's compensation policy (including directors, supervisors, managers and employees) is as follows:

1. Directors' compensation: The compensation is paid in accordance with the appointment contract.
2. Employee and manager salaries: According to the Company's employment, payroll operations, and appraisal procedures.
3. Year-end bonuses for employees and managers: Two months based on their annual base salary, with the number of days of service calculated on a pro rata basis for those with less than one year of service.

XIII. Disclosure

(1) Information on Significant Transactions

In accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Company should disclose the following information regarding material transactions:

1. Lending of funds to others: None
2. Provision of endorsement/guarantee: None
3. Holding of marketable securities at the end of the year (not including subsidiaries, associates and joint ventures):

Unit: NTD thousand/ thousand shares

Holding Company	Type and name of marketable securities	Relationship with the issuer of the marketable securities	Financial statement account	End of the Period				Note
				Shares (thousand shares)	Carrying value	Shareholding percentage	Fair value	
The Company	Taishin 1699 Money Market Fund	-	Financial assets measured at FVTPL— current	114,994	1,572,962	- %	1,572,962	

Notes to the parent company only Financial Statements (Cont'd)

The Company	Jih Sun Money Market Fund	-	Financial assets measured at FVTPL— current	162,230	2,431,362	- %	2,431,362	
The Company	Franklin Templeton Sinoam Money Market	-	Financial assets measured at FVTPL— current	84,218	880,385	- %	880,385	

4.Acquisition or Sale of the Same Securities with the Accumulated Cost Reaching NT\$300 Million or 20% of Paid-in Capital or More:

Unit: NTD thousand/ thousand shares

Investor	Types and Names of Marketable Securities	Financial statement account	Transaction counter party (Note)	Relationships (Note)	Beginning of the period		Acquisition		Sale				End of the period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Cost	+/-	Number of shares	Amount
The Company	Beneficiary Certificate - Taishin 1699 Money Market Fund	Financial assets measured at FVTPL—current	-	-	50,305	686,457	169,651	2,319,000	104,962	1,434,000	1,432,833	1,167	114,994	1,572,962
The Company	Beneficiary Certificates Taishin Money Market Fund	Financial assets measured at FVTPL—current	-	-	10,616	152,019	26,665	382,000	37,281	534,292	534,000	292	-	-
The Company	Beneficiary Certificates Prudential Money Market Fund	Financial assets measured at FVTPL—current	-	-	6,897	110,033	54,826	876,000	61,723	986,608	986,000	608	-	-
The Company	Beneficiary Certificate - Jih Sun Money Market Fund	Financial assets measured at FVTPL—current	-	-	27,196	406,580	149,850	2,245,000	14,816	222,000	221,021	979	162,230	2,431,362
The Company	Beneficiary Certificate - Franklin Templeton Sinoam Money Market Fund	Financial assets measured at FVTPL—current	-	-	34,450	359,257	94,007	982,000	44,239	462,000	460,923	1,077	84,218	880,385
The Company	Beneficiary Certificate - FSITC Taiwan Money Market	Financial assets measured at FVTPL—current	-	-	28,858	445,375	95,187	1,471,000	124,045	1,918,374	1,916,030	2,344	-	-
The Company	Beneficiary Certificates Federated Money Market Fund	Financial assets measured at FVTPL—current	-	-	-	-	54,809	730,000	54,809	730,181	730,000	181	-	-

Note: Investors whose marketable securities are accounted for under equity method shall be recorded in these two fields and the remaining fields are not required.

5.Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None

6. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.

7. Purchase or sale of goods with related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Notes to the parent company only Financial Statements (Cont'd)

Unit: NT\$ thousands

Company Name	Name of the counterparty	Relationships	Transaction details				Situation and reason of why trading conditions are different from general trading		Notes/ accounts receivable or payable		Note
			Purchases (Sales)	Amount	Ratio to total purchases/sales amount	Loan period	Unit price	Loan period	Balance	Ratio to total amount of notes/accounts receivable or payable	
The Company	Socle Technology	associate	Purchase	839,318	10.67 %	45 days for monthly checkout	-	-	-	-%	
The Company	Hongfutai Precision Electrons (Yantai) Co., Ltd.	associate	Sale	129,774	0.72 %	90 days after acceptance	-	-	29,668	0.62%	
The Company	Hong Fu Jin (ShengZheng) INC.	associate	Sale	138,498	0.77 %	90 days after acceptance	-	-	53,864	1.13%	

8.Receivables from Related Parties Reaching NT\$100 Million or 20% of Paid-in Capital or More: None

9. Engaged in derivatives trading None

(2) Information about the re-investment:

Information on the consolidated companies' re-investments for the year 2021 is as follows (excluding the investee company in China):

Unit: NT\$ thousands

Investor Company	Investee Company	Location	Main businesses	Original investment amount		Balance as of the end			Net income (loss) of the investee	Share of profit/loss of investee	Remarks
				End of the period	End of last year	Thousand shares	Percentage of ownership	Note			
The Company	Trade Logic Limited	BVI	Investment	302,296	302,296	30	100.00%	2,310,488	1,411,144	861,810	Note
Trade Logic Limited	Ever Harvest Limited	SAMOA	Investment	302,296	302,296	10,000	100.00%	2,310,488	1,411,144	861,810	Note
The Company	Visual Sensing Technology Corp.	Hsinchu City	IC Design	145,000	95,000	11,500	83.35%	84,230	(46,139)	(43,089)	Note
Fitipower Integrated Technology (Shenzhen) Inc.	Jadard Technology Limited	HK	General trade	270,264	270,264	9,200	100.00%	481,991	125,657	114,854	Note

Note: Subsidiaries over which the Company has control.

(3) Investment in Mainland China:

1.Name and main business items of the investee company in Mainland China and other related information:

Unit: NT\$ thousands

Investee Company	Main businesses	Paid-up capital	Method of investment (Note)	Beginning balance of accumulated outflow of investment from Taiwan	Remittance or recovery of investment amount in the current period		Ending balance of accumulated outflow of investment from Taiwan	Net income (loss) of the investee	The Company's percentage of ownership directly or indirectly	Investment gains (losses) recognized in the current period (Note 2)	Carrying amount as of the end	Ending balance of accumulated inward remittance of earnings
					Outflow	Inflow						
Fitipower Integrated Technology (Shenzhen) Inc.	IC design	1,595,055 (Note 3)	(1)	302,296	-	-	302,296	1,411,144	61.15%	861,810	2,310,488	-
Hefei Jadard Technology Limited	Supply Chain Management	224,523 (Note 4)	(2)	-	-	-	-	12,468	61.15%	4,917	348,182	-
JADARD XIAMEN	Supply Chain Management	4,344 (Note 5)	(2)	-	-	-	-	(900)	61.15%	(500)	3,447	-

Notes to the parent company only Financial Statements (Cont'd)

Note 1 : There are two types of investment methods that can be labeled as follows ;

(1)Reinvestment in mainland China companies through re-investment in existing companies in third regions (Trade Logic Limited and Ever Harvest Limited).

(2)The investment method refers to a direct investment by a mainland company in a mainland company.

Note 2: The investment income or loss is recognized on the basis of the financial statements audited by the parent company's certified public accountants in Taiwan.

Note 3 : The paid-in capital was RMB365,000 thousand, which was translated into NT\$1,595,055 thousand at the exchange rate at the time of investment.

Note 4 : The paid-in capital was RMB50,000 thousand, which was converted to TWD224,523 thousand at the exchange rate at the time of investment.

Note 5: The paid-in capital was RMB1,000 thousand, which was converted to TWD4,344 thousand at the exchange rate at the time of investment.

2. Investment Limit to Mainland China :

Unit: NT\$ thousands

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amounts authorized by MOEAIC	Upper limit on investment authorized by MOEAIC
302,296	302,296	9,507,357

Note: Amend the investment limit in China according to letter no.

Tai-wan-shen-tzu-09704604680 issued on Aug.29, 2008.

3. Significant transactions with Mainland China investees:

Please refer to Note 7.

(4) Information of major shareholders:

Unit: share

Name of major shareholder	Share	Number of shares currently held	Shareholding percentage
Baoxin International Investments Ltd.		14,140,052	7.57%
Hung Yang Venture Investment Co., Ltd.		13,213,984	7.08%
Hong CHI Investment Co., Ltd.		10,100,037	5.41%

XIV. Department Information

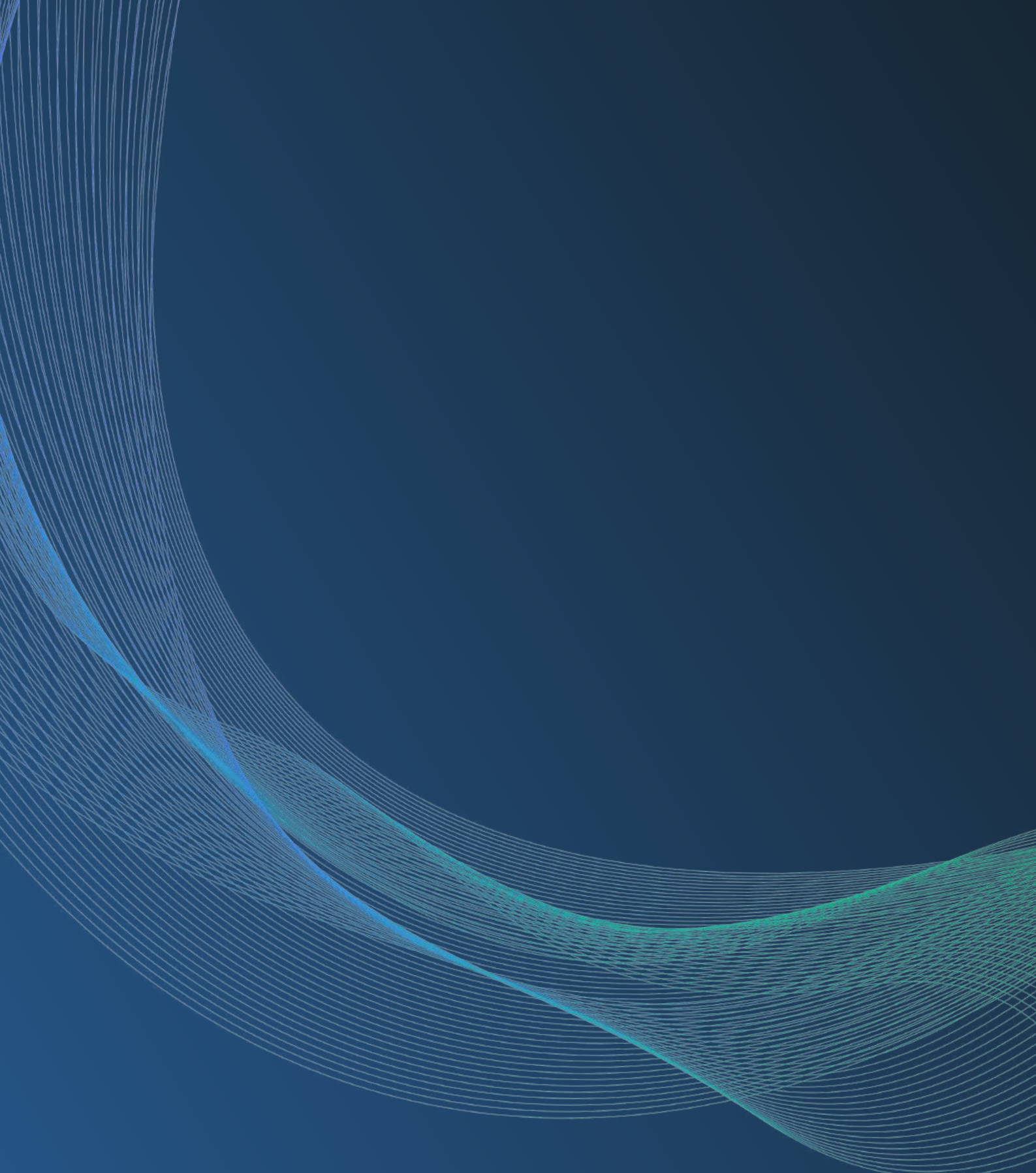
Please refer to 2021 Consolidated Financial Statement.

Fitipower Integrated Technology Inc.



LIN, YUNG-CHIEH, Chairman and CEO





fitipower